



Intellectual  
Property  
Office

# The Patent Office

## Annual Report and Accounts 2025/26



HC 377

Intellectual Property Office is an operating name of the Patent Office



# **The Patent Office Annual Report and Accounts**

2025/26

For the period 1 April 2025 to 31 March 2026.

Report presented to Parliament pursuant to section 121 of the Patents Act 1977, section 42 of the Registered Designs Act 1949, and section 71 of the Trade Marks Act 1994.

Accounts presented to Parliament pursuant to section 4(6) of the Government Trading Funds Act 1973.

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# Chair's introduction

**This has been another year of strong delivery and change emphasising customer service, all in support of innovation, creativity and economic growth across the UK. Encouragingly, we have seen significantly increased demand and continued development in how intellectual property (IP) is created and used.**

As an executive agency of the Department for Science, Innovation and Technology, the Intellectual Property Office (IPO) is responsible for managing the UK's IP system. We advise ministers on IP policy, raise awareness about the value of IP and help people get the right type of protection for their creation or invention. As Chair, I value the productive and engaged relationship between the non-executive and executive teams. The Steering Board provides advice, assurance and challenge and supports IPO delivery, strategy and planning to meet current and future challenges. Demand for IPO services has continued to increase and I believe that this reflects the resilience of innovation activity and the confidence placed in the UK's IP framework. The IPO team has worked hard to meet this demand while maintaining quality and trust.

The organisation has continued to deliver strongly against its strategy and annual ministerial priorities. Throughout the year, the IPO has stayed concentrated on supporting the government's economic growth mission. This includes making sure that the IP system works effectively for everyone, whatever their size or level of commercial maturity. I am particularly pleased that the IPO team has continued to balance excellent day-to-day operational delivery with our longer term transformation programme. Alongside maintaining service performance and customer experience, colleagues have continued to transform systems and ways of working for the benefit of users and team.

All of this is only possible through the commitment and professionalism of IPO colleagues. I thank teams across the organisation for their resilience and dedication in delivering services while supporting long-term change. I am continually grateful for the dedication, experience and skill that my Steering Board colleagues bring to support, scrutinise and develop the IPO. I was delighted that a recent external review of the Steering Board's governance approach was rated as outstandingly mature.

This report sets out the IPO's performance during 2025/26 and I believe that it reflects an organisation that is delivering excellently today and preparing actively and thoughtfully for the opportunities of tomorrow.

**Harry Rich**  
Chair of the IPO Steering Board





**I am particularly pleased that the IPO team has continued to balance excellent day-to-day operational delivery with our longer term transformation programme.**

# Chief Executive's introduction

**I am pleased to introduce the Annual Report and Accounts for 2025/26, which reflects the IPO's performance during a year of significant change for the UK and the global IP system.**

Against a backdrop of economic growth, rapid technological development and increasing international competition, IP remains central to the UK's resilience and future growth. The IPO plays an important role in ensuring the UK is a strong place to create, protect and commercialise ideas.

Throughout the year, we remained focused on delivering high-quality, accessible and reliable services for our customers. Demand for registered rights increased across all areas, and we maintained strong service performance with average customer satisfaction of 87%.

We also continued to modernise our systems and processes to improve customer experience, strengthen resilience and secure better value for money. In April 2026 we launched our One IPO patents service, enabling all patents customers to create digital accounts and begin using the new service. This is a major step in our transformation and provides a modern platform for further improvement.

The IPO has also played an active role in policy development in the UK and internationally. During the year, we progressed significant policy areas including AI and copyright, standard essential patents and designs. Our work continues to shape an IP system that supports innovation, investment and international cooperation.

Our work continues to be recognised internationally. The UK was ranked second in the US Chamber of Commerce Global IP Centre's International IP Index, while the IPO was ranked joint first by the World Trademark Review as the world's most innovative IP office. These rankings reflect the strength of the UK's IP framework and its attractiveness as a place to innovate and invest.

We also strengthened our approach to governance, risk management and assurance, maintaining a clear emphasis on stewardship of public money and the effectiveness of our control environment. This year, we again exceeded our annual efficiencies target, achieving efficiencies worth 4.45% of core operating costs.

In January, we marked 150 years since the creation of the UK Trade Mark Registry. There are now over 2.5 million trade marks registered in the UK, with 200,000 applications received in the last year alone, the highest level on record. This milestone was an opportunity to reflect on the past and look ahead, with trade marks set to be the next service we transform.

As we deliver the final year of our current strategy, we will build on recent progress while shaping our direction beyond 2027. We will turn our ambitions for AI adoption into practical improvements for customers and colleagues, continue our transformation programme and support the UK's IP financing ecosystem for SME innovation.



The IPO is an organisation that is clear about its purpose and focused on continuous improvement. The progress we have made this year reflects strong leadership and a shared ambition for what the IPO can achieve. These foundations give us increasing confidence in our ability to turn strategic objectives into effective delivery and sustained improvement.

I am grateful to colleagues across the IPO for their dedication, resilience and openness to change. I am proud of what we have delivered over the past year and confident in our future direction, as we continue to support the UK's economic and creative success.

**Adam Williams**  
Chief Executive and  
Accounting Officer



**The progress we have made this year reflects strong leadership and a shared ambition for what the IPO can achieve.**

Our mission is to help people grow the UK economy by providing an IP system that encourages investment in **creativity and innovation.**



# Performance report 2025 to 2026

This report provides an overview of performance against the strategic goals and commitments in the corporate plan for 2025/26. It has two parts: part one is a 'performance overview' and part two is a 'performance analysis'.

## Part one: Performance overview

The performance overview introduces the organisation, the strategy and summarises our performance against strategic goals, delivered through the annual corporate plan. It also highlights the principal risks. The IPO Board's (IPOB) assessment of risk is presented in the governance statement within the corporate governance report.

## About the IPO

The Intellectual Property Office (IPO) is an executive agency and trading fund, sponsored by the Department for Science, Innovation and Technology (DSIT). We are responsible for the UK intellectual property (IP) framework including the patents, trade marks, designs and copyright systems.

Our mission is to help people grow the UK economy by providing an IP system that encourages investment in creativity and innovation.

Our journey dates back more than 170 years, a rich history that strengthens enduring commitment to encourage investment in innovation and creativity within the UK.

We examine, grant and register IP rights and maintain the IP registers for the UK. We also help resolve legal disputes over IP rights through tribunal and mediation services. The data we hold is unique and valuable with more than 3 million granted rights held across these registers. We make this data publicly and freely available for researchers, inventors and creators. In doing so, we support the UK to maintain and grow its reputation for innovation and help society benefit from knowledge and ideas.

We formulate advice on and implement IP policy and shape the national framework for governing IP rights. We also promote the UK's interests overseas through the development of the international IP rights system. The activities we undertake support a wide policy ecosystem; from helping small and medium sized enterprises (SMEs) to achieve their potential to enabling multinational corporations to create, innovate and grow.

We also raise business and consumer awareness of the risks surrounding IP crime and infringement and work closely with law enforcement and other agencies to protect the interests of IP rights holders.

Our corporate governance structure comprises an executive board (IPOB), supported by a performance committee and programme and project boards. Independent assurance is provided by the steering board and audit and risk committee. Further details of our governance structure are available in our [Framework Document<sup>1</sup>](#) and the governance statement within the corporate governance report.

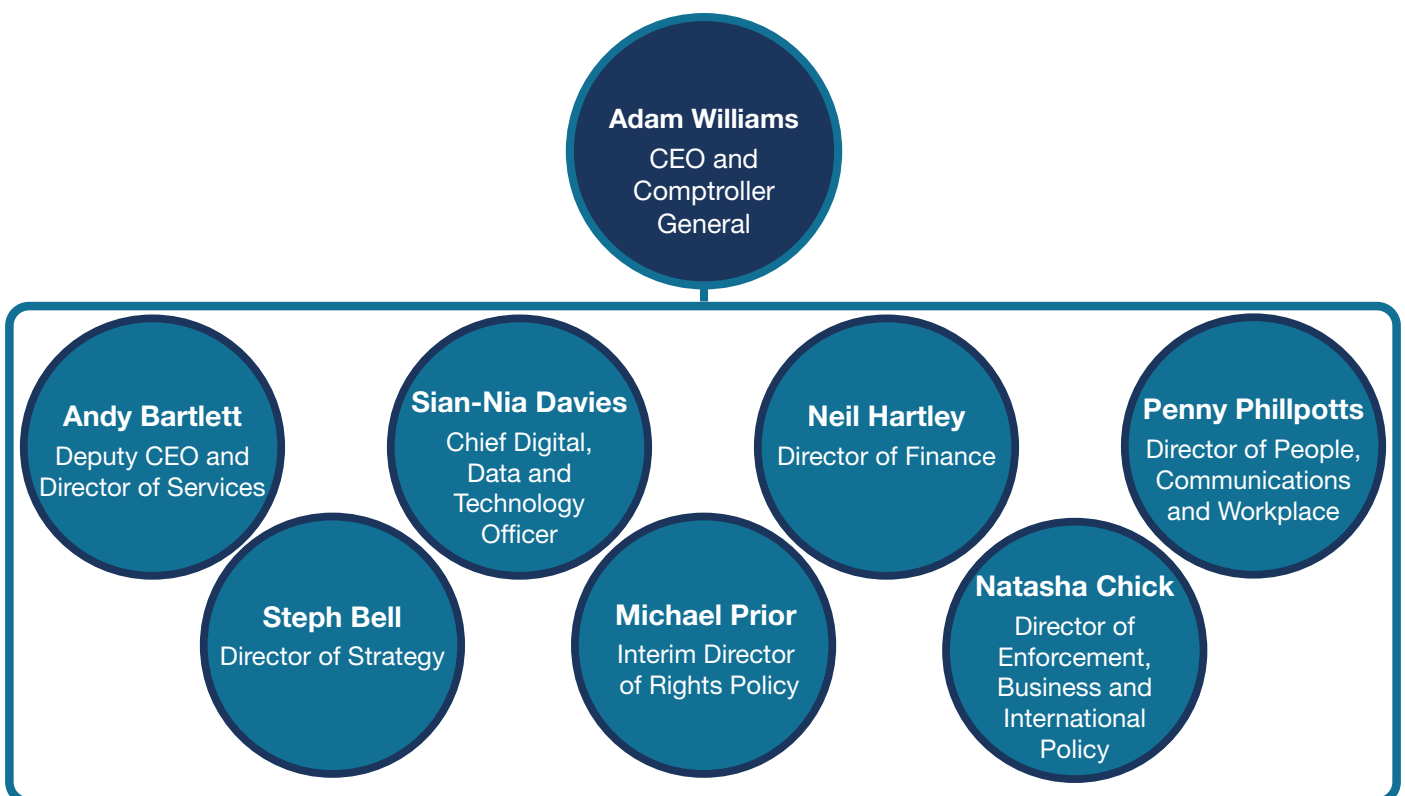
Progress against strategic goals is regularly assessed, along with organisational performance reviews and managing and monitoring risks through boards and committees.

Since 2008 the IPO has been certified to the international standard ISO14001, Environmental Management System. This demonstrates our commitment and robust approach to monitoring and continually improving our environmental performance. We are pleased to report that during 2025/26:

- Carbon emissions reduced across all scopes (including energy use and business travel) compared to the previous year
- Energy performance improved, with Concept House display energy certificate (DEC) rating rising from D to C, now above the national average, indicating effective energy management

## Organisational Structure

Led by Adam Williams, Chief Executive and Comptroller General, as of 31 March 2026, the IPO Board comprises the following members:



1 <https://assets.publishing.service.gov.uk/media/6a463e5ad200ca05e289e378/IPO-framework.odt>

## Our Strategy

In 2024, we published our strategy, [IP for a creative and innovative UK 2024 – 2027<sup>2</sup>](https://www.gov.uk/government/publications/ip-for-a-creative-and-innovative-uk-2024-to-2027), which explains what we aim to achieve by the end of the 2026/27 financial year. This sets out our strategic pillars, which inform, guide and support us in our work.

The pillars of our strategy are:



### Our services:

High-quality, efficient and accessible



### Our policy:

Supporting innovation and the economy



### Our organisation:

High-performing, with skilled people connected by shared purpose

In the second year of delivering our strategy, our highlights for 2025/26 were:

- launching our new patents service and customer account to all customers, allowing them to manage their patents in one place
- working with the Department for Culture, Media and Sport (DCMS) and DSIT to publish a joint report on copyright and Artificial Intelligence to advance government priorities
- progressing work on standard essential patents to provide clarity and certainty for businesses and innovators
- continuing our review of the UK's designs framework, ensuring it remains fit for the future and supports UK rights holders
- reviewing and updating fees to reflect cost pressures and ensure we remain self-funded and financially sustainable

<sup>2</sup> <https://www.gov.uk/government/publications/ip-for-a-creative-and-innovative-uk-strategy-2024-to-2027>

## Summary of performance against our strategy (year two) 2025/26

### Our services: High-quality, efficient and accessible

#### Our strategic goals in this area are to:

- transform and then iterate the way we deliver our services to provide high-quality, timely, forward-looking IP protection that meets customer need
- realise the potential of data to maximise the value of IP to society and support economic growth
- provide the right tools and support that inspire innovation and creativity

#### What we delivered:

- preparing to launch our new One IPO patents service to all customers
- worked closely with internal and external users to iterate our services to resolve challenges and improve processes
- achieved an average customer satisfaction score of 87%
- developed plans for decommissioning legacy systems
- undertook work to accelerate progress on the One IPO trade marks, designs and tribunals services

### Our policy: Supporting innovation and the economy

#### Our strategic goals in this area are to:

- ensure that UK law encourages innovation and creativity for the benefit of society
- ensure that IP rights are respected and that enforcement of IP occurs nationally and internationally
- shape an IP system internationally that supports UK and global innovation

#### What we delivered:

- analysed over 11,500 consultation responses and published a joint Report on Copyright and AI to inform ongoing policy development
- consulted on standard essential patents and changes to the UK designs framework to ensure they remain effective, modern and support innovation and growth
- developed ways to integrate IP grants and support into broader innovation and business growth programmes to support SMEs
- supported UK businesses trading internationally through our work on the global IP framework and direct support from our international network
- continued to deliver our counter-infringement strategy, strengthening partnerships and developing our IP Crime Centre of Excellence law enforcement and intelligence capabilities



## Our organisation: High-performing with skilled people connected by shared purpose

### Our strategic goals in this area are to:

- develop our people and culture
- reassess and renew our governance and planning systems
- be financially sustainable

### What we delivered:

- continued embedding our culture of adaptability, accountability and connection, with a culture review to measure the effect
- developed leaders and managers and continued adopting a skills-based approach
- exceeded our efficiency target, achieving an efficiency saving of 4.45% across our core operating costs
- considered long-term accommodation options and completed our London office relocation to continue to meet operational needs and support our work across government
- completed a review of our fees, ensuring our sustainable financial future

## Summary of principal risks

We have a thorough approach for identifying, managing and mitigating risks at all levels of the organisation, as set out in our governance, risk management and internal controls frameworks. These arrangements are outlined in more detail within the governance statement of the corporate governance report.

IPOB regularly monitors and reviews strategic risks to provide organisational assurance, implement mitigating actions and identify new or emerging risks.

Our principal risks are those most relevant to our performance and the delivery of our strategy and corporate plan in 2025/26.

### Principal risks during 2025/26 included:

- digital transformation and modernisation of our IP services
- financial sustainability
- strategic workforce planning
- leadership and management capabilities and change culture
- the security threat landscape

Further details on these principal risks are outlined in the performance analysis section.

We expect these risks to remain relevant in 2026/27, except for the financial sustainability risk, which has been closed following the fees increase. We will continue to regularly review risks to ensure effective oversight and management.

## Part two: Performance analysis

The performance analysis provides a financial summary and a detailed view of performance against our corporate plan for 2025/26 and annual ministerial priorities. It also contains principal risks and our sustainability report.

### Financial summary

The IPO operates as a Trading Fund and is principally financed by revenue-generating services. Financial management and performance during the year were governed in accordance with HM Treasury requirements to ensure value for money, while maintaining long-term financial sustainability.

During 2025/26, we delivered a strong in-year financial performance, supported by sustained demand for services and continued cost control:

- a return on capital employed (ROCE) of 19.37%, exceeding the HM Treasury target of 3.5% (measured on a five-year average basis from April 2024 to March 2029)
- a retained surplus of £21.2m (2024/25: £0.7m)
- cash and cash equivalents of £96.9m as at 31 March 2026 (2024/25: £82.4m)

Increased demand for our services and higher cash balance have been influenced by a combination of timing related factors, including:

- early customer renewals
- increased use of customer deposit accounts (which reduced credit card transaction costs)
- variations in the European Patent Office (EPO) payment schedule

Cash balances at year end are fully allocated and held in accordance with Trading Fund requirements. They are required to:

- support planned capital investment, including delivery of the transformation programme
- meet known liabilities, including funds held on behalf of customers
- maintain an appropriate level of working capital coverage

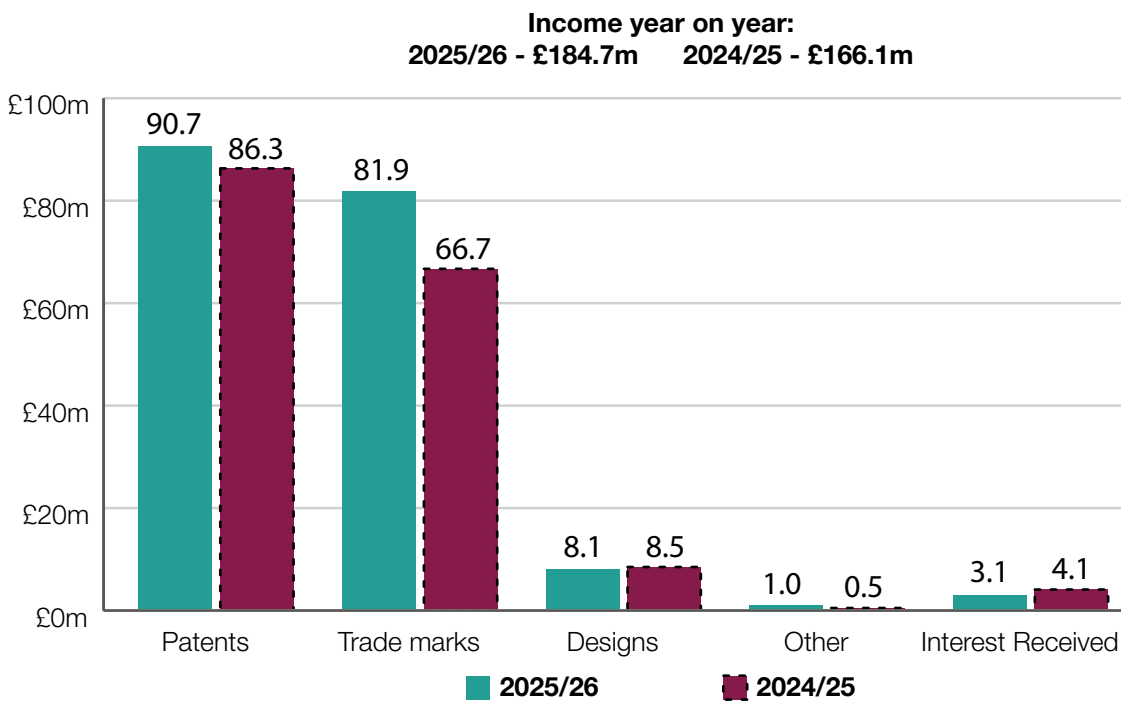
## Income

Total income for the year was £184.7m (2024/25: £166.1m), reflecting some growth and sustained demand across core products with a material growth (£7.9m) in trade mark applications.

Income in 2025/26 was affected by customer behaviour ahead of the fee changes introduced from 1 April 2026. Some customers chose to renew earlier than usual, resulting in approximately £7m of income being brought forward from the next financial year. This timing effect does not represent a permanent increase in the underlying income base.

**Figure 1: income**

(Table showing income compared to the previous year)



## Expenditure

Total expenditure for the year was £163.5m (2024/25: £165.5m), representing a reduction compared to the previous year. Underlying operational pressures remained, including inflationary pressures and continued investment in people, systems and services. However, these were more than offset through the delivery of efficiency measures and strengthened cost control. This enabled overall expenditure to be reduced while maintaining service performance.

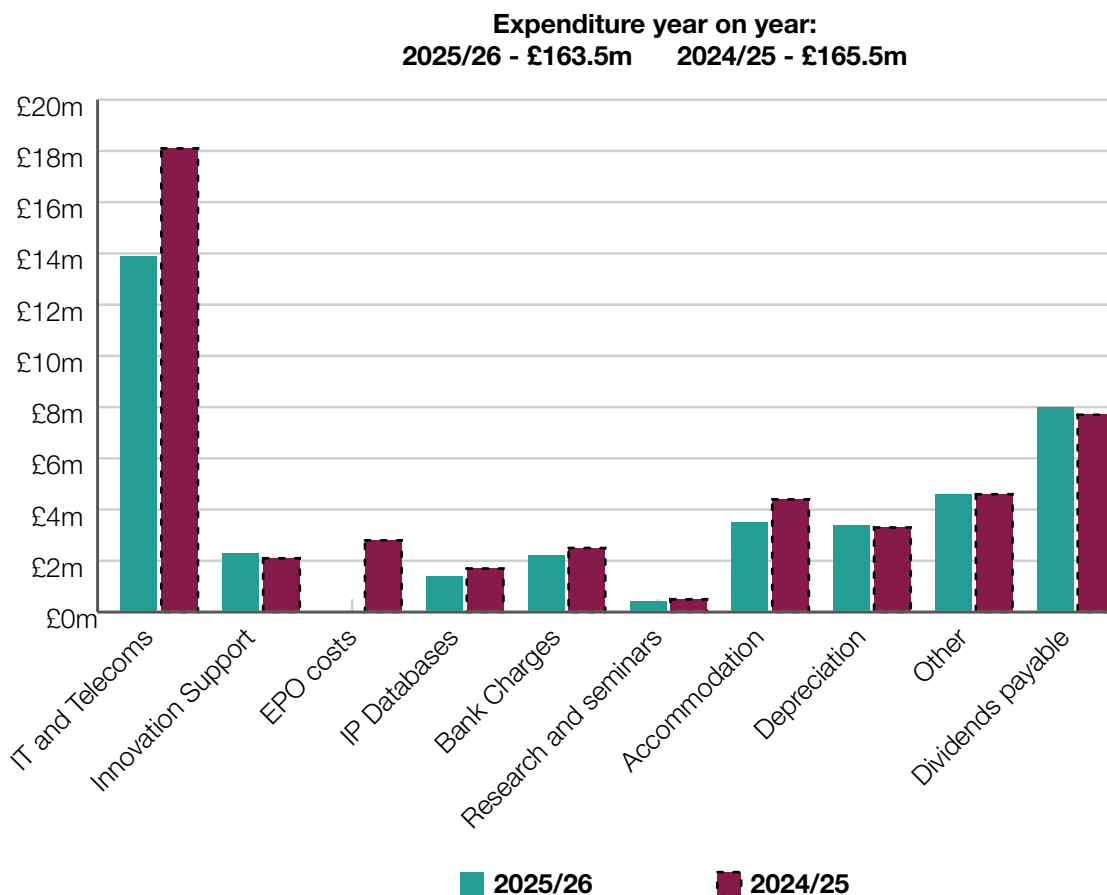
Staff costs make up 74.3% of expenditure (2024/25: 69.6%), reflecting the specialised, knowledge-intensive workforce and the underlying cost pressures arising from annual pay awards and broader employer-related costs.

