



Department for  
Business & Trade

# Annual report

and accounts

2025–26

HC 349



# **Department for Business and Trade**

## **Annual Report and Accounts 2025-2026**

For the period 1 April 2025 to 31 March 2026

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

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

Ordered by the House of Commons to be printed  
on 15 July 2026



© Crown copyright 2026

This is part of a series of departmental publications which, along with the Main Estimates 2026-27 and the document Public Expenditure: Statistical Analyses 2025, present the government's outturn for 2025-26 and planned expenditure for 2026-27.

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated.

To view this licence, visit [nationalarchives.gov.uk/doc/open-government-licence/version/3](https://nationalarchives.gov.uk/doc/open-government-licence/version/3).

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at [www.gov.uk/official-documents](https://www.gov.uk/official-documents).

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

978-1-5286-6608-4

E03628308

Printed on paper containing 40% recycled fibre content minimum

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

# Contents

|                                            |            |
|--------------------------------------------|------------|
| <b>Foreword of the Permanent Secretary</b> | <b>6</b>   |
| <b>Performance Report</b>                  | <b>11</b>  |
| Performance Analysis                       | 29         |
| <b>Accountability Report</b>               | <b>107</b> |
| Corporate Governance Report                | 109        |
| Staff Report                               | 167        |
| Remuneration Report                        | 185        |
| Parliamentary Accountability Report        | 215        |
| <b>Financial Statements</b>                | <b>290</b> |
| Notes to the Accounts                      | 299        |
| <b>Annexes</b>                             | <b>470</b> |

# Foreword of the Permanent Secretary

The Department for Business and Trade's (the Department's) mission is to drive economic growth by supporting businesses to invest, export and grow, creating good jobs and opportunities across the country.

We drive growth through bold interventions, accelerating UK leadership in growth sectors, deepening trade relationships and building resilience to stabilise sectors in distress.

I am very proud of what the Department has achieved over the last twelve months to deliver on our three objectives.

First, ensuring the UK is a great place to do business.

- ▶ We published the Steel Strategy, ensuring the competitiveness and viability of UK steelmaking to sustain 40-50% of domestic demand being met by domestic production. This is backed by up to £2.5 billion to secure new private sector co-investment alongside £500 million already committed to Port Talbot and follows our action to ensure the continued running of blast furnaces at British Steel in Scunthorpe.
- ▶ We strengthened the UK's competitive edge through the British Industrial Competitiveness Scheme (BICS), reducing the cost of regulation by 25% and expanding access to finance for high-growth potential firms.

- ▶ We published the UK's modern Industrial Strategy alongside eight Sector Plans. This is part of our 10-year plan to promote business investment and growth, and make it quicker, easier and cheaper to do business in the UK.
- ▶ The new National Minimum Wage (NMW) and National Living Wage (NLW) rates came into force, giving a direct pay rise to over 3 million workers, and we agreed further increases which took effect on 1 April 2026.
- ▶ The Employment Rights Bill gained Royal Assent on 18 December 2025. The Act is strengthening employment rights and boosting job security across the country, and from April 2026, workers will gain day-one rights to parental leave and sick pay, enhanced union recognition, and whistleblowing safeguards.

Second, ensuring the UK is the best-connected economy, through a network of trade deals supported by robust trade defence.

- ▶ We published the Trade Strategy, unlocking billions worth of opportunities for UK exporters including the new expanded Ricardo Fund and expanding UK Export Finance (UKEF) capacity by £20 billion to a total of £80 billion.



- ▶ We concluded three years of trade negotiations with India, announcing a deal worth £4.8 billion per annum to the UK economy in the long run, slashing tariffs, locking in reductions on 90% of tariff lines, with 85% of these becoming fully tariff-free within a decade.
- ▶ The UK concluded a landmark economic deal with the US which will save thousands of jobs, protect key British industries, and help drive economic growth. We remain the only country to have achieved 10% tariffs for autos within quota, 0% tariffs for pharmaceutical exports, and a preferential 25% tariff on steel, aluminium and their many derivatives.

Third, in providing great services directly to businesses – from Companies House and the British Business Bank, to the Office for Investment and export promotion.

- ▶ We launched the Small Business Plan, the most comprehensive package of support for small and medium-sized businesses in a generation. Containing over 200 targeted actions, the most significant legislation to tackle late payments in over 25 years, a new Business Growth Service, plus funding uplifts to the British Business Bank to increase access to finance for entrepreneurs.
- ▶ The UK held its first Regional Investment Summit (RIS) in Birmingham, which brought together over 300 industry leaders, global investors and local mayors,

and delivered over £10 billion in new investment commitments to revitalise towns, high streets and communities.