The financial impact of these pressures has been actively managed through effective workforce and headcount controls. Wider productivity and efficiency gains have helped to offset pay-related cost increases while maintaining service performance and value for money. These include:

- improved use of digital tools and automation
- reduced reliance on EPO outsourcing
- robust commercial contract management

**Figure 2: Expenditure (non-staff costs)**

(Table showing expenditure compared to the previous year)



## Financial sustainability

Maintaining financial sustainability remains a core organisational priority. During 2025/26, we continued to embed continuous improvement and efficiency initiatives, supporting better ways of working and realising savings across the organisation.

However, sustained inflationary pressures and the level of investment required to modernise services and systems meant efficiency improvements alone were no longer sufficient to maintain a sustainable financial position. Following a detailed review, agreement was reached for fees to be increased from 1 April 2026. This is the first increase across most services for more than twenty years, with an average uplift of around 25%. The updated fee structure, alongside continued efficiency savings, puts the IPO in a more sustainable financial position. This enables the continued delivery of high-quality statutory services and ongoing investment in modern, efficient and accessible public services.

## Ministerial priorities

Ministerial priorities are set annually by the minister, aligned with our strategy, corporate plan deliverables and wider government priorities. We monitor progress quarterly and report to Steering Board and IPOB.

Performance against our ministerial priorities in 2025/26 is summarised in the following table:

Strategic pillar	Ministerial priority	Performance	Result
Our policy	Work with the Department for Culture, Media and Sport (DCMS) and the Department of Science, Innovation and Technology (DSIT) to develop practical measures which progress the government's priorities on copyright and AI	The government response to the AI & Copyright consultation was published in March 2026 with options for IPO, DCMS and DSIT to consider and develop in partnership.	Met
	Target information and guidance to small and medium-sized enterprises (SMEs) on how to protect and use their IP	We have funded access to professional IP advice and provided digital guidance and information to SMEs.	Met
Our services	Launch the One IPO patents service for all customers	One IPO patents service launched for all customers from 1 April 2026.	Met

## Delivering our IP rights granting services

The IPO is consistently rated amongst the highest performing public and private sector organisations, delivering high-quality, efficient and accessible services to our customers.

We have continued to perform well against our [customer service standards](#)<sup>3</sup> despite ongoing high demand for our services. We achieved an average customer satisfaction score of 87% (2024/25 89%). This is based on an increased sample of over 95,059 customers with a 7.68% response rate (up from 7.33% for 2024/25). Our customers rated our people highly in our “customer first” categories, including 95% of customers agreeing employees were helpful. We also received over 3,400 compliments from customers about our services. Work continues to increase engagement with the satisfaction survey.

There was a small proportion of our services where we were unable to meet our customer service standards due to demand exceeding capacity. We continue to implement detailed plans to bring service levels back to expected standards within a reasonable timeframe whilst maintaining quality.

We published a measure of quality-of-service performance for patents, trade marks and designs externally for the second year (up to Q3 2025/26). We achieved 93% or more across all rights, which benchmarks well against other IP offices. Through our outreach activities, user research and customer care programme we continued to support our customers.

The customer care programme supports over 100 of our most regular customers, with care managers providing a single point of contact, regular updates and tailored support. Our biannual customer care conferences are shaped by what customers need. This proactive model helps the IPO gain early insight that feeds into organisational improvements and strengthens relationships with our major customers.

The programme has been central to helping customers adapt to our new One IPO services by increasing customer confidence and supporting them through the transition.

Over the past year, the outreach team has taken part in more than 65 in-person and virtual UK and international events, directly speaking to over 3,000 people. The outreach team have continued to deliver our IP Masterclass for businesses and business advisors with over 250 attendees. In addition, they launched a new workshop to provide an introduction to IP, helping 30 businesses strengthen their understanding of IP. Feedback on the Masterclass and workshop has been highly positive, achieving customer satisfaction scores of over 87%.

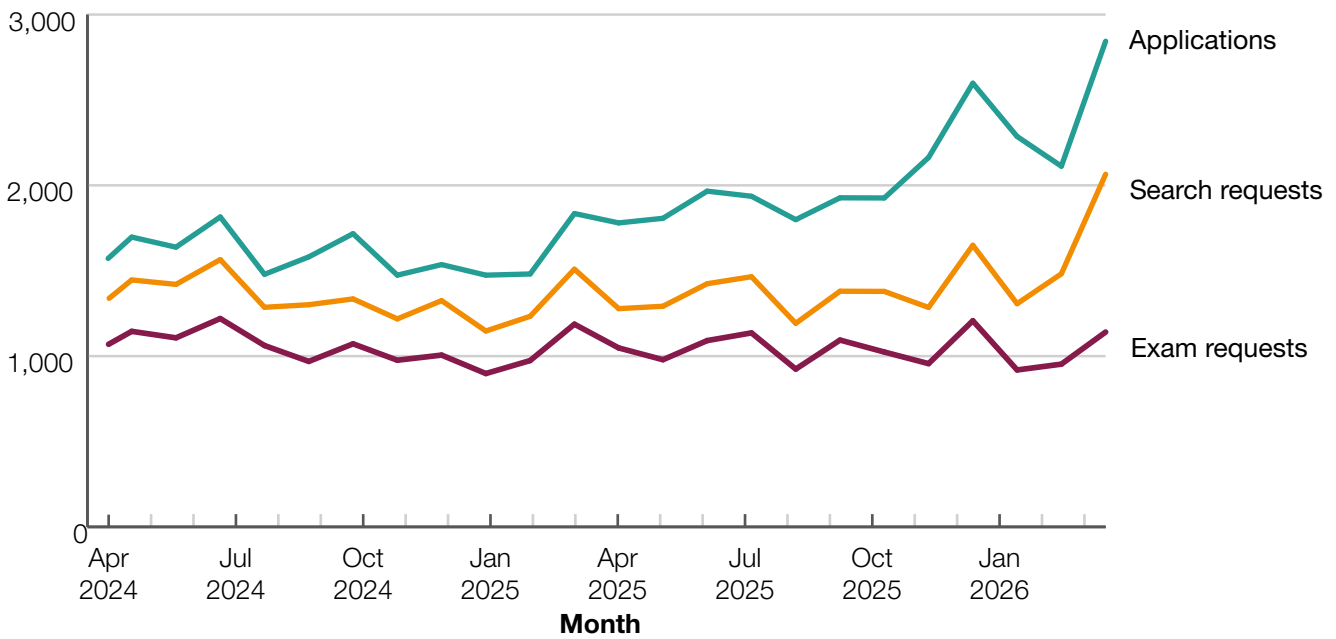
Additionally, we have been ranked jointly as the world’s most innovative IP office, along with the European Union IP Office, by the [World Trademark Review](#)<sup>4</sup> (WTR). The WTR annual IP Office Innovation Ranking evaluates how IP offices worldwide are developing and delivering value-added services for users. This is the first time we have reached first place, after several years within the top five; a testament to our commitment to continuous improvement and innovation.

3 <https://www.gov.uk/government/publications/ipo-customer-service-standards>

4 <https://www.worldtrademarkreview.com>

Patents

Figure 3 – Patents – applications, searches and exams



Patents	2025/26	2024/25	Year-on-year percentage movement
Applications received	25,144	19,185	+ 31.0%
Searches	17,198	16,052	+ 7.4%
Examination requests	12,472	12,623	- 1.1%

Input figures present a “snapshot” of the IPO’s registered IP rights administration databases, taken at the time of drafting. Minor data variation may occur between past and future releases due to late entries on to databases and occasionally, due to corrections to booking data. Late entries mostly occur with paper-filed applications as these take longer to process than electronically filed applications; and all applications are afforded the date of receipt at the office as their date of filing.

The significant rise in demand for patent searches continued to be greater than our capacity to process. As a result, delivering against customer service standards alongside transitioning to new transformed services, was a challenge. In particular, we continue to monitor the increased number of AI-assisted filings made by unrepresented applicants, and the proportion of these which proceed to search and examination.

We narrowly missed our two-month customer service standard for accelerated search and examination, completing 90% of these actions within two months and five days of request. Our search turnaround was close to its six-month target, with 90% completed within six months and six days.

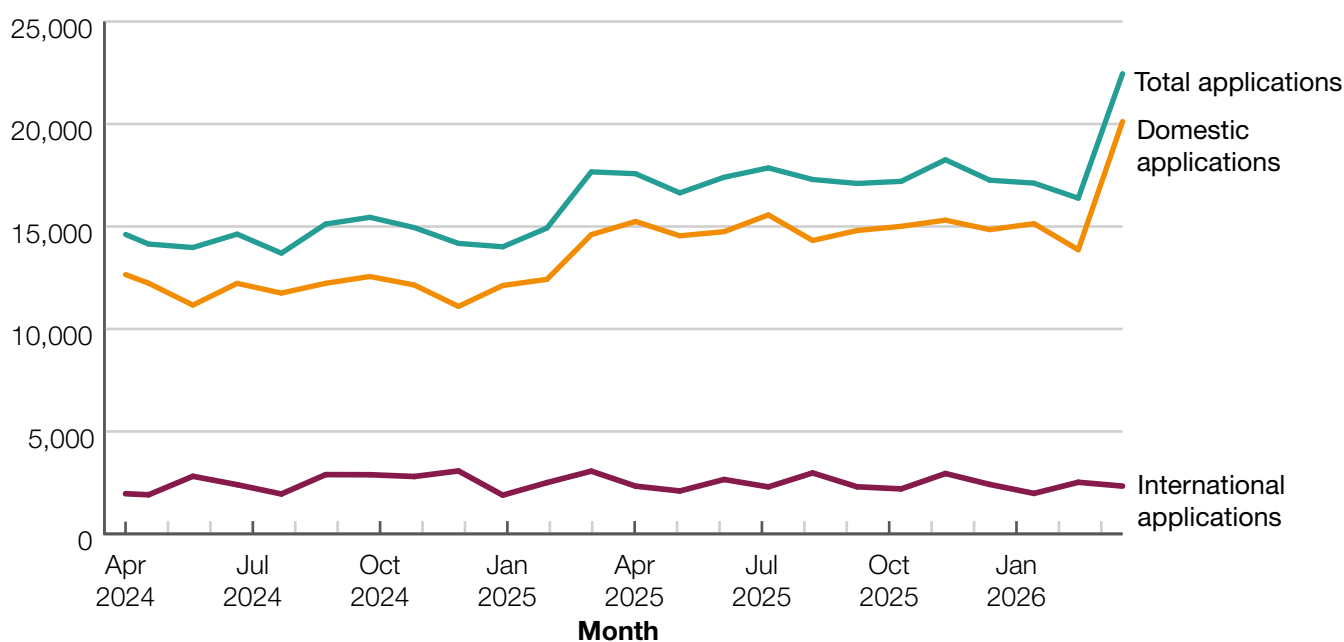
The number of applications waiting longer than our 42 month customer service standard for a first examination report increased during the year. There were 4,323 late cases at the end of the year, compared to 2,332 at the end of 2024/25.

We continued to prioritise requests for search, combined search and examination and accelerated actions to make sure customers with time-critical needs received a timely service. Continued recruitment of patent examiners and improved processes should successfully rebalance capacity and demand over the coming year.



Trade mark applications

Figure 4 – Trade mark applications



Trade mark applications	2025/26	2024/25	Year-on-year percentage movement
Total received	212,547	177,771	+ 19.6%
National	183,512	147,582	+ 24.3%
International	29,035*	30,189	- 3.8%*

\*661 international applications were added to the system on the 1 April 2026; later than normal due to a delay in processing the batch of filings from WIPO, falling into the next financial year. If these filings were added in normal timescales, the year-on-year changes would be -1.6% for International and +19.9% total received.

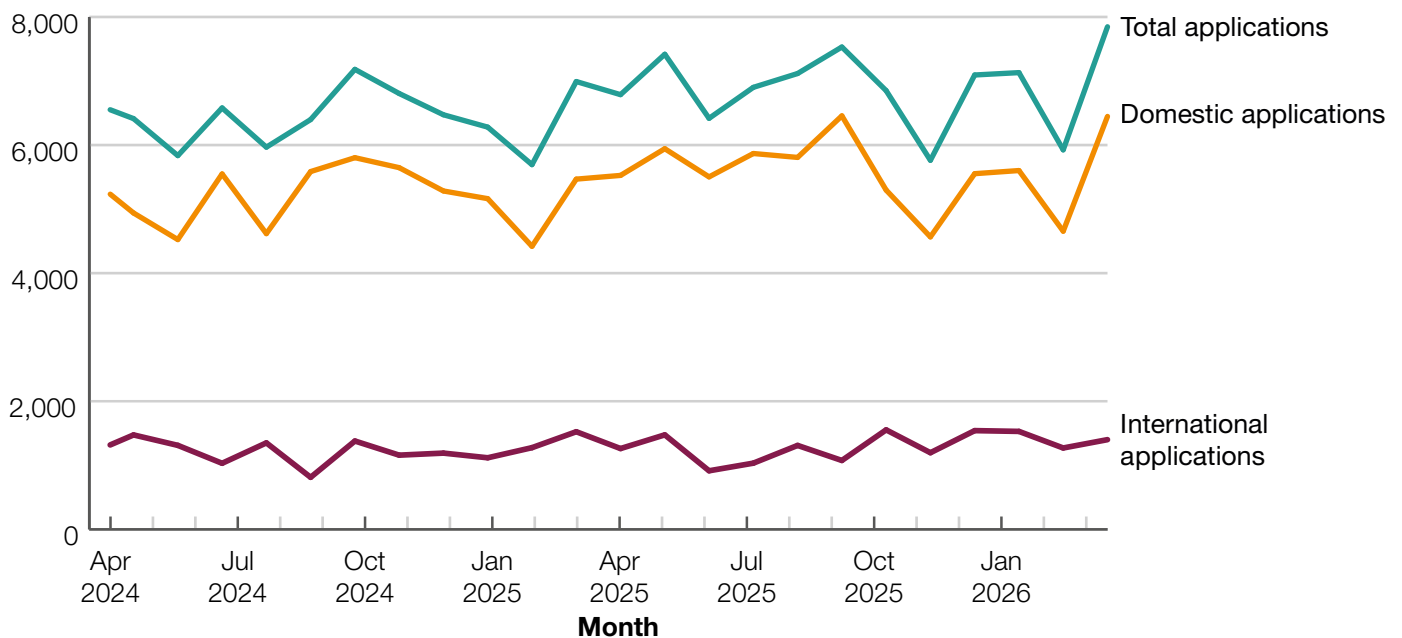
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Trade mark applications received this year were the highest on record, with a 19.6% increase over 2024/25 levels and a 13.5% increase over our second highest year (2021/22). This is a significant increase, and we continue to monitor trends to understand whether we should expect this to continue.

Despite the increased filings, we have largely maintained performance against our customer service standards throughout the year. We have a regular, established cycle to ensure we continue to have the right resourcing levels to meet demand. Examiners operate with agility to deal with in-year fluctuations, and we have adopted smarter working methods to further increase efficiency.

Design applications

Figure 5 – Designs applications



Design applications	2025/26	2024/25	Year-on-year percentage movement
Total received	82,780	77,143	+ 7.1%
National	67,223	62,344	+ 7.6%
International	15,557	14,799	+ 5.1%

Input figures present a “snapshot” of the IPO’s registered IP rights administration databases, taken at the time of drafting. Minor data variation may occur between past and future releases due to late entries on to databases and occasionally, due to corrections to booking data. Late entries mostly occur with paper-filed applications as these take longer to process than electronically filed applications; and all applications are afforded the date of receipt at the office as their date of filing.

Demand for design applications grew by 7.1% in 2025/26, the highest level of design demand on record. We have largely met our customer service standards throughout the year. We continue to monitor demand to ensure we can effectively deliver our services and achieve high levels of customer satisfaction.

## Trade mark and design ex parte hearings

For trade mark and design ex parte hearings, we consistently met our target to issue reports within 10 working days of a hearing.

### Tribunal proceedings

Tribunal	2025/26	2024/25	Year-on-year percentage movement
Trade mark claims (inc. oppositions and cancellations)	9,517	8,228	+14.5%
Defences	2,780	2,739	+1.5%
Decisions	770	712	+7.8%
Live trade mark cases at 31 March	8,369	7,169	+15.4%

The filing of new trade mark tribunal proceedings has increased in line with the rise in trade mark applications (4% of all trade mark applications are opposed). The number of defences has stayed relatively static, suggesting a lower rate of defending oppositions and cancellations by parties. The overall number of live trade mark cases has increased by 1,200.

Meanwhile there has been a continued rise in demand for our registered designs tribunal services, whilst demand for company names and patents tribunal services remains steady.

The quality of our decisions remains high, with 12% of decisions appealed but only 14% of these appeals being partially or fully successful. Overall, this amounts to only 1% of all tribunal decisions being successfully appealed. During the financial year, one [case<sup>5</sup>](https://supremecourt.uk/cases/uksc-2025-0004) was upheld on appeal by the Supreme Court.

This year we continued to address the backlog of inter partes cases awaiting decision. The backlog arose from unprecedented numbers of trade mark applications, leading to more new claims, alongside the ongoing effects of the UK's withdrawal from the EU. While this has resulted in longer waiting times for hearings, the number of outstanding decisions is gradually reducing. Steps have been taken to improve timeliness and ensure we can meet future demand across our tribunal services by increasing our resources, with further recruitment scheduled for summer 2026.

5 <https://supremecourt.uk/cases/uksc-2025-0004>

## Digital, data and technology (DDaT)

Consistent high levels of availability were maintained of our digital services for customers, exceeding our targets for 2025/26. We continue to take pre-emptive steps to maintain services and proactively manage issues with an emphasis on the root causes.

During this period, as with the previous year, we maintained our existing (legacy) systems whilst also continuing to build our future estate. Availability figures for 2025/26 include those of the new One IPO Search service, which was launched in January 2025.

Digital services availability target	2025/26	2024/25
Essential customer facing services Target 99.5%	99.83%	99.94%
Business critical internal services Target 99.0%	99.93%	99.87%



## Delivering our strategy

Our corporate plan 2025/26 sets out the activities for the second year of delivering [our strategy](#)<sup>6</sup>, IP for a creative and innovative UK 2024–2027. Together, the strategy and corporate plan set a clear framework for improving services, shaping the UK’s IP framework, and ensuring organisational and financial sustainability.

This section reflects progress against those commitments, structured around the three pillars of our strategy: our services, our policy, and our organisation. It demonstrates how the work delivered during the year supported innovation, investment and economic growth, while laying the foundations for delivery in future years.

### **Our services: High-quality, efficient, and accessible**

High-quality, timely and cost-effective IP registration services remain at the heart of how we support innovation, creativity and economic growth across the UK. During 2025/26, we continued to improve our services for customers while modernising the systems that underpin them. This ensures the IP system remains trusted, accessible and fit for the future.

The One IPO Transformation Programme is central to this ambition. Through it, we are introducing modern, integrated digital services that make working with IP easier for everyone. It enables customers to manage their IP in one place and improves the quality, resilience and security of the data we hold.

To support customers we have published guidance and continue to analyse feedback to inform ongoing iterative development and continuous improvement.

Throughout this transformation, we have remained fully committed to our core responsibilities: granting rights fairly and efficiently and providing effective dispute resolution services. Where delivery choices involved trade-offs, we prioritised service stability, customer experience and long-term value.

6 <https://www.gov.uk/government/news/ip-for-a-creative-and-innovative-uk-strategy-2024-to-2027>

## Introducing customers to our One IPO patents service

Following a positive Government Digital Service assessment, we completed preparations to launch our new One IPO patents service for all customers on 1 April 2026. This marked a significant milestone in modernising the UK's patents system and represents a step change in how customers interact with patents services.

Customers can now use our service to apply for patents and to manage their rights online. This includes updating details, tracking progress, renewing, transferring ownership, changing representation and communicating securely with us, all through a single authenticated account.

Before the public launch, we ran a pilot of our One IPO patents service for over two years. This allowed us to test all service transactions with customers and colleagues so we understood how it performed in practice and could identify where further refinement was needed. Feedback from users informed improvements ahead of the public launch and we continue to work closely with customers as they become established service users.

## One IPO services for trade marks, designs and tribunals

The introduction of our new One IPO patents service was the first major delivery milestone in a wider, multi-year transformation of the UK's IP services. As set out in our corporate plan for 2025/26, we planned to begin the next phase of transformation covering trade marks, designs and tribunals.

During the year, we took a deliberate decision to slow the transition into this next phase. Drawing on the experience of delivering the patents service, we decided to prioritise stabilising the live service before extending transformation further. This included resolving issues and supporting customers and colleagues through change. This approach reflects good practice in large-scale digital delivery and helps ensure the full benefits of transformation over the long-term are realised.

Despite this decision, we made important preparatory progress. We completed pre-discovery work, developed a migration approach for trade marks and designs data and undertook data profiling and auditing. This work positions us to move more quickly and confidently into delivery as the programme progresses.

As reflected in our corporate plan for 2026/27, we will begin the discovery phase for transforming the trade marks service. We will use the same common technology and infrastructure developed for patents and we will apply lessons learned. When complete, this will allow customers to deal seamlessly with all their IP rights in one place.

## Developing One IPO Search to realise the potential of our data

Alongside transformation of the patents service, we continued to develop One IPO Search. This is our online tool that enables customers, researchers and innovators to search and analyse IP data more effectively.

During 2025/26, the service was accessed by around 39,500 users, with more than 153,000 searches completed across the patent register and journal. Service performance remained strong, reflecting fast response times and reliability.

While we deferred some enhancements to prioritise delivery of the patents service, we laid the groundwork for further improvements. This includes the introduction of application programming interfaces for bulk data access, tools to help customers monitor their rights, and AI-assisted search functionality. These enhancements will further improve how businesses use IP data to inform investment, innovation and commercial decisions.

Our approach is underpinned by our data strategy and governance framework. We strengthened this during the year to improve data quality, security and stewardship and to support more informed decision-making across the organisation.

## IP education and skills that inspire innovation and creativity

The priority in 2025/26 was not only on improving access to IP services. Our ambition was also to help businesses, innovators and creators develop the skills and confidence to use IP effectively.

Through guidance, outreach and digital tools, we supported customers to integrate IP into their strategic thinking and decision-making. This helps them protect ideas, attract investment and operate with confidence in competitive markets. This work supports a more inclusive innovation ecosystem and contributes to economic growth across a wide range of sectors.

When our new One IPO patents service went live, we published updated customer guidance to support users through the transition. We also expanded the number of transactions accessible via GOV.UK forms available online, making it easier for customers to engage with us digitally and manage their IP efficiently.



## Our policy: Supporting innovation and the economy

Our policy work is central to ensuring the UK's intellectual property framework supports innovation, investment and economic growth in a fast-changing technological and global environment. During 2025/26, we worked on maintaining a stable, trusted system while preparing it for the opportunities and challenges of the future. This includes advances in artificial intelligence, the increasing role of data-driven innovation, and the needs of UK businesses operating in global markets.

Our approach is evidence-led and grounded in engagement with stakeholders. Through consultations, research and international collaboration, we aim to balance protection for creators and innovators with competition, new technology adoption and economic growth.

A clear and predictable IP framework gives businesses and creators the confidence to invest time, talent and capital in developing new ideas. In 2025/26, we made significant progress in reviewing important elements of the UK's IP framework to ensure it remains fit for the modern economy.

### Artificial intelligence and intellectual property

Rapid advances in artificial intelligence present major opportunities for innovation, alongside legitimate concerns for rights holders, particularly within the UK's world-leading creative industries. To ensure that the IP framework supports both innovation and rights holders, we analysed more than 11,500 responses to the consultation on AI and copyright. The evidence provided by this work underlined the complex nature of this issue, and the need for further work to fully understand the outcomes of potential policy interventions. The government's report, published in March, sets out our current thinking on the options consulted on and makes recommendations for further work. These areas of future work are being developed between IPO, DSIT and DCMS and will be delivered jointly over the coming year.

## Helping UK business to navigate the standard essential patents ecosystem and creating a UK designs framework that is fit for the future

Standards-based technologies underpin many modern products and services, from telecommunications to smart manufacturing. A patent that protects technologies essential to implementing a standard is known as a standard essential patent (SEP).

While SEPs play a vital role in enabling innovation, the current ecosystem can present challenges, including limited transparency and costly dispute resolution. These issues can be particularly difficult for smaller businesses.

Our SEPs consultation centred on several areas. These included reducing licensing frictions, offering alternatives to costly litigation, and increasing business confidence to invest in innovation using standardised technologies, while supporting rights holders. This work is aimed at ensuring the UK remains an attractive location for technology-driven innovation and investment.

Designs play a critical role in innovation across manufacturing, technology and the creative industries. The UK design sector is characterised by a high proportion of micro-businesses and small and medium-sized enterprises (SMEs). For these businesses, clarity, affordability and confidence in protection are essential.

The designs consultation examined how the framework can better serve creators, businesses and consumers in a rapidly evolving landscape, supporting continued innovation and economic growth. By maintaining a framework that is modern, accessible and internationally competitive, we help design-led businesses to protect their ideas, attract investment and scale successfully.

As set out in our corporate plan for 2026/27, we will complete policy development and progress changes that keep the IP framework fit for the future, including on SEPs and designs.

## Supporting small and medium-sized enterprises to prosper and grow

We continued to support innovative small and medium-sized enterprises (SMEs) to better understand, protect and use their IP. Through the IP Audit scheme, we provided funded access to professional IP advice, supporting 342 innovative SMEs across the UK.

Alongside this, we strengthened our digital offer for businesses. This included the “Get IP guide”, helping SMEs navigate the IP system, and “Use IP”, supporting businesses to apply IP more strategically as they grow.

During the year, we worked with HM Treasury and the British Business Bank to explore opportunities for IP-backed lending. This included securing a Budget commitment for the British Business Bank to explore using existing guarantees to support IP lending.

## Working in partnership to ensure intellectual property rights are respected and enforced

A strong IP system depends not only on effective legislation, but on rights being respected and enforced in practice. During 2025/26, we continued to deliver our counter-infringement strategy, strengthening capabilities, partnerships and intelligence to protect the value of UK innovation and creativity.

Over the year, participation in the ‘tick-box’ scheme increased by 12%, exceeding our target of 10%. The “tick-box” scheme is a voluntary code for the self-storage sector. It was developed with enforcement bodies to prevent the storage of counterfeit and illicit goods through due diligence, risk-based oversight, and collaboration with law enforcement.

The scheme now includes 242 self-storage businesses, covering 1,128 premises. Engagement with the tick-box website also grew substantially, with unique views increasing from 504 in 2021, when the project began, to nearly 3,000 in 2025. The scheme supported seven successful enforcement operations under Operation Flash, resulting in the seizure of thousands of counterfeit goods by Trading Standards from self-storage facilities.

We made strong progress in establishing our IP Crime Centre of Excellence, enhancing intelligence capability and strengthening links with law-enforcement partners. This included:

- onboarding to law enforcement infrastructure, including the Police National Computer
- access to College of Policing intelligence eLearning and services
- progressing access to relevant tools and training for open-source intelligence

In January, we completed a public consultation on reinstating and enhancing statutory powers under the Proceeds of Crime Act. This would enable the investigation and seizure of assets derived from IP crime.

Alongside enforcement activity, we continued to raise public awareness of the harms caused by IP crime, through high-profile consumer campaigns. These campaigns improved understanding of the risks associated with counterfeit goods and encouraged informed purchasing decisions. Our Fake Toys: Real Harms campaign generated 623 pieces of coverage across media, radio and TV in a single day. Additionally, Fake Always Breaks won the Chartered Institute of Public Relations (CIPR) Cymru Public Sector Campaign Award 2025.

## International IP supports innovation

Innovation increasingly takes place across borders, and effective international IP frameworks are essential to UK businesses trading, investing and collaborating globally. During 2025/26, we continued to promote an effective, balanced global IP system that supports UK economic interests and enables innovation to flourish.

We represented UK interests in multilateral forums, including the World Trade Organization and the World Intellectual Property Organization, contributing to international discussions on emerging technologies and policy challenges. Through our international attaché network, we provided direct, in-country support to UK businesses, helping them navigate local IP environments and reduce barriers to trade.

By shaping international standards and supporting UK firms overseas, we help create the conditions for UK innovation to succeed domestically and globally.

## Our organisation: High-performing, with skilled people connected by shared purpose

A skilled, empowered and engaged workforce is essential to delivering our strategy. During 2025/26, we worked on strengthening the foundations of organisational performance. We recognise that sustained transformation, high service demand and an increasingly complex operating environment place significant demands on our people.

Our approach centred on three priorities: developing leadership and skills, embedding a shared organisational culture, and ensuring we are financially and operationally sustainable. Together, these enable us to deliver for customers today while building capacity for the future.

### Embedding a culture that helps us deliver our strategy

Culture underpins how strategy is delivered in practice. During 2025/26, we continued embedding a culture concentrated on accountability, adaptability and connection, supporting teams to translate our values into day-to-day behaviours.

Senior leadership teams led locally owned culture discussions and actions, helping embed agreed behaviours into ways of working, team objectives and people development plans. We reinforced our cultural priorities through communications, learning and storytelling, supporting shared understanding and ownership across the organisation.

We monitored cultural indicators throughout the year, including People Survey results. While some measures declined compared to previous years, we used these insights, alongside an ongoing culture review, to identify targeted actions and priorities for improvement. This reflects our commitment to understanding organisational performance honestly and adapting where we know we can do better.

## Enabling effective leadership and management

Effective leadership and management are critical to delivering high-quality services and navigating change. During the year, we strengthened leadership accountability and capability across the organisation. This was based on recognition of the central role leaders and managers play in setting expectations, supporting performance and shaping culture.

We expanded our leadership and management learning offer. We introduced new resources, practice-based learning opportunities and clearer expectations of what good leadership looks like at the IPO. This work supports more consistent performance conversations, better decision-making and clearer ownership of outcomes across teams.

## Adopting a skills-based approach to develop our future-ready workforce

During 2025/26, we continued to move towards a skills-based approach to workforce development. Through our Skills for Success framework, we concentrated on the capabilities needed to deliver our strategy rather than narrow role definitions. We launched the IPO Careers Hub to provide colleagues with clearer pathways, access to learning and guidance on career development. This has enabled greater personal ownership of skills growth.

This work also supports our longer-term strategic workforce planning. Improving our understanding of current and future skills needs will help us deploy capability more flexibly as priorities evolve.

## Building our organisational capacity

During 2025/26, we exceeded our efficiency target, achieving savings of 4.45% against core operating costs. These savings reflected a range of actions across the organisation, alongside ongoing work to better align resources to priorities.

Progress against our earlier plans to define an optimal size, shape and capacity was more limited. This was a deliberate choice, as we paused elements of that work to prioritise the development of a Target Operating Model (TOM). The TOM, now planned for delivery in 2026/27, will provide a more coherent and sustainable basis for organisational design.

While this decision slowed delivery against the original plans, it allowed us to take a more holistic view of how we structure work, deploy skills and manage demand. The TOM will set clearer long-term foundations for future decisions on capability, capacity and operating efficiency.

## Delivering an accommodation strategy that serves us now and in the future

During the year, we continued to review our accommodation spaces to ensure effectiveness and efficiency, with a concentration on financial and environmental sustainability. This work also considered how our workplaces support our organisational culture and ways of working.

A decision was made to remain at our main office, Concept House (Newport), for at least the next three years. This gives us stability to support our people and the delivery of our priorities. Our London office was, however, relocated to Canary Wharf, in line with government ambitions to move civil servants outside of central London.

## Financial sustainability

Remaining financially sustainable is essential to maintaining high-quality services and continuing to invest in transformation. During 2025/26, we identified the need to update fees, reflecting sustained inflationary pressures, rising costs and the investment needed to modernise services.

From 1 April 2026, fees increased by an average of 25%, following many years of static charges. Prior to this, rising costs were absorbed through efficiencies while continuing to meet increasing demand, but financial forecasts showed efficiencies alone were no longer sufficient.

Updated fees, alongside continued efficiency improvements, provide a stable financial footing. This enables us to maintain service quality, invest in digital systems and support the government's ambition for modern, accessible public services that are fit for the future.

## Our principal risks

We have an effective approach for identifying, managing and mitigating risks at all levels of the organisation, as set out in our governance, risk management and internal controls frameworks. Further detail is outlined within the governance statement of the corporate governance report.

Risks relating to organisational performance and the successful delivery of the corporate plan are monitored by IPOB monthly. They are also reviewed and discussed as part of IPOB's quarterly review of performance. Where appropriate, mitigating actions are identified, implemented and closely monitored.

Our principal risks are those most relevant to our performance and the delivery of our strategy and corporate plan in 2025/26. Except for the financial sustainability risk, we expect these risks to remain relevant in 2026/27 given the operating environment and our strategic objectives. We have plans in place to continue managing them effectively.



Our principal risks include

### **Digital transformation and modernisation of our IP service**

The scale and complexity of our transformation programme is a significant undertaking. As part of a modern digital government, we are delivering the most comprehensive changes to our services in our 170-year history. This comes with several delivery and resourcing challenges. Whilst the first phase of the programme has taken longer to deliver than originally anticipated, public beta for phase 1 was achieved when we launched our One IPO patents service on 1 April 2026. Following a review of phase 1, we are planning for the delivery of phase 2. We will continue to identify and manage risk through the programme's governance and the organisation's wider corporate planning and financial management processes. These support IPOB to balance other organisational priorities and investments, in line with its strategy and financial plan.

### **Financial sustainability**

We have highlighted in the Financial summary and the IPO's strategy that it is an organisational priority to remain financially sustainable. As we plan further ahead, we recognise the organisation faces increased financial pressures due to increasing costs and planned investments in our technology, services, accommodation and workforce.

In addition to our established culture of continuous improvement and delivering efficiencies, we recognised further mitigations were needed to respond to these challenges and organisational needs. We have created a five-year financial forecast as part of improving our longer-term planning. During 2025/26 we carried out a fees review that resulted in an average increase of 25%. As a result, we do not expect this to remain a principal risk during 2026/27 but we will continue to monitor as part of our financial forecasting processes.

### **Strategic workforce planning**

As a high-performing organisation we must ensure we have a more flexible, agile and resilient workforce to respond to changing priorities, while remaining affordable and delivering value for money.

Following on from the creation of a strategic workforce plan in 2024/25, work to support our longer-term strategic workforce planning continued in 2025/26. We are adopting a skills-based approach to develop our future-ready workforce and build our organisational capacity, as outlined in the 'Delivering our Strategy' section of the performance report. During 2026/27 this work will continue to be strengthened as we work towards developing a target operating model.

### **Leadership and management capabilities and change culture**

Strong and effective leadership and management capabilities, together with how we embrace change as an organisation, are vital to achieving our strategy and strong organisational performance. We have outlined the steps we are taking to invest in these capabilities and our future culture in the 'Delivering our strategy' section in this Performance report.

### **The security threat landscape**

We are committed to evolving and maturing our security capabilities. This is in response to the increasing cyber and information security threat landscape driven by rapid technological growth and other factors. In line with government and international standards we have a range of mitigations in place across personnel, physical and cyber security. This includes established business continuity and disaster recovery plans (as outlined in the corporate governance report).



## Sustainability report 2025 to 2026

This year marked the introduction of the Greening Government Commitments (GGCs) for the period 2025 to 2030. These commitments set out the targets that UK government departments and their agencies must meet to reduce their environmental effects. 2025/26 will be the baseline year for the new commitments.

During the year, work began to align with the new framework. While we have reduced overall emissions compared to the previous year, demonstrating an ongoing track record in improving sustainability performance, several targets (particularly those relating to net zero and climate change) will require significant investment across the estate.

In parallel, the long term future of the estate was reviewed to ensure that our buildings remain fit for purpose in the context of sustained hybrid working. In October, IPO confirmed that its headquarters will remain at Concept House until at least 2028, providing welcome certainty for the immediate future. However, major capital investment has been paused while a longer-term location strategy is developed and agreed. Activity during the year therefore concentrated on smaller scale efficiency measures that achieved tangible improvements while ensuring value for money. Planning for larger projects will begin once the strategic direction for the estate is confirmed.

We continued to expand our staff-led carbon literacy programme, supporting colleagues to take practical actions that reduce emissions. We also maintained our ISO 14001 certification, which supports continual improvement in our environmental performance and regulatory compliance. We will undergo recertification to the standard in the next financial year.

The sustainability report has been prepared in line with the FReM sustainability reporting requirements and HM Treasury's Sustainability Reporting Guidance (SRG) for 2025–26. Unless otherwise stated, the emissions and resource metrics have been prepared on the same basis as the GGC reporting framework.

## Working towards net zero and adapting to climate change

### Reducing our emissions

Carbon emissions reduced during the year across all reported scopes. This includes:

- scope 1 emissions from on site gas consumption and the use of our leased van
- scope 2 emissions from purchased electricity
- scope 3 emissions associated with official business travel on public transport and employee owned or leased vehicles (excluding staff commuting and international flights)

Operational energy performance continued to improve. The DEC rating for Concept House improved from “D” to “C” during the year. The DEC shows the actual energy performance of a public building and allows us to track and reduce our environmental impact. A “C” rating is better than the national average, demonstrating that we are managing our energy use effectively and reflects our investment in recent years in efficient equipment, such as boilers and air-conditioning units.

At our warehouse facility, Nine Mile Point, the replacement of end of life boilers with modern, energy efficient equivalents has already delivered benefits. Specifically a 23% reduction in gas consumption contributing to a 15% reduction in overall gas usage across the estate. Electricity consumption across the estate also reduced by around 3% over the year. This continues the downward trend seen in recent years and reflects ongoing improvements in energy management and operational efficiency.

Working with the continuous improvement team, we reviewed the journeys undertaken by our leased vehicle and introduced new ways of working. This has resulted in a reduction in mileage of 29%.

Reported Scope 3 emissions are lower than in the previous year, reflecting the exclusion of international flights in line with updated Greening Government Commitments (GGC) reporting requirements.

Overall carbon emissions (tonnes CO <sub>2</sub> )					
	2025/26	2024/25	2023/24	2022/23	2021/22
Scope 1	472	531	646	242	690
Scope 2	300	356	360	353	393
Scope 3	65	172	136	89	18
<b>Total emissions</b>	<b>837</b>	<b>1,059</b>	<b>1,142</b>	<b>684</b>	<b>1,101</b>

Energy consumption (kwh)					
	2025/26	2024/25	2023/24	2022/23	2021/22
Gas	2,434,591	2,874,236	3,522,974	1,305,532	3,750,278
Electricity	1,536,681	1,580,931	1,598,238	1,673,403	1,700,877
Cost (£)					
Gas	76,962	229,089	156,417	95,238	98,147
Electricity	452,195	511,923	440,650	368,411	299,802

**Note:** The year-on-year reduction in gas costs is a result of previous issues with our gas meter. Credit notes were issued in the financial year 2025/26 relating to invoices paid in 2024/25.

### Reducing lifecycle emissions from Information and Communication Technology (ICT)

Our Digital, Data and Technology (DDaT) Directorate contributed to the reduction of lifecycle ICT emissions by considering emissions associated with ICT devices, hosting and infrastructure. We maintained a 'Cloud First' architectural approach and progressed the rationalisation and decommissioning of legacy environments. This removed unnecessary and underutilised capacity to reduce avoidable energy consumption.

In parallel, we embedded lifecycle and energy considerations across technology design, service operation and transformation activity. This supported delivery of the IPO sustainability and GGC commitments on ICT hosting and device emissions. Alongside this, the commercial tender process now includes a sustainability score as part of the awarding decision.

## Travelling more sustainably

This year, we implemented a revised Business Travel Policy. This provides clearer information on the emissions associated with different modes of transport. It also sets out a hierarchy of options to encourage colleagues to choose greener, more environmentally friendly ways to travel.

We are currently procuring a new Travel Booking System and will use this opportunity to embed the green travel requirements introduced by the GGCs and our Business Travel Policy to improve the management information available to us.

In 2026/27, we will begin work on the GGC target to develop a plan for improving the sustainability of our business travel and commuting through to 2030.

We did not purchase or retire any carbon credits during 2025/26 and, therefore, held or used no carbon offsets in the reporting period.

Non-financial indicators (kg CO <sub>2</sub> )					
	2025/26	2024/25	2023/24	2022/23	2021/22
Air travel (domestic)	4,806	5,771	3,381	2,049	610
Rail travel (including Eurostar)	28,050	30,018	24,746	16,469	3,650
Road travel	31,198	29,495	21,692	14,953	3,185
Taxis	580	810	521	654	1,270
Cost (£)					
Travel expenditure (excluding international flights)	574,909	435,818	459,818	376,419	90,588
Accredited offset purchases	0	0	0	0	0

## Managing climate risks

In line with GGCs, we maintain a Climate Change Risk Assessment (CCRA). This covers current and future risks to our estate and operations arising from climate change, including flooding and overheating risks. In 2026/27, we will formally review the risks and adaptation plan.

## Restoring and enhancing nature

We have continued to enhance the biodiversity of our site by creating additional wildflower verges and allowing areas of the grounds to grow naturally. This provides valuable habitats for a range of insects. Our herb planters and fruit trees have also thrived, offering a source of produce for staff.

Unfortunately, our bee hives, which are located at a nearby honey farm, have not fared as well. In line with wider national trends, all three colonies were lost to disease. The hives are now being repopulated, and we anticipate being able to open them again later in the new financial year.

Beyond our own estate, we have continued to support local communities through volunteering. This has included volunteering days at Bannau Brycheiniog (Brecon Beacons) National Park, a local community farm, and with the Canal and River Trust.

In the next financial year, the government will publish a Nature Strategy. We will develop a delivery plan to implement this across our estates and operations.

## Improving our use of resources and services

### Making our procurement more sustainable

The commercial team continues to deliver against strategic objectives while maximising adherence to sustainability and GGCs. This is done by taking advantage of Government Commercial Agency (GCA) frameworks. As more frameworks are awarded in accordance with the Procurement Act 23, there will be opportunities to drive further sustainable outcomes. We look forward to planning those with our facilities management and estates team.

In support of wider government sustainability milestones, the GCA frameworks we use already embed sustainability requirements. We have been working with business areas on incorporating carbon emissions into future contracts, to help ensure that plans are in place to increase sustainable procurement through to 2030. We already comply with Government Buying Standards and relevant sourcing playbooks. From April 2026, we will continue to ensure that all new gold tier contracts include appropriate and proportionate sustainability measures. We will also continue strengthening these requirements as part of our commitment to continuous improvement.

### Managing our waste

We have continued to build on the improvements to our waste processes introduced last year. We recognised that we did not make recycling straightforward, so we installed new recycling stations and consistent signage to ensure full compliance with the Wales Waste Regulations. Further improvements are planned for 2026/27 including staff awareness activities to promote good recycling behaviours. A new onsite recycling store will promote a circular economy by giving office resources a second life.

As a result of these measures, overall waste arising reduced during the year, while the recycling rate was maintained at approximately 50%. A proportion of waste was sent to landfill following a change in waste management provider. However, this has now been addressed through the procurement of a new waste and recycling contract. The new contract supports compliance with the GGC waste target to send no more than 5% of municipal waste to landfill by 2027.

Waste performance for the year is summarised in the following section. In 2025/26, waste reporting categories were updated to align with GGC requirements (municipal, major mineral and other waste). As a result, a fully like for like comparison with earlier years is not available for all waste streams.

## Waste organisation and management

<b>Non-financial indicators (tonnes)</b>			
<b>Total waste</b>	<b>Municipal waste</b>	<b>Major mineral waste</b>	<b>Other waste</b>
Total waste recycled	26	1	1
Total food waste	0	0	0
Total waste incinerated with energy recovery	8	0	0
Total waste incinerated without energy recovery	0	0	0
Total waste to landfill	14	0	0
Other	0	0	0
<b>Total waste arising</b>	<b>48</b>	<b>1</b>	<b>1</b>
<b>Financial information (£)</b>			
Total waste recycled	28,106*	1,148	1,550
Total food waste	0	0	0
Total waste incinerated with energy recovery	10,381*	0	0
Total waste incinerated without energy recovery	0	0	0
Total waste to landfill	9,025*	0	0
Other	0	0	0
<b>Total waste arising</b>	<b>47,512</b>	<b>1,148</b>	<b>1,550</b>

**Note:** \* Estimated values based on the proportional weight of waste streams, as actual cost data not available.

## ICT waste

Activity during the year concentrated on reducing, reusing and recycling consumables. All Waste Electrical and Electronic Equipment (WEEE) was disposed of through ISO 27001 approved routes, to ensure secure data handling. Where items remained serviceable, they were sold or donated, including to a local school and educational centre; a shared service centre and an animal charity. Remaining materials were recycled or stripped for parts. No ICT equipment was sent to landfill or incineration during the year.

The GGCs introduce a new requirement from 2025/26 to report on used ICT devices by category, reflecting an increased focus on ICT waste. Available information is presented in the following table. Where complete data is not yet available, this will be captured and populated in future reporting periods as data collection and reporting processes mature.

	Number (units)	Weight (tonnes)	Value (£)
<b>Reused (donated / sold)</b>	132	0.05	Not known
<b>Recycled</b>	288	4.91	Not known
<b>Landfill</b>	0	0	0
<b>Incinerated with energy recovery</b>	0	0	0
<b>Incinerated without energy recovery</b>	0	0	0

## Reducing our water consumption

We share our site with the Office for National Statistics (ONS) and our metered mains water is a pro-rata share of site water. Both organisations rely on a rainwater harvesting system to meet the majority of our water requirements.

In 2026/27, submetering will be installed on the rainwater harvesting system. This will enable more accurate measurement of water use and provide greater flexibility to switch between rainwater and potable water supplies as needed.

Water consumption increased by 23% compared with the previous year. Earlier in the year, a leak was suspected within the wider site and investigations to identify and rectify the issue took longer than planned. This contributed to higher mains water use.

Beyond this, opportunities to achieve further reductions in mains water consumption are increasingly limited due to the existing efficiency measures already in place. However, a joint IPO/ONS Water Saving Plan has been developed to support the 3% reduction target by 2030. The plan sets out a programme of small scale physical improvements across the site. This is complemented by a staff awareness initiative that promotes responsible water use and the prompt reporting of leaks.

Non-financial indicators					
	2025/26	2024/25	2023/24	2022/23	2021/22
Mains water consumption (m <sup>3</sup> )	4,715	3,833	4,075	3,159	6,129
<b>Cost (£)</b>					
Mains water consumption costs	11,783	18,761	12,605	12,041	10,917

## Task Force on Climate-related Financial Disclosures (TCFD)

### TCFD compliance statement

We reported on climate-related financial disclosures consistent with HM Treasury's TCFD-aligned disclosure application guidance. This interprets and adapts the framework for the UK public sector. We complied with the TCFD recommendations and disclosures around:

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

Further recommended disclosures are only mandatory where climate change is deemed a principal risk. These are:

- metrics and targets (recommended disclosures (a) and (c))
- strategy (recommended disclosure (a) and (c))

IPOB considered climate risk in the context of our strategic objectives and principal risk framework and concluded that climate change is not a principal risk for the reporting period. We have reduced the environmental effect of our estate through carbon reduction measures and are committed to continually improving our environmental performance through ISO 14001 and the GGC framework. We understand the current level of risk to our estate from a range of climate change projections and these inform current and future climate adaptation measures.

## Governance

Climate associated risk is addressed as part of the wider IPO risk management approach. This approach ensures we adhere to the Government's Corporate Governance Code for good practice (as set out in the Corporate Governance Report).

### Board's oversight of climate-related issues (a)

Our current strategy recognises that the challenge of climate change requires new approaches, new technology and new investment. Future strategy refreshes are likely to mirror this thinking especially as we decide on our long-term future accommodation.

Climate considerations are integrated into business planning and investment decisions through the business case process, applying value-for-money principles.

Over 100 people have attended carbon literacy training and we are aiming to become a bronze Carbon Literate organisation. Some IPOB members will receive training in 2026/27.

In relation to climate risks and issues, IPOB and the Steering Board:

- set direction
- delegate governance and/or decisions to directors within their own remit
- delegate authority to committee to govern organisational and operational delivery
- approve in-year resource and finance requests and changes to corporate plan activities

### Management's role (b)

Day to day management of climate change, net zero and GGC activity across the IPO, is coordinated by the Environment Team, which reports to the Director of People, Communications and Workplace through the Head of Workplace. They attend IPOB or Performance Committee meetings as appropriate when decisions are needed or updates required.

### New governance structure, mandates and decision flow overview

Further details of our governance structure are available in the governance statement within the corporate governance report.

## Risk management

The management of climate-related risks follows the corporate risk management process (as set out in the governance statement). In 2024, an additional and independent Climate Change Risk Assessment (CCRA) was commissioned to advise further on actions required.

### Risk identification and assessment (a)

The CCRA identified 13 risks with the four most significant risks being:

- risks of inundation to the IPO energy centre
- effects of overheating on site staff
- adverse effects from local flooding and reduced site access
- effects on hard landscape surfacing and car park areas

The CCRA was carried out by sustainability consultants, and their professional judgement was used to assign the relative risk levels, which in turn were ratified by IPO and independent engineers.

On the basis of these identified and verified risks, the environment team has updated the adaptation plan and added necessary actions to address such risks.

The CCRA is reviewed annually by IPO to ensure alignment with regulations and business priorities. A full re-assessment will take place after 3 years, to review long-term climate scenarios.

### Risk management (b)

While climate change is not considered a principal risk, it is managed as a long term residual risk with ongoing review and action. This reflects its low likelihood of short-term impact but potential long term effects on the resilience of the estate, staff wellbeing and continuity of operations. This risk sits on the IPOB Risk Register where it has been assessed on the basis of impact and probability and scored using a numerical RAG system. It is reviewed quarterly. Day to day management of the risk is carried out at directorate level where the risk impact and mitigating activities are handled within the IPO environment team.

### Overall integration (c)

As the most significant risks relate to our accommodation and surrounding land, the long-term mitigations and any further actions will be taken forward as part of the ongoing review of our future accommodation needs.

## Metrics and targets

### Emissions (b)

The GGCs set the framework by which we measure our performance. The GGCs were refreshed in 2025 with the following reductions required by 31 March 2030 (compared to a 2025/26 baseline):

- 23% reduction in direct (scope 1) emissions
- 40% reduction in overall (scope 1, 2 and business travel scope 3) emissions

We have reduced overall emissions this year compared to the previous year. Further information, including a breakdown of our scope 1, 2 and 3 emissions over the past five years, can be seen in the “Working towards net zero and adapting to climate change” section of the Sustainability Report.



**Adam Williams**  
Chief Executive and Accounting Officer  
6 July 2026



“ Together, the strategy and corporate plan **set a clear framework** for improving services, shaping the UK’s IP framework, and ensuring organisational and financial sustainability. ”





# Accountability report

## Corporate governance report

This report is presented as required by the [2025/26 Government Financial Reporting Manual \(FReM\)](#)<sup>7</sup> issued by HM Treasury.

### Directors' report

Our corporate governance structure is described in our [Framework Document](#)<sup>8</sup>.

The ministers responsible for the IPO during the year were:

- Feryal Clark MP, Parliamentary Under-Secretary of State (Minister for AI and Digital Government) from July 2024 to September 2025
- Kanishka Narayan MP, Parliamentary Under-Secretary of State (Minister for AI and Online Safety), who was appointed on 7 September 2025

For details of our boards and committees please refer to the governance statement.

<sup>7</sup> <https://www.gov.uk/government/publications/government-financial-reporting-manual-2025-26>

<sup>8</sup> <https://www.gov.uk/government/organisations/intellectual-property-office/about/our-governance>

## Statement of Accounting Officer's responsibilities

Under section 4(6)(a) of the Government Trading Funds Act 1973, HM Treasury has directed the Patent Office to prepare a statement of accounts for each financial year. This is to be in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Patent Office. This includes its income and expenditure, statement of financial position and cash flows for the financial year.

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

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

HM Treasury has appointed the Chief Executive as the Accounting Officer for the Patent Office.

The responsibilities of an Accounting Officer are set out in [Managing Public Money](#)<sup>9</sup>, published by HM Treasury. These include responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Patent Office's assets.

## Accounting Officer's confirmation

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

# Governance Statement

## Scope of responsibility

In accordance with Section 4(6) of the Government Trading Funds Act 1973, HM Treasury has appointed me as the Accounting Officer for the IPO (Intellectual Property Office).

As Accounting Officer, I am responsible for maintaining sound governance, risk management and systems of internal control that support the achievement of the aims and objectives of the IPO. I am also responsible for safeguarding the funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in [Managing Public Money guidance](#)<sup>10</sup>.

## Purpose of this statement

This statement explains how under my leadership the IPO has complied with the principles of good governance and reviews the effectiveness of internal controls.

## The governance framework of the IPO

### Overview

I am satisfied that we have an effective and proportionate governance framework, providing clear oversight of organisational performance and supporting delivery of our strategic objectives.

To strengthen governance, we implemented changes to our corporate governance framework, following a review during 2023/24. This included improving performance oversight through the introduction of a Performance Committee with delegated authority from IPO Executive Board (IPOB).

Programme and project boards, including the Transformation Programme Board, complement these arrangements by ensuring accountability and decision-making at the appropriate level. Alongside this, we continuously review the effectiveness of our boards and committees and maintain a programme of continuous improvement.

Independent challenge and support is provided through the Steering Board and Audit and Risk Committee, which offers external scrutiny of the organisation's performance, risk and strategic direction.

The framework, which the IPO operates within, is set out in the Framework Document. It defines roles, responsibilities, delegations and accountability arrangements with DSIT.

<sup>10</sup> <https://www.gov.uk/government/publications/managing-public-money>

**Tier 1:**

- Sets Direction
- delegates governance/decisions to directors within their own remit
- delegates authority to Performance Committee to govern organisational and operational delivery
- Approves in-year resource and finance requests and changes to Corporate Plan activities



**Tier 2:**

- monitors organisational and operational performance to provide assurance to IPO
- delegated authority to govern performance with the ability to try and solve issues
- escalates items to IPOB when unable to fix within their own capability



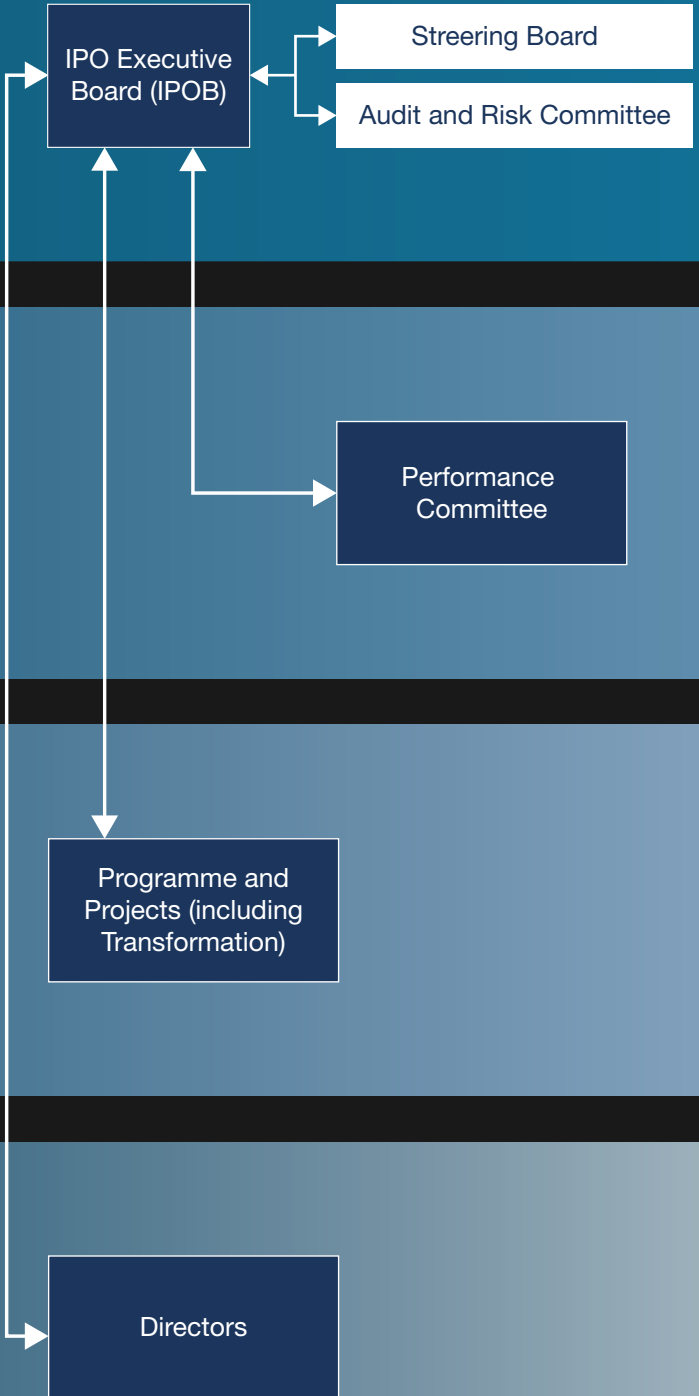
**Tier 3:**

- decision-making bodies that have delegated authority to oversee programme and project delivery
- provide assurance to IPOB on delivery of change activity including continued alignment to strategic direction of the organisation



**Tier 4:**

- directors are accountable for ensuring application of set financial/governance control within the directorate
- directors are accountable for oversight of delivery of activities within their remit
- directorates manage and mitigate operational risk within their control, escalating when appropriate
- escalates matters to all tiers as appropriate



## Member attendance at IPOB meetings held from April 2025 to March 2026

<b>Members</b>	<b>Meetings attended (19 in year)</b>
<b>Adam Williams</b> CEO	18
<b>Andy Bartlett</b> Deputy CEO and Director of Services	18
<b>James Porter</b> Director of Services (temporary cover from 18 March 2026)	2 (of 2)
<b>Sian-Nia Davies</b> Chief Digital, Data and Technology Officer	17
<b>Neil Hartley</b> Director of Finance	17
<b>Chris Mills</b> Director of Rights Policy (Paternity leave)	3 (of 7)
<b>Michael Prior</b> Interim Director of Rights Policy (from September 2025)	10 (of 12)
<b>Penny Phillpotts</b> Director of People, Communications and Workplace	15
<b>Steph Bell</b> Director of Strategy	18
<b>Lorna Dukes</b> Interim Director of Enforcement, Business and International Policy (until 15 June 2025)	4 (of 4)
<b>Natasha Chick</b> Director of Enforcement, Business and International Policy (from 16 June 2025)	15 (of 15)

## Governance Bodies

I chair IPOB, which meets regularly to provide collective leadership of the organisation, in line with ministerial priorities, our strategy and corporate plan. IPOB reviews performance against our corporate plan on a quarterly basis to ensure we progress our objectives. During the year, IPOB has also worked collaboratively to develop our corporate plan for 2026/27 and monitor the delivery of our corporate plan for 2025/26.

The Performance Committee operates with delegated authority from IPOB to review and assess organisational performance. It is jointly chaired by the Deputy CEO and Director of Strategy, with senior representation from across the organisation. It supports improved performance outcomes through monitoring and analysis, and by providing recommendations and strategic guidance. We recognise further work is needed to strengthen how we evaluate organisational performance and we will take this forward during 2026/27 to ensure we have effective, proportionate assurance.

Accountability and management of risks remain with directors at an operational level for their area of responsibility. This is in line with our culture of accountability, which supports decision making to happen at the most appropriate level.

The transformation programme continued to receive enhanced governance and assurance because of its scale, complexity and strategic importance. The Transformation Programme Board reviews the performance of the transformation programme and acts as a change control authority. It also provides support and assistance to ensure the programme is delivered in line with IPO's assurance procedures. It is chaired by the Deputy CEO and Director of Services and reports directly to IPOB.

During 2025/26, we continued to embed our revised change model and strengthen portfolio governance through the Portfolio Management Office (PMO). Assurance arrangements were matured in line with the Project Delivery Functional Standard, including clearer stage reviews, auditable change control and more consistent end-to-end delivery processes. Reporting for the corporate portfolio was aligned through a single PMO lead, providing a more integrated view of delivery, risk and assurance across the organisation. Further work will continue in 2026/27 to strengthen benefits realisation and dependency management.

The Steering Board advises ministers on our strategic objectives and performance (including targets) as set out in our strategy and corporate plan. They scrutinise and provide advice on our performance, risk, operations and development across a range of issues. Members of IPOB attend Steering Board and, whilst not formal members, participate in discussions and share information pertinent to their portfolio.

It is chaired by an independent non-executive and has six further non-executive directors as members to ensure a diverse range of views are represented. To ensure alignment with DSIT, our sponsor department, a representative from DSIT attends. I am also a member, alongside the Deputy CEO and Director of Services, helping to ensure the organisation benefits from Steering Board members' rich insight and expertise.

## Member attendance at Steering Board meetings held from April 2025 to March 2026

Members	Meetings attended (5 in year)
<b>Harry Rich</b> Non-Executive Director and Chair of Steering Board	5
<b>Laurie Benson</b> Non-Executive Director (term ended December 2025)	4 (of 4)
<b>Harriet Kelsall</b> Non-Executive Director	5
<b>Andrew Lawrence</b> Non-Executive Director and Chair of Audit and Risk Committee (term ended July 2025)	2 (of 2)
<b>Hilary Newiss</b> Non-Executive Director	3
<b>Timothy Render</b> Non-Executive Director	5
<b>Catherine Salway</b> Non-Executive Director	5
<b>Kirsty Whitehead</b> Non-Executive Director	5
<b>Clem Brohier</b> Non-Executive Director and Chair of Audit & Risk Committee (term began June 2025)	3 (of 4)
<b>Adam Williams</b> Accounting Officer / CEO	5
<b>Andy Bartlett</b> Deputy CEO and Director of Services	5
<b>Lindsay Jamieson</b> DSIT representative	4

To provide assurance, all directors and non-executive directors complete conflict of interest and related parties disclosure forms every year. Any interests are published externally on GOV.UK on the [Register of Board Members' Interests](https://www.gov.uk/government/publications/register-of-board-members-interests/register-of-board-members-interests)<sup>11</sup>. No related party transactions arise from these members' other interests.

11 <https://www.gov.uk/government/publications/register-of-board-members-interests/register-of-board-members-interests>

The Audit and Risk Committee is a sub-committee of the Steering Board, advising on risk, control, governance and associated issues. It provided me with assurance over the preparation and signing of our accounts for 2025/26. The committee also considered the findings of five internal audit reviews. These covered:

- key financial controls (budget management and forecasting)
- DDaT and use of AI tools
- policy stakeholder engagement
- transformation
- government procurement regulations

The committee comprises a non-executive chair, 2 further non-executive members of the Steering Board and one independent member from another government department. I attend, along with the Deputy CEO and Director of Services, and the Director of Finance, to participate in discussions and gain assurance collectively. There are additional attendees by invitation.

## Member attendance at Audit and Risk Committee meetings held from April 2025 to March 2026

<b>Members</b>	<b>Meetings attended (4 in year)</b>
<b>Andrew Lawrence</b> Non-Executive Director and Chair of Audit and Risk Committee (term ended July 2025)	2 (of 2)
<b>Clem Brohier</b> Non-Executive Director and Chair of Audit and Risk Committee (started as Chair July 2025)	2 (of 3)
<b>Harriet Kelsall</b> Non-Executive Director	3
<b>Kirsty Whitehead</b> Non-Executive Director	4
<b>Chris Pleass</b> Independent member from another government department	2

Obligatory attendees of Audit and Risk Committee

**Adam Williams**  
Accounting Officer/Chief Executive Officer

**Andy Bartlett**  
Deputy Chief Executive Officer and Director of Services

**Neil Hartley**  
Director of Finance

Attendees of Audit and Risk Committee by Invitation

**Joanne Watkins**  
Head of Board, Business and Governance

**Rajesh Kotecha**  
Head of Internal Audit  
(Government Internal Audit Agency)

**Eli Johnson**  
DSIT representative

**Incumbent**  
External auditors from National Audit Office

**Incumbent**  
Representatives of external auditors (KPMG)

The effectiveness of the IPO's boards and members is measured by:

- regular secretariat reviews of IPOB's work programme ensuring that it addresses the requirements of the IPO and DSIT
- annual individual reviews of non-executive board members who are appointed for up to three years at a time
- an annual Audit and Risk Committee self-assessment, which makes recommendations for change
- mid-year and end of year directorate performance reviews between CEO and each director and their senior team to assess performance against targets and the corporate plan
- an external effectiveness review of the Steering Board every three years.

An external effectiveness review of the Steering Board was undertaken in November 2025 reporting in February 2026. The review assessed steering board as having an advanced maturity rating. Whilst the review found no significant weaknesses, it offered suggestions for further development, which will be taken forward this coming year.

The review confirmed that Steering Board continued to operate effectively, provided sound governance, assurance, strategic oversight, constructive challenge and clear strategic leadership in support of the organisation's objective. The report further noted that the governance framework, including committee structures and information flows, continued to serve the organisation well. It aligns with recognised good practice across the public sector, particularly with regards to the Audit and Risk Committee.

## Business Appointment Rules

The Business Appointment Rules apply to civil servants who intend to take up an appointment or employment after leaving the Civil Service. When a former civil servant takes up an outside appointment or employment there should be no cause for justified public concern, criticism or misinterpretation.

These rules are included in our standard terms and conditions letters for all new joiners to the IPO. In addition, guidance is published on the intranet and is readily available for all staff and a reminder is also included in leaver letters. No applications were received in 2025/26.

For members of the Senior Civil Service and equivalents these rules continue to apply for two years after the last day of paid Civil Service employment. This includes special advisers of equivalent standing. For those below the Senior Civil Service and equivalents, including special advisers of equivalent standing, these rules continue to apply for one year after leaving the Civil Service. This is unless, exceptionally, the role has been designated as one where a longer period of up to two years will apply.

## The risk and internal control framework

Providing an IP system that encourages investment in creativity and innovation is complex. Our organisation is responsible for:

- developing advice for ministers on the legislative and policy framework
- delivering high-quality rights granting services
- increasing awareness and education
- reducing IP crime and enforcement

We work as part of an international system.

We continually assess and refine management data to make sure that IPOB is provided with the most appropriate information to allow it to identify and respond to emerging risks. IPOB is involved in shaping the information they receive to ensure its quality and that it meets their needs in overseeing the business.

The system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risk. Therefore, it can only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on a continuous process designed to:

- identify and prioritise risks to the achievement of our aims and objectives
- evaluate the likelihood of those risks being realised
- assess the effect should risks materialise
- manage risks effectively and economically

## Risk management

Our risk management policy and framework is aligned to the government's Orange Book: Management of Risk – Principles and Concepts.

We have a good level of compliance with the Orange Book, and we continuously review how we can enhance our framework. Further improvements will be carried out in 2026/27. This will include increased regular engagement with our directorates to test compliance and any associated action plans.

To bring governance, risk, and assurance together, a new board, business and governance team was created in November 2025. This created a more robust centralised infrastructure to enhance strategic oversight and decision-making. Through continuous improvement we continue to better align processes for managing governance, risk, counter fraud and assurance.

We have a thorough risk management structure and process which has resulted in several significant risks being effectively managed throughout the year. The identification of appropriate mitigating actions and the effective management and implementation of them ensured that delivery was no longer at risk and they were able to be closed. These included risks relating to corporate systems and governance.

Performance Committee is responsible for identifying and escalating potential risks related to organisational health and performance and making recommendations for risk mitigation.

As outlined in the Orange Book, we have an established assurance framework in place based on the three lines of defence model. To assure compliance at directorate level, the framework includes:

- assurance mapping of all key functional activities
- compliance with the government's functional standards
- an annual self-assessment by all directors of the assurance arrangements
- assurance statements signed annually by directors

## Strategic risks

The consideration of strategic risks allows IPOB to review progress against the corporate plan, budget and headcount forecast, providing an opportunity to identify any associated risks.

To enable the board, business and governance team to provide more detailed challenge on progress, mitigating activities and scoring, they are reviewed monthly by IPOB. Updates continue to take place with risk owners and action owners regularly. To complete the process additional risk information is provided as part of the IPOB quarterly reforecasting exercise.

Non-executive directors have an opportunity to challenge the whole risk portfolio, via a report on strategic risks that is regularly provided to Audit and Risk Committee and Steering Board.

## Directorate risks

The new governance structure allows risk to be monitored at directorate level, with directors escalating risks to IPOB.

Each directorate has nominated risk representatives supported through a risk network that meets regularly to agree areas of attention and share good practice. Risk representatives are supported by the directorate risk champions, who are a member of the directorate senior leadership team.

## Programme and project risks

With guidance from the board, business and governance team, programmes and projects have responsibility for managing their own risk registers. They are reviewed and maintained by the programme manager, project manager or associated risk owner. Risk is a standing agenda item at the Transformation Programme Board where risks are reported and discussed. It also reports quarterly to the Audit and Risk Committee.

## Risk training and workshops

To ensure cohesion, all risk representatives are required to complete a Management of Risk accredited training course. As of March 2026, all have attended this course.

We completed a full risk review in May 2025 to identify possible risks to delivering the agreed corporate priorities. The findings were presented to IPOB to support discussions about potential new risks and changes needed to existing risks. We plan to repeat this process for the coming year's corporate plan.

## Collaboration and cross-government networks

The board, business and governance team attend several cross-government networks, including the:

- Risk Improvement Group (RIG)
- Head of Risk Network (HoRN)
- Joint Horizon Scanning Forum
- Cross-Government Assurance Network

The aim of these meetings is to discuss any new requirements, share best practice and offer support.

## Risk appetite

We have progressed work to raise the profile and use of risk appetites. This will mature our approach to risk appetite and ensure that target risk scores are aligned and mitigating actions proportionate. The risk pack now includes an overview of the agreed risk appetite for each risk category. Each strategic risk includes the descriptions of the associated risk appetite. This work has been well received by IPOB and Audit Risk Committee (ARC) and we will continue to mature this over the next year.

## Government functional standards

Compliance with all required government functional standards is reported by each directorate on their assurance map. This information was updated and presented to the Audit and Risk Committee in April 2026 as part of an annual governance workshop.

I am pleased to say we have either 'good' or 'adequate' levels of assurance against the following functional standards:

- project delivery
- human resources
- property
- digital
- finance
- security
- commercial
- internal audit
- communication
- counter fraud
- debt
- grants – Whilst we are out of scope of this functional standard, we use it as an opportunity to align with good practice

With the aim of continuous improvement, we have identified several priority areas for 2025/26 and beyond.

## Analysis and insight

Development of a cross-IPO analysis framework to strengthen organisational insight, support risk-based decision-making, and improve consistency in reporting across directorates.

## Project delivery

The Programme Management Office will enhance oversight and governance across programmes and projects, embedding consistent standards and promoting best practice to improve delivery confidence and outcomes.

## Property and data compliance

Targeted activity to strengthen compliance with facilities management requirements and data standards, ensuring alignment with relevant functional standards and improving the quality of governance information.

## Assurance integration

Continued development of our assurance framework, strengthening alignment across first, second and third line activities, and enhancing the organisation's ability to identify gaps, duplication and areas of over/under assurance.

## Internal audit engagement

Ongoing collaboration with the Government Internal Audit Agency (GIAA) to ensure the internal audit plan remains risk-based and aligned to organisational priorities. As well as a continued emphasis on timely delivery and implementation of recommendations.

## Digital, Data and Technology (DDaT)

The directorate will continue to strengthen governance arrangements and oversight, with further internal audit activity planned in 2026/27 to provide assurance over governance maturity and support continuous improvement.

## Internal Audits

This year, the Head of Internal Audit's annual report and opinion provided a 'moderate' opinion on the effectiveness of governance, risk management and control activities. That opinion was formed based on:

- internal audit work completed during 2025/26
- regular engagement with management during the year
- knowledge of the organisation's control environment
- the findings and conclusions arising from individual audit engagements delivered as part of the 2025/26 internal audit plan

The results of the work delivered by the internal audit team provided one 'substantial' opinion and four 'moderate' opinions. This is consistent with the 2024/25 position, but evidence this year suggests a clearer strengthening of the control environment and greater maturity in a number of areas.

Maintaining and improving effective governance within the IPO remains a priority. A comprehensive internal audit programme is agreed with GIAA each year with the resulting reports and recommendations reported to the Audit and Risk Committee and IPOB.

## Counter fraud and official error

Due to the controls embedded throughout the IPO and the monitoring and reporting of activities that take place throughout the year, no serious cases of fraudulent activity have been identified for 2025/26.

These controls mean that the governance manager for risk and counter fraud has been working with all business areas. This is to ensure that there is accurate and timely reporting of all instances of actual and prevented fraud and official error. This report is presented at every Audit and Risk Committee meeting showing trends and figures for comparison each quarter. The report also includes comparisons from previous years for context and reflection. Fraud and error figures are also reported to DSIT and the Cabinet Office on a quarterly basis.

The governance manager for risk and counter fraud is a member of several cross-government networks including the internal fraud hub working group and the community of practice. They meet regularly to discuss any new requirements and to share best practice.

The governance manager with responsibility for counter-fraud attends monthly security meetings (MSEC). These meetings bring together representatives from across the office including IPO Secure, HR, physical security and DDaT where incidents are discussed and information is shared.

Internal counter fraud and official error loss prevention training sessions continue to be available to all staff remotely and in-person. Counter fraud e-learning is available on the civil service learning platform and remains part of the IPO's required learning.

## Whistleblowing and raising concerns

To aid the effectiveness of our whistleblowing arrangements, our policy entitled 'policy for raising concerns (including whistleblowing)' is available for all to access on our intranet. There were no concerns reported during this period.

We review our processes quarterly and publish reminders via IPO's intranet and the leadership and management community on how to raise any concerns.

## Business continuity

During the reporting period, we experienced a small number of operational disruptions. All were effectively managed through established incident response procedures, and the formal business continuity management team plan was not invoked. Service disruption was minimised through existing plans and clear communication to directors and relevant staff.

The business continuity management team (BCMT) is responsible for managing any incident following invocation of the IPO BCP. For reporting purposes, an incident is defined as an event that presents a significant risk to normal business operations. Examples include:

- system outages
- cyber-related events
- severe weather
- external power loss
- people-related disruption such as widespread illness or travel restrictions

We maintain a range of local business continuity plans and supporting mitigations to minimise the effect of such events on services and customers.

A Business Continuity Review Group meets quarterly and oversees all aspects of the IPO's business continuity arrangements. This group is chaired by the business continuity manager and provides an escalation route directly to IPOB where required.

As part of ongoing assurance activity, we conducted business continuity exercises and scenario-based discussions with directorates to test plans, clarify roles and strengthen preparedness. Lessons identified were incorporated into updated procedures and fed back through the quarterly Business Continuity Review Group.

We also participated in cross-government resilience activity during the year, including Exercise Pegasus, supporting wider government preparedness and the sharing of best practice.

The IPO continues both to share and learn from best practice through active membership of the following groups, which support assurance and continuous improvement:

- Cross-Government Business Continuity Forum
- All-Wales Business Continuity Forum
- Regular engagement with neighbouring organisations, including the Office for National Statistics and Vishay

## Disaster recovery

Disaster recovery (DR) is a key element of business continuity. The business continuity planning team works closely with the DR Manager who reviews our DR services and continues to further improve our corporate resilience. Due to the controls in place, confidence in our DR is high.

We have a reliable Cloud DR Site ready to host One IPO Services if the primary site fails. We have relocated the DR site to a new data centre with regular testing ongoing. We are confident it will support existing systems, with any new problems addressed as they arise. To provide assurance we continue to run business continuity tabletop exercises and workshops.

## Security

We continue to strengthen our security culture through targeted training, campaigns and awareness activities. These initiatives are driving behavioural change, supporting an increasingly proactive approach to managing security risks as our people continue to develop their understanding of their responsibilities.

We have increased our engagement across central government through participation in the government security functions. We continue to follow central guidance in line with the government security approach

Our security strategy sets out our approach to information handling and cyber security. This is regularly reviewed and updated in line with the globally recognised information security management systems standard, ISO 27001. We successfully recertified to ISO 27001 (2022) this year, strengthening our processes and ensuring our continued compliance.

## Cyber security

We continue to mature and extend our security operations capabilities, improving visibility and our ability to protect, detect and respond to the evolving threat picture. The cyber operations team work closely with partners across government and the intellectual property sector to share insights and strengthen collective resilience. This is in line with the “Defend as One” approach in the Government Cyber Security Strategy.

Our vulnerability management programme continues to develop, with enhanced capability and collaboration, improved integration with government tools and data sources, and strengthened processes. This allows accelerated detection and remediation of vulnerabilities, with threat informed prioritisation and a stronger understanding of risks.

Government Secure by Design principles are fully embedded in our processes to ensure new projects are designing and embedding security throughout their lifecycle. There is also awareness of security responsibilities across the organisation.

## Data privacy and information rights

The data protection team monitors and investigates incidents and breaches across the organisation. The team works with the Information Commissioner’s Office (ICO) on reportable personal data breaches to ensure notification is made within statutory timescales.

The data protection team work collaboratively across the organisation to embed Data Protection by Design. Records of processing activities are regularly reviewed and data protection impact assessments are completed for any large-scale processing activities to ensure ongoing compliance with data protection legislation.

We continue to monitor and report personal data incidents on a monthly basis. Reported personal data breaches increased slightly during the year, primarily reflecting improved awareness of reporting processes and requirements. Where patterns are identified, targeted training and guidance is provided to strengthen understanding and reduce reoccurrence.

The organisation met its statutory obligations under the Freedom of Information Act 2000, endeavouring to respond to requests within the required timescales. A total of 108 requests were received during 2025, an increase from 99 in 2024.

We conducted an office wide project to ensure that the organisation manages its retention and disposal requirements fully and appropriately. The SCRIM (Statutory Compliance with Records and Information Management) Project has been successfully delivered with retention and deletion policies implemented.

## Government analytical models

In March 2013, Sir Nicholas Macpherson undertook a review of quality assurance of government analytical models. The review was published by HM Treasury and made several recommendations for government departments and their arm's length bodies. The IPO has reviewed its use of analytical modelling and has classed its demand and income forecasting model as business critical. We ensure that there is an appropriate quality assurance framework in place. This adheres to the principles outlined in the HM Treasury guidance on producing quality analysis for government (The Aqua Book).

## Governance assurance

Guidance from HM Treasury, Cabinet Office and DSIT is regularly reviewed and used to drive change so that governance practice is consistent with central government and departmental policy. A comprehensive review of governance, risk and internal control has been provided to me, IPOB and Audit and Risk Committee. This provides assurance that the IPO has complied with the 'Corporate governance in central government departments: code of good practice' and the 'Orange Book' throughout the year, where applicable.

All delegations and spend controls were complied with during the year. However, two retrospective approvals were required for historic contracts that had been let beyond their original approval period.

## Forward look for 2026/27

Over the coming year, our attention will be on the following:

- the continued delivery of our transformation programme
- supporting our people through the challenges of prolonged organisational change and the use of new technologies
- managing uncertainty from external demands and dependencies, including cyber risks and political, legal, and supplier-related pressures that could impact delivery

## Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the IPO's governance, risk management and system of internal control.

My review has been informed by the assurance of individual governance returns from each executive director. Further assurance has been gained from internal audit reports and the annual audit report from GIAA.

I have considered the evidence provided to support this governance statement and sought relevant Audit and Risk Committee assurance. Overall, I conclude that the IPO has maintained a sound system of governance, risk management and internal control during the financial year 2025/26. This includes up to the date of approval of this annual report and accounts.



**Adam Williams**

Chief Executive and Accounting Officer

**6 July 2026**

The IPO is consistently rated amongst the **highest performing public and private sector organisations**, delivering high quality, efficient and accessible services to our customers.



# Remuneration and staff report

## Remuneration policy

The remuneration of senior civil servants is set by the Prime Minister, following independent advice from the Review Body on Senior Salaries (the Review Body).

In reaching its recommendations, the Review Body is to have regard to:

- the need to recruit, retain and motivate and where relevant, promote suitably able and qualified people to exercise their different responsibilities
- regional/local variations in labour markets and their effects on the recruitment, retention and where relevant, promotion of staff
- government policies for improving public services, including the requirement on departments to meet output targets for the delivery of departmental services
- the funds available to departments as set out in the government's departmental expenditure limits
- the government's inflation target

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at [Senior Salaries Review Body website<sup>12</sup>](https://www.gov.uk/government/organisations/review-body-on-senior-salaries).

Directors are members of the Senior Civil Service (SCS) whose pay and conditions are centrally managed. This means that terms, conditions and pay are largely set centrally by the Cabinet Office. The permanent secretary as accounting officer oversees departmental application of SCS pay awards and performance bonuses, in line with local reward strategy.

12 <https://www.gov.uk/government/organisations/review-body-on-senior-salaries>

IPO also has a number of SCS analogue roles whose pay and conditions, although delegated to the IPO, are determined by analogy with the SCS in DSIT.

Performance is assessed by line management into four performance groups, these are:

- exceeding
- high performing
- achieving
- partially met

Individuals are allocated according to the guidelines that are in place for the relevant performance year. However, as with any normal large organisation, performance differentiation is expected to take the shape of a bell curve. The highest proportion of SCS falling in 'achieving' and the smallest proportion in 'partially met'.

Members of SCS are eligible for an end-year award if they are assessed as a top performer. The cost control for Non-Consolidated Performance-Related Payment (NCPRP) remains at 3.3% of the SCS pay bill.

The percentage of staff that can be accepted in each category is established centrally by Cabinet Office.

For SCS members, the line management assessment is combined with those for all other DSIT SCS members and the outcome moderated by the DSIT Pay Committee.

Departments continue to have discretion to make in-year non-consolidated award payments to recognise outstanding contribution for staff within set criteria.

## Service contracts

The [Constitutional Reform and Governance Act 2010](#)<sup>13</sup> requires Civil Service appointments to be on merit on the basis of fair and open competition. The Recruitment Principles, published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

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

Further information can be found at the [Civil Service Commissioner's website](#)<sup>14</sup>.

## Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the chief executive and directors of the IPO. These tables together with the median earnings data are subject to audit. For comparison, the full year equivalent (FYE) is provided for those holding office for part of the year. The total remuneration bands have been calculated using actual figures.

<sup>13</sup> <https://www.gov.uk/government/publications/constitutional-reform-and-governance-act-2010>

<sup>14</sup> <https://civilservicecommission.independent.gov.uk/>

## Remuneration of board members - Audited

The Executive Board (IPOB) members and their single total figure of remuneration are shown in the following table:

	Salary		Bonus		Non cash benefits		Pension benefits		Total remuneration	
	25/26	24/25	25/26	24/25	25/26	24/25	25/26	24/25	25/26	24/25
	£000	£000	£000	£000	to nearest £100	to nearest £100	to nearest £1000	to nearest £1000	£000	£000
<b>Adam Williams</b> Chief Executive from 12 December 2022	110-115	105-110	-	-	-	-	43	41	150-155	145-150
<b>Andy Bartlett</b> Director and Deputy CEO from 1 August 2022	105-110	105-110	0-5	0-5	-	-	38	72	145-150	180-185
<b>Neil Hartley</b> Director from 1 April 2015	90-95	90-95	0-5	0-5	-	-	15	84	110-115	175-180
<b>Chris Mills</b> Director from 12 April 2021	90-95	85-90	0-5	5-10	1,000	1,000	36	36	130-135	130-135
<b>Sian-Nia Davies</b> Director from 24 September 2021	95-100	90-95	0-5	0-5	-	-	40	38	135-140	130-135
<b>Penny Phillpotts</b> Director from 16 May 2022	95-100	90-95	5-10	0-5	1,000	1,000	38	36	145-150	130-135
<b>Steph Bell</b> Interim Director from 29 January 2024 to 28 January 2025 Director from 29 January 2025	85-90	80-85	0-5	0-5	-	-	42	55	130-135	135-140
<b>Natasha Chick</b> Director from 16 June 2025	70-75 (FYE 90-95)	-	-	-	-	-	53	-	120-125	-
<b>Michael Prior</b> Interim Director from 11 August 2025	55-60 (FYE 85-90)	-	-	-	-	-	38	-	90-95	-
<b>James Porter</b> Director (temporary cover) from 18 March 2026	0-5 (FYE 95-100)	-	-	-	-	-	2	-	0-5	-
<b>Lorna Dukes</b> Interim Director from 1 November 2024 to 15 June 2025	15-20 (FYE 80-85)	30-35 (FYE 80-85)	0-5	-	-	-	8	21	25-30	50-55

## Salary

'Salary' includes:

- gross salary
- overtime
- reserved rights to London weighting or London allowances
- recruitment and retention allowances
- private office allowances
- any other allowance to the extent that it is subject to UK taxation

This report is based on accrued payments made by the IPO and thus recorded in these accounts.

## Non-cash benefits

The monetary value of benefits in kind covers any benefits provided by the IPO and treated by HM Revenue and Customs as a taxable emolument. Penny Phillpotts and Chris Mills received non-cash vouchers.

## Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2025/26 relate to performance in 2024/25 and the comparative bonuses reported for 2024/25 relate to the performance in 2023/24. Directors and all other staff, apart from the Chief Executive, are eligible for a share of the office bonus. Ben Llewellyn-Jones did not serve as a director during 2025/26. A payment of £0-5k was made in 2025/26 in respect of the annual office bonus relating to the 2024/25 performance year, during which he held office.

## Pension benefits

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

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.

## Pension benefits - Audited

	Accrued pension at pension age as at 31/03/26 and related lump sum	Real increase/ (decrease) in pension and related lump sum at pension age	CETV at 31/03/26 or leaving Office	CETV at 31/03/25 or taking Office	Real increase/ (decrease) in CETV
	£000	£000	£000	£000	£000
<b>Adam Williams</b> Chief Executive from 12 December 2022	30-35	2.5-5	571	514	31
<b>Andy Bartlett</b> Director and Deputy CEO from 1 August 2022	50-55 plus a lump sum of 125-130	0-2.5 plus a lump sum of 0	1,206	1,115	25
<b>Neil Hartley</b> Director from 1 April 2015	60-65	0-2.5	1,268	1,194	4
<b>Chris Mills</b> Director from 12 April 2021	20-25	0-2.5	286	253	19
<b>Sian-Nia Davies</b> Director from 24 September 2021	10-15	2.5-5	204	156	28
<b>Penny Phillpotts</b> Director from 16 May 2022	5-10	0-2.5	110	79	21
<b>Steph Bell</b> Interim Director from 29 January 2024 to 28 January 2025 Director from 29 January 2025	25-30	0-2.5	424	374	25
<b>Natasha Chick</b> Director from 16 June 2025	30-35 plus a lump sum of 70-75	2.5-5 plus a lump sum of 2.5-5	615	546	40
<b>Michael Prior</b> Interim Director from 11 August 2025	30-35	0-2.5	565	523	27
<b>James Porter</b> Director (temporary cover) from 18 March 2026	35 - 40 plus a lump sum of 85 - 90	0 - 2.5 plus a lump sum of 0 - 2.5	812	809	2
<b>Lorna Dukes</b> Interim Director from 1 November 2024 to 15 June 2025	20-25	0-2.5	378	368	5

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.

## Civil Service pensions

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

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

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

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

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

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The [public service pensions remedy<sup>15</sup>](https://www.gov.uk/government/collections/how-the-public-service-pension-remedy-affects-your-pension) is made up of two parts. The first part closed the PCSPS on 31 March 2022, with all active members becoming members of alpha from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022. It does this by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023.

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

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

Further details regarding pension arrangements can be found at the [Civil Service Pensions website](https://www.civilservicepensionscheme.org.uk)<sup>16</sup>.

## Cash equivalent transfer values

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. This occurs when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits the individual has accrued as a consequence of their total pension scheme membership and not just their service in a senior capacity to which the disclosure applies.

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

CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008. They 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.

## 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 or contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement). It uses common market valuation factors for the start and end of the period.

## Fair pay disclosures – Audited

	2025/26		2024/25	
	Salary and allowances	Performance pay and bonuses payable	Salary and allowances	Performance pay and bonuses payable
Band of highest paid director total remuneration excluding pension increase (£000)	110-115	0-5	105-110	0-5
Percentage change in the remuneration of the highest paid director	4%	(100%)	5%	224%
Average percentage change in the remuneration of the employees of the entity as a whole	3%	5%	4%	(47%)

The salary of the highest paid director increased by 4% due to the implementation of the SCS pay award that took effect from 1 April 2025. All SCS employees received a consolidated salary increase of 3.25% as set out in the SCS pay award guidance, with a further 0.5% being available across DSIT to address pay anomalies. An element of this 0.5% was targeted at addressing the lack of pay headroom between the highest paid director and the next highest paid director. A business case was submitted to DSIT and approved which resulted in an adjustment to the highest paid director's base salary taking effect from 1 October 2025.

Performance pay and bonuses paid to the highest paid director decreased by 100% due to a non-consolidated bonus of £Nil in 2025/26 (2024/25 £0-5k).

Salary and allowances increased by 3% to employees as a whole. This was due to the implementation of the 2025/26 pay award for delegated grades which took effect from 1 August 2025. Public Sector Pay Guidance set out an average award of 3.25% with an additional 0.5% to be targeted at specific departmental workforce issues.

Performance pay and bonuses increased by 5% for employees as a whole due to various factors. There was a marginal increase in the proportion of the non-consolidated performance pay pot for delegated grades remaining at the end of the pay remit year. Whilst this figure was very small it would have been a contributing factor. More significantly, SCS employees received less overall in performance awards in 2025/26 than in the year previous. This was partly due to having fewer SCS equivalent grades in post and partly due to fewer awards being made.

	2025/26	2024/25
Number of persons receiving remuneration in excess of highest paid director	18	12
Remuneration range for employees including highest paid director (£000)	21-208	19-208

The persons receiving remuneration in excess of the highest paid director in 2025/26 are senior technical contractors supporting the transformation programme. No permanent employees received remuneration in excess of the highest paid director in 2025/26 (2024/25 Nil).

	25th percentile pay ratio		Median pay ratio		75th percentile pay ratio	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
Total pay and benefits	£35,027	£33,943	£49,444	£47,928	£69,833	£67,230
Salary component of total pay and benefits	£33,093	£31,783	£47,393	£46,262	£66,781	£64,990
Pay ratio	3.2	3.2	2.3	2.2	1.6	1.6

The pay ratios for 2025/26 have remained largely unchanged in comparison to the 2024/25 figures. This reflects the pay policy approach implemented for both SCS and delegated grades during the year. The pay award for SCS employees in 2025/26 was 3.25%. The average headline award for delegated grades A1 to D1 was 3.25% plus an additional 0.5% targeted at addressing specific departmental workforce issues. The delegated pay award was targeted to an extent towards lower grades and concentrated on improving the position in pay range for those lower down their pay span. This has helped to keep pay ratios relatively consistent.

The median pay ratio has increased slightly which can be attributed to the headline awards that were able to be paid to both SCS and delegated grades. A 3.25% increase to SCS salaries was worth more in real terms to SCS employees than the 3.25% (plus 0.5% headline for some delegated grades). However, targeting the delegated award to lower grades and those in the lower quartiles helped to offset this and kept ratios relatively stable. Joiners to the organisation generally start on the minimum of the pay span when joining at B2 grade and above. As a result we would have expected to see a slight increase in the median pay ratio. This is because employees higher up their pay spans leave the organisation and are replaced with new starters joining on the pay span minima.

## Steering Board members – Audited

The independent board members and their remuneration are:

	2025/26 Remuneration £000	2024/25 Remuneration £000
<b>Harry Rich</b> <b>Chair</b> Appointed from 1 October 2021 to 20 September 2027	15-20	15-20
<b>Hilary Newiss</b> Appointed from 1 October 2021 to 30 September 2027	5-10	5-10
<b>Harriet Kelsall</b> Appointed from 1 October 2021 to 30 September 2027	5-10	5-10
<b>Timothy Render</b> Appointed from 3 September 2024 to 3 September 2027	5-10	0-5 (FYE 5-10)
<b>Catherine Salway</b> Appointed from 3 September 2024 to 3 September 2027	5-10	0-5 (FYE 5-10)
<b>Kirsty Whitehead</b> Appointed from 3 September 2024 to 3 September 2027	5-10	0-5 (FYE 5-10)
<b>Clement Brohier</b> Appointed from 2 June 2025 to 6 June 2028	5-10 (FYE 10-15)	-
<b>Andrew Lawrence</b> Appointed from 31 July 2018 to 30 July 2025	0-5 (FYE 10-15)	10-15
<b>Laurie Benson</b> Appointed from 1 January 2020 to 31 December 2025	5-10 (FYE 5-10)	5-10

The Steering Board members did not receive any bonuses, benefits in kind, or pension benefits in 2025/26 (2024/25 Nil).

Alexandra Jones is Director General, Industrial Strategy, Science, Innovation and Growth at DSIT with responsibility for the IPO throughout the year.

The Director General is a member of the Steering Board and provides a designated deputy, the Deputy Director, Science and Innovation Sponsorship, Lindsay Jamieson.

Lindsay Jamieson is a civil servant and not remunerated by the IPO for serving on the Steering Board.

Chris Pleass served as an independent member on the Audit and Risk Committee. Chris Pleass is a civil servant and not remunerated by the IPO for serving on the committee.

The minister appoints independent board members for a fixed term, which may be renewed.



## Staff report

### Staff costs – Audited

	Permanently employed staff	Short-term employment contract and agency staff	2025/26 Total	2024/25 Total
	£000	£000	£000	£000
Wages and salaries	86,035	10,006	96,041	90,322
Social security costs	11,809	-	11,809	9,497
Other pension costs	23,192	-	23,192	22,352
<b>Subtotal</b>	<b>121,036</b>	<b>10,006</b>	<b>131,042</b>	<b>122,171</b>
Capitalised staff costs included in above	(8,033)	(1,563)	(9,596)	(7,043)
<b>Total net costs</b>	<b>113,003</b>	<b>8,443</b>	<b>121,446</b>	<b>115,128</b>

### Consultancy and the use of contingent labour

	2025/26 £000	2024/25 £000
Consultancy expenditure	92	77
Capitalised costs included above	-	-
<b>Total net costs</b>	<b>92</b>	<b>77</b>

	2025/26 £000	2024/25 £000
Contingent labour expenditure	10,006	8,529
Capitalised costs included above	(1,563)	(885)
<b>Total net costs</b>	<b>8,443</b>	<b>7,644</b>

IPO continue to use contingent labour to support our transformation programme and to provide difficult to recruit skills.

## Off-payroll engagements

Highly paid off-payroll worker engagements as of 31 March, for more than £245 per day or greater

	2025/26	2024/25
Number of existing engagements as of 31 March	37	30
<b>Of which:</b>		
Number that have existed for less than one year at the time of reporting	15	5
Number that have existed for between one and two years at the time of reporting	3	6
Number that have existed for between two and three years at the time of reporting	4	6
Number that have existed for between three and four years at the time of reporting	5	7
Number that existed for between four or more years at the time of reporting	10	6

**Note:** The £245 per day threshold is set to approximate the minimum point of the pay scale for a Senior Civil Servant.

**Highly paid off-payroll workers engaged at any point during the year ended 31 March earning £245 per day or greater**

	2025/26	2024/25
Number of temporary off-payroll workers engaged during the year ended 31 March	44	43
<b>Of which:</b>		
Not subject to off-payroll legislation	40	40
Subject to off-payroll legislation and determined as in-scope of IR35	3	2
Subject to off-payroll legislation and determined as out-of-scope of IR35	1	1
Number of engagements reassessed for compliance or assurance purposes during the year	-	-
<b>Of which:</b>		
Number of engagements that saw a change to IR35 status following review	-	-

**Note:**

The £245 per day threshold is set to approximate the minimum point of the pay scale for a Senior Civil Servant.

Temporary off-payroll workers that provide their services through their own limited company, or another type of intermediary, to the client will be subject to off-payroll legislation. The Department must undertake an assessment to determine whether that worker is in scope of Intermediaries legislation (IR35) or out-of-scope for tax purposes.

**Off-payroll engagements of board members and/or senior officials with significant financial responsibility**

	2025/26	2024/25
Number of off-payroll engagements of board members, and/or senior officials with significant financial responsibility, during the financial year	-	-
Total number of individuals on payroll and off-payroll that have been deemed "board members and/or senior officials with significant responsibility", during the financial year	11	10

## Post-employment benefits

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as “alpha” – are unfunded multi-employer defined benefit schemes. However, the IPO is unable to identify its share of the underlying assets and liabilities. The Scheme Actuary valued the PCSPS as at 31 March 2020. You can request details of the Cabinet Office: Civil Superannuation resource accounts by contacting: [resourceaccounts@civilservicepensionscheme.org.uk](mailto:resourceaccounts@civilservicepensionscheme.org.uk).

For 2025/26 employers' contributions of £23,030,627 were payable to the CSOPS (2024/25 £22,192,932) at a rate of 28.97% of pensionable earnings.

The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2025/26 to be paid when the member retires. They do not represent the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £113,353 (2024/25 £112,767) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75%. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £1,962 (2024/25 £1,888), 0.5% of pensionable pay, were payable to the CSOPS. These contributions cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £Nil (2024/25 £Nil). Contributions prepaid at that date were £Nil (2024/25 £Nil).

## Ill-health retirement

One individual retired early on ill-health grounds in 2025/26 (2024/25 1). The total additional accrued pension liabilities in 2025/26 amounted to £22,127.99 (2024/25 £Nil). One individual who was disclosed as an exit package in 2024/25 was subsequently confirmed as an ill health retirement in 2025/26. The total additional accrued pension liabilities in the year amounted to £11,163.27. The 2024/25 disclosure reflected the position based on information available at the time and has not been restated.

## Average number of persons employed - Audited

The average number of persons employed (including agency and contract staff) and including staff on secondment to other organisations during the period is analysed in the following table:

	2025/26 (FTE)	2024/25 (FTE)
Directors	9	8
Staff	1,646	1,658
Seconded in staff	4	4
Seconded out staff	3	3
<b>Total</b>	<b>1,662</b>	<b>1,673</b>
Agency/contract staff	136	109

## Reporting of Civil Service and other compensation schemes – Exit packages – Audited

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

Exit package cost (£)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
<10,000	-	-	1	3	1	3
10,000-25,000	-	-	3	9	3	9
25,000-50,000	-	-	11	18	11	18
50,000-100,000	-	-	3	5	3	5
100,000-150,000	-	-	-	-	-	-
150,000-200,000	-	-	-	-	-	-
Total number of exit packages	-	-	18	35	18	35
Total cost (£)	-	-	668,378	1,267,197	668,378	1,267,197

## Staff composition

As of 31 March was as follows:

	2025/26		2024/25	
	Male	Female	Male	Female
Total staff	53.3%	46.7%	53.3%	46.7%
Directors	60.0%	40.0%	50.0%	50.0%
Senior Civil Servants	88.9%	11.1%	80.0%	20.0%
All other staff	53.1%	46.9%	53.2%	46.8%

SCS band	2025/26	2024/25
Band 2	2	2
Band 1	17	16
<b>Total</b>	<b>19</b>	<b>18</b>

## Sickness absence data

During 2025/26, we averaged 7.3 (2024/25 7.3) working days lost per person against our internal target of an average of 7 working days lost per person.

## Staff turnover

The staff turnover percentage for 2025/26 is 6.3% (2024/25 6.7%). The staff turnover figure is calculated as the number of leavers within the financial year divided by the average number of staff in post over the financial year. Leavers reported are aligned to the Cabinet Office guidelines; therefore include retirements and resignations, but do not include transfers to another department.

## Staff policies

The IPO is committed to being a high performing organisation with skilled people connected by shared purpose. Employees are offered flexibility and development and everyone's contribution is recognised. The IPO embraces diversity and promotes equal opportunities.

Employee policies were applied during the year:

- to actively attract and recruit disabled people to IPO by making our recruitment process inclusive and accessible by making adjustments to remove any barriers faced. We achieve this through our Disability Confident scheme (DCS) guaranteeing an interview for those who meet the minimum standard against all essential criteria
- to support and continue to develop colleagues who become disabled or acquire a health condition, including becoming aware of neurodiversity, during their employment with IPO
- for promoting a working environment free from discrimination, harassment, and victimisation
- for ensuring that all decisions relating to IPO employment practices are objective, free from bias, and based solely on work criteria and individual merit, with due account taken of an individual's personal circumstances and the needs of the IPO

We regularly consult our people on a number of topics using a variety of engagement channels, including employee networks.

## Staff engagement

In the 2025 People Survey, our overall engagement score was 65% (66% in 2024). This ranked the IPO 49th out of 104 participating Civil Service organisations and was based on responses from 1,277 IPO colleagues, representing a 77% response rate.

We maintained performance across several key engagement themes, with particular strengths continuing in our approach to pay and benefits. Our relative position improved compared with other Civil Service organisations. At the same time, the results highlight that further progress is needed in areas such as leadership and managing change. This reflects our ongoing commitment to strengthening leadership capability, reinforcing our desired culture and continuing work to help colleagues better understand the overall employee package.

We have actions in place to support progress against these priorities and to continue nudging behaviours towards our desired culture. The People Survey remains a key tool for measuring progress over time and for informing where adjustments are needed. At a local level, directors will continue to identify and take forward actions to address themes emerging within their areas.

The People Survey is not the only way we listen to our people. Colleagues can share feedback through live feedback and suggestion channels and engage directly with the Executive Board through monthly open sessions. They can also influence decisions through formal consultation and negotiation with our recognised Trade Unions on areas such as pay, employment matters, and Health and Safety.

## Diversity and inclusion

Organisations with a diverse workforce deliver better outcomes for their customers and are more innovative and effective problem solvers. They are also better able to attract and retain talented people. Creating an inclusive environment where our people feel psychologically safe to be themselves supports strong communities and a genuine sense of belonging. These communities sit at the heart of our approach to building an environment of openness, trust and respect. This underpins the culture we are working to embed here at the IPO.

As with many organisations we recognise that there is more to do to reduce pay gaps, remove unintended barriers and further reduce instances of bullying, harassment and discrimination. Addressing these issues is a shared responsibility across the organisation. Inclusion is embedded through our strategic workforce planning, leadership and management strategy, recruitment approaches and change management processes. It is no longer the role of a single team to diversify the organisation. Rather, this work is woven into how we operate, enabling us to better realise the benefits a diverse workforce brings.

During the year, we continued to deliver targeted initiatives to support underrepresented groups and strengthen inclusion across the organisation. This included the delivery of our second Empowering Women Programme, designed to create safe spaces for open conversation, development and progression. We maintained our partnerships with Code First Girls and STEM Returners to support improved representation of women in STEM roles. We continued to work with international intellectual property offices to share best practice and promote more inclusive IP systems globally.

Our staff networks continued to play a vital role in shaping and delivering inclusion activity, working closely with HR and other teams across the organisation. This included the introduction of formal neurodiversity training for all colleagues, alongside targeted modules for managers and leaders, codesigned with our neurodiversity network, iThink. The training supports greater confidence in understanding neurodiversity, making reasonable adjustments and holding inclusive performance and development conversations. This built on the ongoing work of iThink in providing peer support, raising awareness and contributing to improvements in accessibility across organisational systems.

We continued to support colleagues with caring responsibilities through our Parents Network and Caring for Carers community. Practical tools such as carer passports support meaningful conversations about flexibility and workload. Wellbeing activity during the year included Men's Support cafés and menopause cafés, creating space for open discussion and peer support. We further strengthened our approach to women's health and wellbeing, including achieving recognition as an Endometriosis Friendly Employer. This reinforces our commitment to creating an environment where health needs can be discussed openly and supported appropriately.

Our Multicultural Ethnicity and Racial Inclusion (MERI) Network continued to play a key role in building community across the organisation.

Building on insight from our Organisational Readiness Survey, we continued to strengthen our approach to tackling bullying, harassment and discrimination. This included improving access to support, enhancing reporting routes and investing in earlier and more informal resolution. We also shared learning with other government departments to support continuous improvement and a culture of psychological safety.

We publish our annual Inclusion and Diversity Report, which brings together workforce data and sets out clear action plans for further improvement. This transparency supports year on year learning and accountability. In line with the government's mission to support more people into good jobs and improve skills and productivity, our focus on universal accessibility remains critical. By removing barriers for all, we aim to ensure that people can participate fully in meaningful work and engage effectively with the intellectual property system to support economic growth.

Taken together, these actions demonstrate how the IPO has had due regard to its responsibilities under the Public Sector Equality Duty. This includes eliminating discrimination, advancing equality of opportunity and promoting good relations across the organisation.

## Gender pay gap

We remain fully committed to fair pay and recognise that reducing our gender pay gap is complex and requires sustained, proactive action. This continues to be an organisational priority, and we remain committed to making meaningful progress until the gap is reduced to a satisfactory level.

Further information on our gender pay gap, including our published data, action plans and wider commitment to equality and diversity, is available on our [equality and diversity webpage](#)<sup>17</sup>.

17 <https://www.gov.uk/government/organisations/intellectual-property-office/about/equality-and-diversity>

## Trade union facility time

### Relevant union officials

The following table summarises the total employees who were relevant union officials between 1 April and 31 March.

	2025/26	2024/25
Number of employees who were relevant officials during the financial year	41.0	31.0
FTE number	38.8	29.3

### Percent of time spent on facility time

	2025/26	2024/25
0%	14.0	4.0
1% - 50%	27.0	27.0
51% - 99%	-	-
100%	-	-

## Percent of paybill spent on facility time

	2025/26	2024/25
	£000	£000
Total cost of facility time	115	90
Total paybill	121,036	113,642
Percentage of total paybill spent on facility time	0.09%	0.08%

Paybill costs relate to permanent members of staff only during the accounting period.

## Paid trade union activities

	2025/26 (%)	2024/25 (%)
Time spent on paid trade union activities as a percentage of total paid facility time hours	1.4	0.5

## Parliamentary accountability and audit report

### Regularity of expenditure - Audited

All expenditure has complied with the regularity of expenditure requirements set out in HM Treasury guidance.

### Losses and special payments – Audited

Losses or special payments were below the reporting threshold of £300k (cumulative).

### Government functional standards

Compliance with the Government functional standards, as explained in the governance statement, is monitored and reported to the Audit and Risk Committee.

### Special severance payments - Audited

No special severance payments were made during the year.

### Gifts - Audited

Gifts made during the year were below the reporting threshold of £300k (cumulative).

## Fees and charges - Audited

The IPO provides statutory services registering or granting rights for patents, trade marks and designs. In common with all major rights granting organisations throughout the world, costs are recovered across the life of the rights. To encourage economic growth and innovation, access to the IP system includes low initial fees that are not a significant barrier to entry. Renewal fees cover the majority of our costs. This also acts as an incentive to maintain only valuable rights.

When fees are set, they are designed to avoid any cross-subsidy between rights. On average the fees paid across each class of rights are intended to be equal to the average costs of the service provided. Although there have been significant surpluses in recent years, these have been due to exceptional circumstances such as the UK's withdrawal from the EU and the pandemic, which resulted in a large increase in workloads. Retained surpluses are fully allocated to fund known commitments and forecasts for future years are that costs will broadly match income.

In addition to the income that we receive from those seeking UK rights, we also receive renewal income for European patents. These have been granted by the EPO and give the patent owners protection in the UK. This income is for a UK patent and is treated in the same way as other renewal income.

The following information summarises the income and expenditure for each of the main activities of the IPO:

2025/26	Patents	Trade marks	Designs	Other	Grant	Total
	£000	£000	£000	£000	£000	£000
Income	90,658	81,862	8,092	909	99	181,620
Expenditure	(81,863)	(54,158)	(10,634)	(4,368)	(99)	(151,122)
<b>Subtotal before financing and dividend</b>	<b>8,795</b>	<b>27,704</b>	<b>(2,542)</b>	<b>(3,459)</b>	<b>0</b>	<b>30,498</b>
Financial income	-	-	-	3,104	-	3,104
Financial expenditure	-	-	-	(58)	-	(58)
Dividend	(1,318)	(4,152)	-	-	-	(5,470)
<b>Retained surplus/ (deficit) before additional dividend and other expenditure</b>	<b>7,477</b>	<b>23,552</b>	<b>(2,542)</b>	<b>(413)</b>	<b>0</b>	<b>28,074</b>
Investment - non-capital						(4,301)
Voluntary exit scheme						-
Additional dividend (funded from reserves)						(2,533)
<b>Retained surplus/ (deficit)</b>						<b>21,240</b>

2024/25	Patents	Trade marks	Designs	Other	Grant	Total
	£000	£000	£000	£000	£000	£000
Income	86,286	66,726	8,528	442	99	162,081
Expenditure	(79,781)	(55,082)	(11,651)	(4,329)	(99)	(150,942)
<b>Subtotal before financing and dividend</b>	<b>6,505</b>	<b>11,644</b>	<b>(3,123)</b>	<b>(3,887)</b>	-	<b>11,139</b>
Financial income	-	-	-	4,058	-	4,058
Financial expenditure	-	-	-	(73)	-	(73)
Dividend	(1,824)	(3,264)	-	-	-	(5,088)
<b>Retained surplus/ (deficit) before additional dividend and other expenditure</b>	<b>4,681</b>	<b>8,380</b>	<b>(3,123)</b>	<b>98</b>	-	<b>10,036</b>
Investment - non-capital						(6,857)
Voluntary exit scheme						125
Additional dividend (funded from reserves)						(2,624)
<b>Retained surplus/ (deficit)</b>						<b>680</b>

Each of our rights areas has costs directly allocated, e.g. examiners, other frontline staff and any non-pay costs specific to that rights area. All other costs, support functions, overheads etc., are apportioned to the different rights.

IPO also carries out non-fee funded activity such as copyright and this is reported separately under "other". Using the same methodology we have allocated direct costs and included an appropriate share of indirect costs.

Financial income and expenditure is shown separately to our rights areas.

Investment activity and other one-off costs are presented separately as expenditure funded from cash reserves.

All fees have been increased from 1 April 2026; some customers paid their renewal fees early in their available payment window to avoid the increases. This is reflected in the retained surplus/(deficit) figures above.

Designs costs are not being fully recovered, however a comprehensive review of designs rights is underway. We agreed with HM Treasury that an interim fee increase would be applied until the review of future designs services, and therefore costs and fees, is concluded.

Non-fee funded activity (Other) is covered by a combination of non-statutory income and reserves.

## Remote contingent liabilities - Audited

In addition to contingent liabilities reported within the meaning of IAS 37, the IPO also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability. There are no such liabilities that the IPO is aware of. Liabilities of the EPO and other multi-national organisations lie with the Secretary of State.

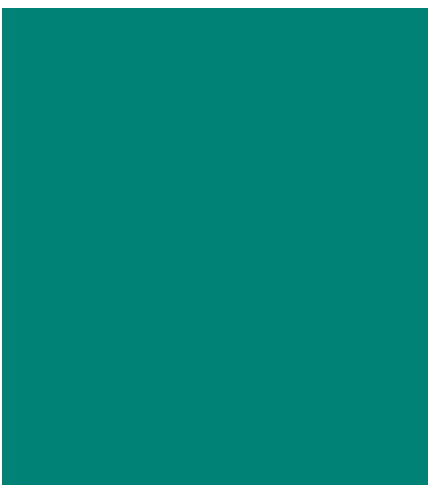


**Adam Williams**

Chief Executive and Accounting Officer

6 July 2026









# **The Certificate and report of the Comptroller and Auditor General to the Houses of Parliament**

## Opinion on financial statements

I certify that I have audited the financial statements of the Intellectual Property Office (the Patent Office) for the year ended 31 March 2026 under the Government Trading Funds Act 1973.

### The financial statements comprise the Patent Office's

- Statement of Financial Position as at 31 March 2026;
- Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies

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

In my opinion, the financial statements:

- give a true and fair view of the state of the Patent Office's affairs as at 31 March 2026 and its retained surplus for the year then ended; and
- have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions issued thereunder

## Opinion on regularity

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

## Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2024. I am independent of the Patent Office in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

## Conclusions relating to going concern

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

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

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

## Other information

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

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

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

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

**I have nothing to report in this regard**

## Opinion on other matters

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

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

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions issued under the Government Trading Funds Act 1973;
- the information given in the Performance 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 Patent Office 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 Patent Office or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance

## Responsibilities of the Accounting Officer for the financial statements

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

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Patent Office from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Government Trading Funds Act 1973;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued under the Government Trading Funds Act 1973; and
- assessing the Patent Office's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Patent Office 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 Trading Funds Act 1973.

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

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

I design procedures in line with my responsibilities, outlined previously, 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 in the following text.

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 Patent Office's accounting policies, key performance indicators and performance incentives
- inquired of management, the Patent Office's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Patent Office's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Patent Office's controls relating to the Patent Office's compliance with the Government Trading Funds Act 1973 and Managing Public Money;
- inquired of management, the Patent Office's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud; and
- 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 Patent Office for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, 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 Patent Office's framework of authority and other legal and regulatory frameworks in which the Patent Office operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Patent Office. The key laws and regulations I considered in this context included Government Trading Funds Act 1973, Managing Public Money, employment law, pensions legislation and tax legislation.

#### Audit response to identified risk

To respond to the identified risks resulting from the procedures:

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

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

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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 8 July 2026**

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

The activities we undertake **support a wide policy ecosystem**; from helping SMEs to achieve their potential to enabling multi-national corporations to create, innovate and grow.



# Financial statements to 31 March 2026



# Statement of comprehensive income

<b>For the year ended 31 March</b>		<b>2025/26</b>	<b>2024/25</b>
	<b>Notes</b>	<b>£000</b>	<b>£000</b>
Revenue from contracts with customers	3(a)	180,612	161,540
Other operating income	3(b)	1,008	541
<b>Total operating income</b>		<b>181,620</b>	<b>162,081</b>
Staff costs	4	(121,446)	(115,128)
Other operating costs	5	(30,568)	(39,300)
Depreciation and amortisation	5	(3,405)	(3,371)
Creation of provision	5	(2)	125
Unwinding of discount on provision	5	(31)	(61)
PPE revaluation loss	5	(2)	-
<b>Operating surplus before financing and dividend</b>		<b>26,166</b>	<b>4,346</b>
Financial income	6(a)	3,104	4,058
IFRS 16 financial cost	6(b)	(27)	(12)
<b>Operating surplus on ordinary activities</b>		<b>29,243</b>	<b>8,392</b>
Dividend	7	(5,470)	(5,088)
<b>Surplus before additional dividend</b>		<b>23,773</b>	<b>3,304</b>
Additional dividend	7	(2,533)	(2,624)
<b>Retained surplus for the year</b>		<b>21,240</b>	<b>680</b>
<b>Other comprehensive income</b>			
Net gain on revaluation of property, plant and equipment	8	217	297
Net gain on revaluation of intangible assets	9	-	1,250
<b>Total comprehensive income</b>		<b>21,457</b>	<b>2,227</b>

The notes on pages 104 to 127 form part of these accounts.

# Statement of financial position

At 31 March		2025/26	2024/25
	Notes	£000	£000
<b>Non-current assets</b>			
Property, plant and equipment	8(a)	21,309	21,809
Right of use assets	8(b)	1,140	1,001
Intangible assets	9	92,277	83,315
Trade and other receivables	10(a)	356	410
<b>Total non-current assets</b>		<b>115,082</b>	<b>106,535</b>
<b>Current assets</b>			
Trade and other receivables	10(b)	11,688	14,668
Cash and cash equivalents	11	96,935	82,380
<b>Total current assets</b>		<b>108,623</b>	<b>97,048</b>
<b>Total assets</b>		<b>223,705</b>	<b>203,583</b>
<b>Current liabilities</b>			
Contract liabilities - grant income	12(b)	(99)	(99)
Trade and other payables	12(b)	(31,468)	(26,973)
IFRS 16 lease liabilities	12(b)	(295)	(354)
Other liabilities	12(b)	(28,594)	(34,122)
Provision for liabilities and charges	13	(199)	(590)
<b>Total current liabilities</b>		<b>(60,655)</b>	<b>(62,138)</b>
<b>Total assets less current liabilities</b>		<b>163,050</b>	<b>141,445</b>
<b>Non-current liabilities</b>			
Contract liabilities – grant income	12(a)	(353)	(453)
IFRS 16 lease liabilities	12(a)	(744)	(531)
Provision for liabilities and charges	13	(219)	(184)
<b>Total non-current liabilities</b>		<b>(1,316)</b>	<b>(1,168)</b>
<b>Total assets less total liabilities</b>		<b>161,734</b>	<b>140,277</b>
<b>Capital and reserves</b>			
Public dividend capital		6,325	6,325
Revaluation reserve		3,367	6,118
General reserve		152,042	127,834
<b>Total equity</b>		<b>161,734</b>	<b>140,277</b>

The notes on pages 104 to 127 form part of these accounts.



**Adam Williams**

Chief Executive and Accounting Officer

6 July 2026

# Statement of cash flows

For the year ended 31 March

		2025/26	2024/25
	Notes	£000	£000
<b>Net cash inflow from operating activities</b>			
Net operating surplus before financing and dividend		26,166	4,346
Adjustment for non-cash items	5	3,439	3,307
Decrease / (increase) in trade and other receivables	10(a) & (b)	3,033	(1,428)
(Decrease) / increase in trade payables	12	(1,133)	3,476
Movements relating to items not passing through the SOCI	7, 8a, 8b, 13	(328)	(80)
Use of provisions	13	(425)	(1,062)
<b>Net cash inflow from operating activities</b>		<b>30,752</b>	<b>8,559</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8(a)	(314)	(856)
Purchase of right of use assets	8(b)	(667)	(219)
Purchase of intangible assets	9	(10,826)	(16,770)
Interest received	6(a)	3,104	4,058
<b>Net cash outflow from investing activities</b>		<b>(8,703)</b>	<b>(13,787)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	7	(7,621)	(7,642)
Payment of lease liabilities	12	154	(146)
Interest paid – lease liabilities	6(b)	(25)	(12)
Interest paid - other	6(b)	(2)	-
<b>Net cash outflow from financing activities</b>		<b>(7,494)</b>	<b>(7,800)</b>
<b>Net decrease in cash and cash equivalents in year</b>		<b>14,555</b>	<b>(13,028)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	11	<b>82,380</b>	<b>95,408</b>
<b>Cash and cash equivalents at the end of the year</b>	11	<b>96,935</b>	<b>82,380</b>

The notes on pages 104 to 127 form part of these accounts.

## Statement of changes in taxpayers' equity

The revaluation reserve and public dividend capital (PDC) are non-distributable.

		PDC	Revaluation reserve	General reserve	Total capital and reserves
	Notes	£000	£000	£000	£000
<b>Balance at 31 March 2024</b>		<b>6,325</b>	<b>4,821</b>	<b>126,904</b>	<b>138,050</b>
<b>Changes in capital and reserves for 2024/25</b>					
Net (loss) on revaluation of property, plant and equipment	8	-	297	-	297
Net gain on revaluation of intangible assets	9	-	1,250	-	1,250
Transfer of (excess) / realised depreciation between reserves		-	(250)	250	-
Retained surplus		-	-	680	680
<b>Balance at 31 March 2025</b>		<b>6,325</b>	<b>6,118</b>	<b>127,834</b>	<b>140,277</b>
<b>Changes in capital and reserves for 2025/26</b>					
Transfer revaluation reserve for intangible assets to general			(2,968)	2,968	-
Net gain on revaluation of property, plant and equipment	8	-	217	-	217
Transfer of (excess) / realised depreciation between reserves		-	-	-	-
Retained surplus		-	-	21,196	21,196
<b>Balance at 31 March 2026</b>		<b>6,325</b>	<b>3,367</b>	<b>151,998</b>	<b>161,690</b>

A description of the nature and purpose of each reserve is provided in note 1(r).

The notes on pages 104 to 127 form part of these accounts.

## Notes to the accounts

### Accounting policies

#### 1(a) Statement of 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 (IAS). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged the most appropriate to the particular circumstances of the IPO for the purpose of giving a true and fair view has been selected. The particular policies adopted by the IPO are described in the following text. They have been applied consistently in dealing with items that are considered material to the accounts.

#### 1(b) Accounting convention, significant judgements and estimates

##### Accounting convention

The accounts have been prepared on a going concern basis and in accordance with the historic cost convention, as modified to include the revaluation of property, plant and equipment, in a form determined by the Treasury in accordance with section 4(6)(a) of the Government Trading Funds Act 1973. The Accounting Officer has prepared forecasts for a period of at least 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the IPO will have sufficient funds to meet its liabilities as they fall due for that period.

##### Significant judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgements that affect the reported assets, liabilities, revenue and expenditure. Actual results can differ from those estimates. The accounting policy descriptions set out those areas where judgement needs to be exercised.

The most significant estimates and judgements in management's view relate to asset valuation and the application of valuation indices to non-property assets, impairment of intangibles and income recognition (contract liabilities).

#### 1(c) Capitalisation recognition and threshold

Property, plant and equipment is capitalised where:

- the asset is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits associated with the item will flow to, or service potential be provided to, the IPO
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably
- the item has a cost of at least £5,000 excluding VAT
- collectively, a number of items have a cost of at least £5,000 and where assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control

Where a large asset, for example a building, or plant and equipment, includes a number of components with significantly different asset lives then these components are treated as separate assets and depreciated over their own useful lives.

New expenditure on IT systems development is written off in the period in which it is incurred, unless a beneficial relationship to a future period can be established with reasonable certainty, in which case the charge is capitalised.

Assets are depreciated to estimated residual values on a straight-line basis over their estimated useful lives.

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits, or service potential deriving from the cost incurred to replace a component of such item, will flow to the IPO and the cost of the item can be determined reliably.

Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition. The carrying amount of the part replaced is de-recognised.

Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

#### **1(d) Non-current assets: property, plant and equipment valuation**

From 1 April 2025, HM Treasury revised the requirements in the FReM in respect of IAS16 -Property, Plant & Equipment. Under the revised guidance, entities are required to measure PPE at current value and to maintain asset values so that they remain materially up to date. In accordance with these requirements, the IPO has adopted a quinquennial valuation cycle supplemented by annual indexation for property assets.

The most recent professional valuation of land and buildings was undertaken as at 31 March 2025. For the year ended 31 March 2026, values have been updated using an appropriate index supplied by the Valuation Office Agency (VOA). The assets are valued at current value in existing use, in line with the FReM and relevant RICS guidance.

Plant and equipment assets are measured at current value. Given the availability of appropriate published indices and the disproportionate cost of frequent professional valuations, annual indexation is applied to the gross carrying amount of these assets to ensure values remain materially up to date.

For the year ended 31 March 2026, indexation has been applied as follows.

IT equipment is indexed using the Office for National Statistics (ONS) Producer Price Index (Output prices) – C26 “Computer, electronic and optical products”, which is considered the most appropriate proxy for movements in replacement cost for technology assets.

Office equipment and general machinery are indexed using the ONS Producer Price Index (Output prices) – C28 “Machinery and equipment n.e.c.”.

Depreciation is recalculated prospectively following indexation over the remaining useful economic life of each asset. Useful lives are reviewed annually and revised where evidence supports a change.

This change represents a revision to the valuation approach and estimation technique applied from 2025/26 and ensures continued compliance with the FReM. Comparative figures have not been restated, as the change does not represent a change in accounting policy.

Surpluses and deficits arising on revaluation are charged to the Revaluation Reserve. Where it is not possible for any such deficit to be offset by previous surpluses in the Revaluation Reserve, it is charged to expenditure as permanent diminutions in the value of the fixed assets.

We continue to review our non-current assets and report in line with our accounting policy.

Sensitivity analysis has shown that the valuation would have to increase/decrease by 19.75% before there was a material financial reporting impact on our financial statements. We conclude our property valuations and asset values remain applicable as reported in note 8.

### 1(e) Non-current assets: intangible assets

Intangible assets consist of specialist software developed for the IPO.

Software development intangible assets are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to the IPO over a period of more than one year, and where the cost of the asset can be measured reliably.

Intangible assets are recognised initially at cost, comprising all directly attributable costs (including the costs of third-party work and the direct costs of in-house staff effort) needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

In accordance with the FReM adaptation of IAS 38 from 1 April 2025, intangible assets are held at historical cost, less accumulated amortisation and any accumulated impairment losses. The revaluation model is not permitted for intangible assets under the FReM, and accordingly no indexation or revaluation is applied following initial recognition. For assets recognised prior to 1 April 2025, the valuation at this date will be the deemed historic cost. This represents a change in valuation technique and estimation approach applied from 2025/26 to ensure compliance with the revised FReM requirements. Comparative figures have not been restated, as this does not constitute a change in accounting policy. At 31 March 2026, £2,968k previously held within the revaluation reserve relates to historic revaluations of intangible assets. Following the adoption of the revised FReM requirements, this balance has been reclassified to the general fund during 2025/26 as a movement within equity. The reclassification has no impact on the statement of comprehensive net expenditure, taxpayers' equity or cash flows.

Intangible assets under construction at the reporting date are reviewed against the recognition criteria set out in IAS 38 to ensure they are correctly classified. Costs incurred during the development phase are capitalised where the recognition criteria are met. When an asset is capable of operating as intended and economic benefit flows from the asset, it will be classified as being in use and depreciation/amortisation will commence.

### 1(f) Depreciation and amortisation

Depreciation is provided on property, plant, and equipment, except freehold land, at rates calculated to write off the cost or valuation of each asset on a straight-line basis over its expected useful life using the following guide:

- information technology - five years
- plant and machinery - five years

Depreciation is charged from the date of acquisition.

The estimated remaining life of the building and car park on 31 March 2026 is 46 years.

Amortisation is provided on intangible assets, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life using the following guide:

- major software developments - ten years
- other software - five years

Amortisation is charged from the date the asset is available to use.

The estimated useful lives are reviewed at each reporting date and revised when necessary. An alternative expected useful life may be applied where evidence exists to support this.

### 1(g) Impairment of PPE and intangible non-current assets

IPO reviews carrying amounts at each reporting date. If an indicator for impairment occurs, then the recoverable amount of the asset (the higher of fair value less costs to sell and value in use) is estimated and an impairment loss recognised to the extent that it is lower than the carrying amount. Losses arising from a clear consumption of economic benefit are charged to net expenditure for the year. Losses that do not result from a loss of economic value or service potential are taken to the revaluation reserve to the extent that a revaluation reserve exists for the impaired asset; otherwise, to net expenditure for the year.

## 1(h) Income

IPO adopted IFRS 15 Revenue from Contracts with Customers from 1 April 2018. This standard has been adapted by the FReM to include revenue from fees and charges arising from legislation within the definition of a contract with customers. Income from fees and charges, including statutory fees is now classified as income from contracts with customers. Income outside the scope of IFRS 15 is classified as income from other operating activities. Liabilities arising as a result of customers paying in advance of delivery of service are now reported as contract liabilities, previously reported as deferred income.

Receipt of payment from a customer forms a contract with a performance obligation being placed on the IPO. Income is recognised when this obligation is satisfied.

The following sets out our income recognition approach for each service.

### Nature, timing of satisfaction of performance obligations and significant payment terms

#### Patents

Customers apply for a patent to be registered with associated rights granted to them. We identify three obligation points for these transactions: application, search, and rights granting stage. Payment is made for this service immediately at the point of transacting with the relevant form at each stage.

Performance obligations are met at various stages throughout the transaction cycle with each stage initiated by the customer completing the relevant form and making payment:

- **application** - the customer receives a filing date and preliminary report typically within two weeks
- **search** - a report is issued within six months with publication completing 12 months later
- **rights granting** - the final stage is upwards of four years from the initial contact point and completes with the right being either granted and republished or refused

Further details on [patent application timings](#)<sup>18</sup>

The [fees applicable](#)<sup>19</sup> to each stage

Income relating to patent renewal transactions is recognised at the point of processing a system transaction i.e., when payment and a transaction form is received, and the rights register is updated.

#### Trade marks and designs

Customers apply for a trade mark or design to be registered, with associated rights granted to them. Payment for this service is made immediately at the point of transacting, with revenue recognised at two obligation points: completion of examination and rights granting stage.

This is an area where judgement is applied over the transaction price due to one fee being charged at the start of the transaction to cover both obligation points. These estimates consider the average time and effort relating to the satisfaction of each performance obligation. The assumptions are:

- based on time to complete the application process. It is estimated that 80% of time and effort is incurred at the first obligation point, examination. Income of 80% is therefore recognised at this stage
- the remaining 20% is recognised when an application has been completed and rights granted or refused

For 2025/26, there have been no material changes to the variables or assumptions in our established methodology since the review in 2024/25.

Therefore, our methodology for revenue recognition remains unchanged for 2025/26 with 80% of income recognised at the first performance obligation (examination) and 20% recognised at the final performance obligation (rights granting or refusal).

<sup>18</sup> <https://www.gov.uk/government/publications/patent-grant-timeline/patent-grant-timeline>

<sup>19</sup> <https://www.gov.uk/government/publications/patent-forms-and-fees/patent-forms-and-fees>

Detailed sensitivity analysis has shown that the deferral rate can move 26 percentage points before causing a material difference. It is again worth noting that the deferral rate does not apply to the full population of deferred transactions, since a significant proportion are deferred at 100% (application received, not yet started).

Trade marks:

- **examination** – feedback is provided within the agreed customer service standard of 10 working days
- **rights granting** – providing there are no issues or opposition filed, it usually takes around three to four months from application for a trade mark to be registered

Designs:

- **examination** – feedback is provided within the agreed customer service standards of 10 working days
- **rights granting** – providing there are no issues, registration takes place automatically after the case has been examined. Income relating to renewal transactions is recognised at the point of processing a system transaction i.e., when payment and a transaction form is received, and the rights register is updated.

Further details on [trade mark application timings](#)<sup>20</sup>

Details on [trade mark fees](#)<sup>21</sup>

Further details on [design application timings](#)<sup>22</sup>

Details on [design fees](#)<sup>23</sup>

For the transactions listed the customer purchases a service covering assessment, searches and rights granting.

The fees charged are set in statute and non- variable.

The fee is due from the customer irrespective of the outcome of the service i.e., whether or not the right is granted. No obligation exists for IPO to provide refunds.

The timings associated with the transactions result in a contract liability being held at any point in time and released as performance obligations are met (see note 1(h), note 3(a) and note 12(b)).

### Other transactions

All other income is recognised when the performance obligation is completed.

#### 1(i) Grant income

Where government grant income is received relating to assets, it is treated as contract liabilities and subsequently recognised in the Statement of Comprehensive Income, in line with the utilisation of the asset, and in accordance with IAS 20 as interpreted by the FReM. As a trading fund we apply this interpretation to provide a consistent approach across government and align timing relating to income and costs. Grant funded projects are scrutinised to ensure progress in delivering project milestones, and to ensure the grant offer letter's terms and conditions are not breached.

#### 1(j) Taxation

As a trading fund we are not liable to pay Corporation Tax. VAT is not chargeable on statutory services.

Irrecoverable VAT is charged to the relevant expenditure category or, if appropriate, capitalised with additions to non-current assets. Expenditure is otherwise shown net of VAT. The IPO is not registered separately for VAT as it falls within the DSIT registration.

20 <https://www.gov.uk/government/publications/process-for-applying-to-register-for-a-trade-mark/trade-marks-timeline>

21 <https://www.gov.uk/government/publications/trade-mark-forms-and-fees/trade-mark-forms-and-fees>

22 <https://www.gov.uk/government/publications/process-for-applying-to-register-for-a-design/designs-timeline>

23 <https://www.gov.uk/government/publications/design-forms-and-fees/design-forms-and-fees>

### 1(k) Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the time of the transaction.

All exchange differences (see note 5) are taken to the Statement of Comprehensive Income.

### 1(l) IFRS 16 Leases

In accordance with IFRS 16, at inception of a contract, we assess whether or not a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When a lease is identified in a contract we recognise a right of use asset and a lease liability 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 prepayments made at or before the commencement date. Also included are any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or 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, plant and equipment.

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

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, or if we change our assessment of whether we will exercise a purchase, extension or termination option. We present right of use assets in property, plant and equipment and lease liabilities within other payables in the balance sheet.

We have applied the recognition exemption of low value leases (less than £5,000) and short-term leases (duration less than 12 months). These leases are recognised as operating leases with the lease payments charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

IPO has used the cost model basis as a proxy for Fair Value.

## Operating leases

Operating lease rentals are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

## 1(m) Financial instruments

The IPO has very limited powers to borrow or to invest surplus funds; financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the IPO in undertaking its activities.

## 1(n) Provisions

All provisions where the time value of money is significant are discounted using a nominal rate and an inflation rate outlined in guidance issued by HM Treasury.

## 1(o) Dividends

Under Section 4(1) of the Government Trading Funds Act the IPO may be set further financial objectives which impact on plans and charges. The current financial objective and performance is shown in the performance report. This objective is in part to reflect the cost of capital utilised by the IPO and fees and charges are set to recover costs and meet this further financial objective. This cost of capital equivalent charge is then paid as a dividend to DSIT. The Treasury Minute detailing the ordinary dividend charge can be found in Appendix A. DSIT is also able to withdraw additional dividends if there are surplus funds held by the IPO. This arrangement is currently being used to cover the funding requirements for the Police Intellectual Property Crime Unit (PIPCU).

## 1(p) Pension costs

Present and past employees are covered by the provisions of PCSPS and the CSOPS scheme known as 'alpha', which is described in the remuneration report. These are multi-employer defined benefit schemes where we are unable to identify our share of the underlying assets and liabilities and are accounted for as if they are defined contribution schemes. In accordance with IAS 19, we do not recognise liabilities associated with these schemes, though information on the schemes in total is available in the Civil Superannuation accounts. We recognise the expected cost of providing pensions on a systematic and rational basis, over the period during which it benefits from employees' services, by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS and alpha. In respect of the defined contribution schemes, we recognise the contributions payable for the year.

## 1(q) Cash and cash equivalents

Cash and cash equivalents comprise cash balances in government and commercial bank accounts. They are carried in the statement of financial position at face value (as outlined in note 11). The IPO does not have any bank overdrafts. Cash not required for short-term operational needs can be deposited with National Loans Fund (NLF). No deposits were made with NLF at the reporting date however this will be considered for future periods.

## 1(r) Capital and reserves

The nature and purpose of Reserves held by IPO are detailed in the following.

### Public dividend capital

Public dividend capital represents the capital invested in IPO by the Secretary of State for Trade and Industry on IPO becoming a trading fund on 1 October 1991.

Further machinery of government changes were announced in February 2023 with BEIS disbanded and replaced by four new departments. IPO were confirmed as an executive agency of the new Department for Science, Innovation and Technology (DSIT) with accounting officer responsibilities formally transferred from 1 April 2023.

Public Dividend Capital is not an equity instrument as defined in IAS 32 Financial Instruments: Presentation.

### General reserve

The general reserve represents the cumulative retained net income (after dividends) since the IPO became a trading fund.

### Revaluation reserve

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

### 1(s) Adoption of new and revised standards

The IPO provides disclosure where it has not yet applied a new accounting standard and known or reasonably estimable information relevant to assessing the possible impact that the initial application of a new standard would have on the financial statements.

### IFRS 17 Accounting for insurance contracts

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

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

Following a comprehensive review of IPO's contractual arrangements it has been determined that IFRS 17 has no impact on the financial statements.

This will be monitored going forward to ensure compliance with the standard.

### IFRS18 Presentation and disclosure in financial statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements and is effective for annual reporting periods beginning on or after 1 January 2027 in the private sector. The impact of IFRS 18 on the public sector is still being assessed, and a decision has not yet been taken on an implementation date.

## 2) Segmental reporting

Decisions are taken based on the overall position described in the statement of comprehensive income and the statement of financial position. As such, management consider there is only one segment. The IPO is managed as an integrated whole and decisions made on that basis.

### 3) Income

Analysis of operating income by classification and activity:

#### 3(a) Revenue from contracts with customers

For the year ended 31 March	2025/26	2024/25
	£000	£000
<b>Patents</b>		
Application, search and examination fees	4,271	4,503
Renewals for UK patents	14,088	13,416
UK EP Renewal income	70,583	66,634
Other	1,716	1,733
	<b>90,658</b>	<b>86,286</b>
<b>Trade marks</b>		
Application fees	48,375	40,422
Renewal fees	30,565	23,644
Other	2,922	2,660
	<b>81,862</b>	<b>66,726</b>
<b>Designs</b>		
Application fees	1,422	1,265
Renewal fees	6,171	6,811
Other	499	452
	<b>8,092</b>	<b>8,528</b>
<b>Total revenue from contracts with customers</b>	<b>180,612</b>	<b>161,540</b>

**3(b) Other operating income**

	2025/26	2024/25
	£000	£000
Publications	57	17
Commercial services	852	425
Grant income	99	99
<b>Total other operating income</b>	<b>1,008</b>	<b>541</b>

Note 3(a) Individual application lines include revenue relating to contract liabilities movement. This was also the case in 2024/25.

The following table shows the movement in these liabilities (note12(b)) over the reporting period.

	2025/26	2024/25
	£000	£000
Patents	(617)	15
Trade marks	(987)	(9)
Designs	(23)	(3)
	<b>(1,627)</b>	<b>3</b>

Income is from the payment of statutory or non-statutory fees for services plus commercial services provided and all is attributable to turnover arising in the UK.

#### 4) Staff costs

Staff costs comprise salaries and wages, social security cost, pension contributions and contractor costs less capitalised staff costs to create software assets. Further details are shown in the accountability report.

	<b>2025/26</b>	<b>2024/25</b>
	£000	£000
Salaries and wages	86,035	81,793
Social security costs	11,809	9,497
Pension costs	23,192	22,352
Agency/contract staff	10,006	8,529
Capitalised staff costs included above	(9,596)	(7,043)
	<b>121,446</b>	<b>115,128</b>

## 5) Other non-staff costs

	2025/26	2024/25
	£000	£000
IT and telecoms	13,931	18,101
European Patent Office costs	-	2,822
Access to online IP databases	1,401	1,699
Innovation support	2,349	2,098
Banking and card commissions	2,234	2,452
Research co-operation and seminars	399	512
Subscriptions to international bodies	1,050	1,046
Legal and hearings	1,945	1,281
Outreach and marketing	392	298
Recruitment and other staffing costs	566	579
Travel	896	872
Training	735	1,161
Office supplies and equipment inc. postage	633	733
Accommodation ex leases	3,382	4,324
Property lease costs	21	23
Hire of office machinery	74	76
Departmental overheads	118	97
Audit fee	90	95
Exchange rate loss (gain)	(110)	29
Enforcement support	29	143
Consultancy	92	77
Other admin costs	341	782
<b>Total</b>	<b>30,568</b>	<b>39,300</b>
<b>Non cash items</b>		
Amortisation	1,864	1,727
Depreciation - PPE	1,052	1,213
Depreciation - IFRS 16 leases	488	431
PPE revaluation loss	2	-
Creation of provisions	2	(125)
Unwinding of provisions	31	61
<b>Total non cash</b>	<b>3,439</b>	<b>3,307</b>
<b>Total cash and non cash</b>	<b>34,007</b>	<b>42,607</b>

**6) Financial income & cost****6(a) Financial income**

	2025/26	2024/25
	£000	£000
Short term deposits - operating activities	3,104	4,058

The interest derives from deposits with the Government Banking Service.

**6(b) Financial cost**

	2025/26	2024/25
	£000	£000
Interest payable on IFRS 16 lease liabilities	25	12
Interest charges - other	2	-
	<b>27</b>	<b>12</b>

**7) Dividends**

	2025/26	2024/25
	£000	£000
Dividend	5,470	5,088
Additional dividend	2,533	2,624
	<b>8,003</b>	<b>7,712</b>

A dividend of £5,470k is due to DSIT for 2025/26(2024/25: £5,088k) in line with our trading fund financial objective (see note 1(o)).

DSIT is able to utilise IPO surpluses through taking additional dividends and currently does so to fund other IP related initiatives, specifically the funding of the Police Intellectual Property Crime Unit (PIPCU); the amount of £2,533k paid in 2025/26 covers PIPCU's costs (on an actuals basis) since the last additional dividend of £2,624k in 2024/25.

The cashflow statement reflects payments made 2025/26 being the 2024/25 dividend of £5,088k, plus the additional dividend of £2,533k (2024/25 amounts paid were 2022/23 dividend of £5,018k plus additional dividend of £2,624k).

## 8) Fixed assets

### 8 (a) Property, plant and equipment

2025/26	Land	Buildings	Assets under construction	Plant and machinery	Information technology	Total
	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>						
<b>At 1 April 2025</b>	<b>3,400</b>	<b>14,825</b>	<b>373</b>	<b>6,015</b>	<b>3,479</b>	<b>28,092</b>
Additions	-	-	125	189	-	314
Additions (accruals)	-	-	22	-	-	22
Reclassifications	-	-	(372)	372	-	-
Reclassifications (expensed)	-	-	-	-	-	-
Revaluation	-	58	-	159	-	217
Disposals	-	-	-	-	-	-
<b>At 31 March 2026</b>	<b>3,400</b>	<b>14,883</b>	<b>148</b>	<b>6,735</b>	<b>3,479</b>	<b>28,645</b>
<b>Depreciation</b>						
<b>At 1 April 2025</b>	-	-	-	<b>3,261</b>	<b>3,022</b>	<b>6,283</b>
Provided during the year	-	316	-	541	196	1,053
(Deficit) on revaluation	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
<b>At 31 March 2026</b>	-	<b>316</b>	-	<b>3,802</b>	<b>3,218</b>	<b>7,336</b>
<b>Net book value at 31 March 2026</b>	<b>3,400</b>	<b>14,567</b>	<b>148</b>	<b>2,933</b>	<b>261</b>	<b>21,309</b>

2024/25	Land	Buildings	Assets under construction	Plant and machinery	Information technology	Total
	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>						
<b>At 1 April 2024</b>	3,400	14,825	84	5,768	5,045	29,122
Additions	-	-	-	397	87	484
Additions (accruals)	-	-	372	-	-	372
Reclassifications	-	-	(83)	83	(6)	(6)
Revaluation	-	-	-	-	-	-
Disposals	-	-	-	(233)	(1,647)	(1,880)
<b>At 31 March 2025</b>	<b>3,400</b>	<b>14,825</b>	<b>373</b>	<b>6,015</b>	<b>3,479</b>	<b>28,092</b>
<b>Depreciation</b>						
<b>At 1 April 2024</b>	-	-	-	3,020	4,229	7,249
Provided during the year	-	297	-	474	442	1,213
Reclassification	-	-	-	-	(2)	(2)
(Deficit) on revaluation	-	(297)	-	-	-	(297)
Disposals	-	-	-	(233)	(1,647)	(1,880)
<b>At 31 March 2025</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,261</b>	<b>3,022</b>	<b>6,283</b>
<b>Net book value at 31 March 2025</b>	<b>3,400</b>	<b>14,825</b>	<b>373</b>	<b>2,754</b>	<b>457</b>	<b>21,809</b>

The land and buildings referred to previously are freehold and were valued at £18.23 million at 31 March 2025 on the basis of current value in existing use by the Valuation Office Agency (VOA), Newport, South Wales, in accordance with RICS Valuation – Global Standards and the RICS UK National Supplement (the Red Book).

In line with the Government Financial Reporting Manual (FReM), the Intellectual Property Office operates a quinquennial professional valuation cycle for land and buildings, with annual indexation applied in the intervening years. For the year ended 31 March 2026, land and buildings have been indexed from the 31 March 2025 professional valuation using VOA-supplied indices, where no material changes to the assets' condition or use have occurred.

This represents a change in valuation technique and estimation approach applied from 2025/26 to ensure compliance with revised FReM requirements. Comparative figures have not been restated, as this does not constitute a change in accounting policy.

## 8 (b) Right of use assets

2025/26	Buildings	Equipment	Vehicles	Total
	£000	£000	£000	£000
<b>Cost or valuation</b>				
<b>At 1 April 2025</b>	<b>2,039</b>	<b>146</b>	<b>60</b>	<b>2,245</b>
Additions	633	34	-	667
Reclassifications	-	-	-	-
Remeasurement adjustment	(30)	-	(10)	(40)
Disposals	-	(77)	(18)	(95)
<b>At 31 March 2026</b>	<b>2,642</b>	<b>103</b>	<b>32</b>	<b>2,777</b>
<b>Depreciation</b>				
<b>At 1 April 2025</b>	<b>1,104</b>	<b>113</b>	<b>27</b>	<b>1,244</b>
Provided during the year	445	29	13	487
Reclassifications	-	-	-	-
Surplus/(deficit) on revaluation	-	-	-	-
Disposals	-	(77)	(17)	(94)
<b>At 31 March 2026</b>	<b>1,549</b>	<b>65</b>	<b>23</b>	<b>1,637</b>
<b>Net book value at 31 March 2026</b>	<b>1,093</b>	<b>38</b>	<b>9</b>	<b>1,140</b>
<b>2024/25</b>	<b>Buildings</b>	<b>Equipment</b>	<b>Vehicles</b>	<b>Total</b>
	£000	£000	£000	£000
<b>Cost or valuation</b>				
<b>At 1 April 2024</b>	<b>1,847</b>	<b>158</b>	<b>20</b>	<b>2,025</b>
Additions	-	40	42	82
Reclassifications	-	-	-	-
Remeasurement adjustment	192	(52)	(2)	138
Disposals	-	-	-	-
<b>At 31 March 2025</b>	<b>2,039</b>	<b>146</b>	<b>60</b>	<b>2,245</b>
<b>Depreciation</b>				
<b>At 1 April 2024</b>	<b>708</b>	<b>87</b>	<b>18</b>	<b>813</b>
Provided during the year	379	40	12	431
Reclassifications	-	-	-	-
Surplus/(deficit) on revaluation	17	(14)	(3)	-
Disposals	-	-	-	-
<b>At 31 March 2025</b>	<b>1,104</b>	<b>113</b>	<b>27</b>	<b>1,244</b>
<b>Net book value at 31 March 2025</b>	<b>935</b>	<b>33</b>	<b>33</b>	<b>1,001</b>

## 9) Intangible assets

2025/26	Software in use	Software under construction	Total
	£000	£000	£000
<b>Cost or valuation</b>			
<b>At 1 April 2025</b>	<b>26,749</b>	<b>75,878</b>	<b>102,627</b>
Additions	-	10,826	10,826
Reclassifications	-	-	-
Disposals	-	-	-
<b>At 31 March 2026</b>	<b>26,749</b>	<b>86,704</b>	<b>113,453</b>
<b>Amortisation</b>			
<b>At 1 April 2025</b>	<b>19,312</b>	-	<b>19,312</b>
Provided during the year	1,864	-	1,864
Disposals	-	-	-
<b>At 31 March 2026</b>	<b>21,176</b>	-	<b>21,176</b>
<b>Net book value at 31 March 2026</b>	<b>5,573</b>	<b>86,704</b>	<b>92,277</b>

2024/25	Software in use	Software under construction	Total
	£000	£000	£000
<b>Cost or valuation</b>			
<b>At 1 April 2024</b>	<b>25,499</b>	<b>59,108</b>	<b>84,607</b>
Additions	-	16,770	16,770
Reclassifications	-	-	-
Revaluation	1,250	-	1,250
Disposals	-	-	-
<b>At 31 March 2025</b>	<b>26,749</b>	<b>75,878</b>	<b>102,627</b>
<b>Amortisation</b>			
<b>At 1 April 2024</b>	<b>17,585</b>	-	<b>17,585</b>
Provided during the year	1,727	-	1,727
Revaluation	-	-	-
Disposals	-	-	-
<b>At 31 March 2025</b>	<b>19,312</b>	-	<b>19,312</b>
<b>Net book value at 31 March 2025</b>	<b>7,437</b>	<b>75,878</b>	<b>83,315</b>

All intangible assets relate to internally generated software.

Intangible assets are now held at historical cost in accordance with IAS 38 as adapted by the FReM and are not subject to revaluation or indexation.

The balance shown within software under construction relates to the development of the OneIPO digital system and had a carrying value of £86,704k (2023/24: £75,878k). The patents element of the system will commence full public beta from April 2026. The trade marks and designs elements are currently in the prediscovery phase, with an expectation that these elements will begin to become available to customers from October 2027.

Once the relevant elements of the system are capable of operating as intended by management and are brought into use, the assets will be transferred from assets under construction to software in use and amortisation will commence. The useful economic life of the overall system is expected to be 13 years from the point at which the Patents element comes into general use.

During 2025/26, management reassessed the useful economic lives of certain intangible assets. This review reflected updated expectations regarding the timing of the transition to the One IPO platform. As a result, some legacy systems are expected to remain in use for longer than previously anticipated due to programme delays, while the useful lives of other assets have been shortened where replacement by One IPO functionality is now expected to occur earlier than originally forecast.

The revisions to useful economic lives ranged from a reduction of 1.5 years to an extension of 4 years. In accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the changes have been accounted for prospectively as a change in accounting estimate. The revisions did not affect the amortisation charge recognised in 2025/26. Based on current assumptions, amortisation charges in 2026/27 are expected to be approximately £180k higher as a result of these changes.

## 10) Trade receivables

### 10(a) Non-current trade receivables

	2025/26	2024/25
	£000	£000
Prepayments and accrued income	356	410
	<b>356</b>	<b>410</b>

### 10(b) Current trade receivables

	2025/26	2024/25
	£000	£000
Trade receivables	6,182	5,178
(Accruals)/prepayments relating to IFRS 16	(44)	6
Prepayments and accrued income	5,550	9,484
	<b>11,688</b>	<b>14,668</b>

## 11) Cash and cash equivalents

	2025/26	2024/25
	£000	£000
<b>Balance at 1 April</b>	<b>82,380</b>	<b>95,408</b>
Net change in cash and cash equivalent balances	14,555	(13,028)
<b>Balance at 31 March</b>	<b>96,935</b>	<b>82,380</b>
<b>The following balances at 31 March were held at:</b>		
Government Banking Service	96,105	81,570
Commercial Banks and cash in hand	830	810
	<b>96,935</b>	<b>82,380</b>

At the end of 2025/26 our cash and cash equivalents increased to £96.94m (£82.38m at the end of 2024/25). This balance remains fully allocated to fund the planned completion of our transformation programme, cover other known liabilities such as funds held on behalf of deposit account customers, the EPO and, given our trading fund status, provide a sufficient level of working capital coverage.

## 12) Liabilities

### 12(a) Non-current liabilities

	2025/26	2024/25
	£000	£000
<b>Amounts falling due after one year</b>		
IFRS 16 lease liabilities	744	531
Contract liabilities - grant income	353	453
	<b>1,097</b>	<b>984</b>

**12(b) Current liabilities**

	2025/26	2024/25
	£000	£000
<b>Trade and other payables</b>		
<b>Amounts falling due within one year:</b>		
User deposit accounts	10,280	8,975
Trade payables	21,188	17,998
	<b>31,468</b>	<b>26,973</b>
<b>Other liabilities</b>		
Contract liabilities - revenue from contracts with customers	6,927	5,300
Contract liabilities - other	13	15
Contract liabilities - grant income	99	99
Taxation and social security	2,643	2,164
Superannuation	2,331	2,331
Other liabilities	51	60
IFRS 16 Lease liability	295	354
Dividend payable	5,470	5,088
Employee benefits - untaken leave owed	5,315	4,642
Accruals	5,844	14,522
	<b>28,988</b>	<b>34,575</b>

No changes have been made to accounting estimates or judgements in 2025/26.

The £1,627k movement in contract liabilities – revenue from contract with customers is further analysed across the different rights in Note 3.

## IFRS16 lease liabilities as included previously comprises:

	2025/26	2024/25
<b>Buildings</b>	<b>£000</b>	<b>£000</b>
Not later than 1 year	259	314
Later than 1 year and not later than 5 years	749	446
Later than 5 years	58	75
<b>Present value of obligations</b>	<b>1,066</b>	<b>835</b>
<b>Equipment</b>		
Not later than 1 year	28	25
Later than 1 year and not later than 5 years	12	10
Later than 5 years	-	-
<b>Present value of obligations</b>	<b>40</b>	<b>35</b>
<b>Vehicles</b>		
Not later than 1 year	8	15
Later than 1 year and not later than 5 years	3	20
Later than 5 years	-	-
<b>Present value of obligations</b>	<b>11</b>	<b>35</b>
Less interest element	(78)	(20)
<b>Total Present value of obligations</b>	<b>1,039</b>	<b>885</b>
Current	295	354
Non-current	744	531
<b>Total</b>	<b>1,039</b>	<b>885</b>

**13) Provision for liabilities and charges**

<b>2025/26</b>	<b>Dilapidation provision</b>	<b>Other provisions</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>At 1 April 2025</b>	<b>295</b>	<b>479</b>	<b>774</b>
Provision made in year	36	2	38
Provisions not required written back	-	-	-
Payments offset against the provision	-	(425)	(425)
Unwinding of discount on provision	13	18	31
<b>Balance at 31 March 2026</b>	<b>344</b>	<b>74</b>	<b>418</b>

Analysis of expected timing of discounted cash flows

	<b>Dilapidation provision</b>	<b>Other provisions</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Within 1 year	125	74	199
Between 1 and 5 years	219		219
After 5 years			
<b>Balance at 31 March 2026</b>	<b>344</b>	<b>74</b>	<b>418</b>

<b>2024/25</b>	<b>Dilapidation provision</b>	<b>Other provisions</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>At 1 April 2024</b>	<b>302</b>	<b>1,605</b>	<b>1,907</b>
Provision made in year	-	86	86
Provisions not required written back	-	(211)	(211)
Payments offset against the provision	-	(1,062)	(1,062)
Unwinding of discount on provision	(7)	61	54
<b>Balance at 31 March 2025</b>	<b>295</b>	<b>479</b>	<b>774</b>

Analysis of expected timing of discounted cash flows

	Dilapidation provision	Other provisions	Total
	£000	£000	£000
Within 1 year	111	479	590
Between 1 and 5 years	184	-	184
After 5 years	-	-	-
<b>Balance at 31 March 2025</b>	<b>295</b>	<b>479</b>	<b>774</b>

#### 14) Commitments under leases

Total future minimum lease payments under operating leases are given in the following table for each of the following periods:

	2025/26	2025/26	2024/25	2024/25
	£000	£000	£000	£000
	Buildings	Other	Buildings	Other
<b>Leases falling due:</b>				
Within 1 year	27	13	21	12
Between 1 and 5 years	61	7	55	2
After 5 years	7	-	-	-
	<b>95</b>	<b>20</b>	<b>76</b>	<b>14</b>

There are no commitments under non-cancellable contracts apart from leases.

#### 15) Future income due under non-cancellable operating leases

There are no non-cancellable operating leases at 31 March 2026 (2024/25: Nil).

#### 16) Contingent liabilities

In 2022/23, the Office became subject to a legal challenge relating to a court judgment on UK copyright law. Discussions have continued through to 2025/26 and no agreement has been reached. Litigation is ongoing at the reporting date. A contingent liability is disclosed in respect of this matter rather than a provision due to the uncertainty surrounding both the existence of any liability and the potential amount. In accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, and specifically paragraph 92, no further information has been disclosed as management considers that such disclosure could seriously prejudice the Office's position in the dispute. (2024/25: Nil)

**17) Related party transactions**

The IPO is an executive agency of DSIT. DSIT is regarded as a related party. During the year, the IPO had various material transactions with DSIT. These were the dividend and some payments for central services provided by DSIT. In addition, the IPO had a small number of material transactions with other government departments and other central government bodies. Most of these transactions were with the UK Statistics Authority, HMT, the Cabinet Office, Crown Commercial Service and UK SBS for services such as accommodation and legal services.

None of the Steering Board members, directors or other related parties have undertaken any material transactions with the IPO during the year.

Further details of key management personnel remuneration are disclosed in the remuneration and staff report in accordance with IAS 24 paragraph 17 (as interpreted by the FReM).

**18) Financial instruments**

We are required to disclose the role which financial instruments have had during the period in creating or changing the risks the IPO faces in undertaking its activities. The key risk for the IPO arising from financial instruments is interest rates. Financial instruments play a more limited role in creating or changing risk than would be typical of the listed companies to which this mainly applies. The IPO has very limited powers to borrow or to invest surplus funds, and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the IPO in undertaking its activities.

**Liquidity risk**

The IPO is not exposed to liquidity risk given the present net liquid asset position.

**Market risk**

All of the IPO’s liabilities carry nil or fixed rates of interest.

Interest bearing financial assets comprise cash balances which are held at floating rates of interest. Given that cash is available on demand or is placed on short term deposit at fixed rates and given that interest is budgeted conservatively, interest rate risk is limited but remains a factor because of the level of cash balances held. Longer term cash deposits do not exceed six months. Sufficient cash and cash equivalents are maintained to meet any demands in that time frame.

**Credit risk**

There is no material credit risk to the IPO.

**19) Events after the reporting period**

There have been no significant events between the Statement of Financial Position and the date of authorising these financial statements.

These financial statements were authorised for issue on the date of the Comptroller and Auditor General’s certificate and report.



These financial statements are laid before the House of Commons by the Department for Science, Innovation and Technology (DSIT). IAS 10 requires us to disclose the date on which the accounts are authorised for issue. This is the date that the Comptroller and Auditor General signs the certificate.

The Accounting Officer authorised these financial statements for issue on 8 July 2026.

# Appendix

## Treasury Minute for the Patent Office

Presented to the House of Commons pursuant to section 4(1)(b) of the Government Trading Funds Act 1973

### The Patent Office Trading Fund:

1. Section 4(1) of the Government Trading Funds Act 1973 provides that a trading fund established under that Act shall be under the control and management of the responsible Minister and in discharge of his function in relation to the fund it shall be his duty:
  - (a) to manage the funded operations so that the revenue of the fund:
    - (i) consists principally of receipts in respect of goods or services provided in the course of the funded operations, and
    - (ii) is not less than sufficient, taking one year with another, to meet outgoings which are properly chargeable to revenue account; and
  - (b) to achieve such further financial objectives as the Treasury may from time to time, by minute laid before the House of Commons, indicate as having been determined by the responsible Minister (with Treasury concurrence) to be desirable of achievement.
2. A trading fund known as The Patent Office was established on 1 October 1991 in pursuance of The Patent Office Trading Fund Order 1991 (S.1 1991 No. 1796).
3. The Secretary of State for Department for Science Innovation and Technology being the responsible minister, has determined (with Treasury concurrence) that a further financial objective desirable of achievement by The Patent Office Trading Fund for the 5-year period from 1 April 2024 to 31 March 2029 shall be to achieve a return, averaged over the period as a whole, of 3.5 per cent in the form of a surplus on ordinary activities before interest payable on long term Treasury loans and dividends payable expressed as a percentage of average capital employed. Capital employed shall equate to the capital and reserves, i.e. the Public Dividend Capital, long-term element of Exchequer loans and reserves.
4. This minute supersedes that dated 18 March 2021.
5. Let a copy of this minute be laid before the House of Commons pursuant to section 4(1)(b) of the Government Trading Funds Act 1973.

**HM TREASURY**

**1 July 2025**



For further information, contact details and to request a different format, please visit the IPO website:

**[www.gov.uk/ipo](http://www.gov.uk/ipo)**

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