Whilst I was not in post as Permanent Secretary during the 2025-26 reporting period, I was part of the Department and saw first hand the incredible hard work, professionalism and expertise demonstrated by colleagues over the last year. I would like to thank all colleagues for their incredible hard work and look forward to continuing to deliver this agenda for Ministers, working in partnership with businesses across the country and in our overseas posts, over the next year.



**Amanda Brooks CB CBE**

Interim Permanent Secretary and Principal  
Accounting Officer

# Performance Report

## Performance Overview

The Performance Overview provides a summary of the Annual Report and Accounts (ARA), and achievements delivered by the Department.

## Our purpose and priorities in 2025-26

### Purpose

---

The Department for Business and Trade's mission is to drive economic growth by supporting businesses to invest, export and grow, creating good jobs and opportunities across the country.

### Priorities

---

As part of the publication of the outcome of the Spending Review in June 2025, the Department set out its three overarching strategic priorities.

These are:

1. Make the UK the best place in the world to do business.
2. Make the UK the best-connected economy.
3. Deliver great services for business.

The Department's Outcome Delivery Plan (ODP) for 2025-26 provided the above strategic priorities and performance against these is reported in this ARA.

To deliver these Outcomes, the Department will:

1. **Drive visible economic growth for all through bold and forceful interventions**, through delivery of the Industrial and Trade Strategies.
2. **Accelerate global UK leadership in future growth sectors**, securing the UK's first \$1 trillion company.
3. **Deepen and expand strategic trade relationships**, focusing on the highest value markets for UK firms and consumers.
4. **Build economic resilience and stabilise sectors in distress**, establishing clear and predictable approaches.

These are the four priorities of our Secretary of State.

Our work is aligned with the wider aims of His Majesty's Government (HMG), with a focus on three Prime Ministerial priorities:

- 1. Implement action to tackle the cost of living crisis** by empowering consumers and addressing harmful market practices. Deliver interventions on loyalty penalties, price and service opacity, address consumer detriment in the worst performing sectors and deploy smart data to help consumers to obtain the best deals.
- 2. Improve business sentiment to unlock investment.** Communicate the measurable improvements being made to the business environment by delivering the commitments in the Industrial Strategy, Trade Strategy and Small Business Plan, according to the set of metrics agreed with Number 10 Downing Street.
- 3. Drive growth and market dynamism,** by developing a clear offer for the most promising scale ups to encourage founders to scale their firms in the UK. Deliver reforms to both attract top-tier talent and improve the regulatory environment.

There were also a number of specific commitments contained within the Government's manifesto which the Department is responsible for delivering. The Department's Delivery Unit tracks progress of these commitments and reports this into the Cabinet Office on a regular basis.

# Our business model and environment

Our work is underpinned by four core values:

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

# Organisational structure

The diagram below represents the structure of our organisation as of 31 March 2026, with each area headed by Director Generals.



# Our Group

## Executive Agencies

Companies House

Insolvency Service

They are separate organisations but they act as an arm of the Core Department. They perform executive functions, rather than provide policy advice.

## Non-Departmental Public Bodies

Advisory, Conciliation and Arbitration Service (ACAS)

British Hallmarking Council

Central Arbitration Committee

Competition Appeal Tribunal

Competition Service

Financial Reporting Council

Low Pay Commission

Office of the Small Business Commissioner

Regulatory Policy Committee

Trade Remedies Authority

The Department sponsors Non-Departmental Public Bodies (NDPBs) and usually sets their strategic framework. Each NDPB is a separate legal entity and operates at arm’s length from ministers. However, a minister is accountable to Parliament for them.



**Statutory Office Holders**

**Certification Officer**

**Groceries Code Adjudicator**

**Office of the Regulator of  
Community Interest Companies**

**Pubs Code Adjudicator**

**Other central government bodies**

**BIS (Postal Services Act 2011)  
Company Limited**

**British Business Bank plc**

**Wider Departmental family (subject to audit)**

**British Steel Limited –  
Public Corporation**

**Competition and Markets Authority –  
Non-ministerial Department**

**Post Office Limited –  
Public Corporation**

**Tata Steel UK Limited –  
Public Corporation**

The following Partner Organisations are consolidated into the Departmental Group accounts:

|                             |                                                |                                           |
|-----------------------------|------------------------------------------------|-------------------------------------------|
| ACAS                        | BIS (Postal Services Act 2011) Company Limited | British Business Bank plc                 |
| Companies House             | Competition Appeal Tribunal                    | Competition Service                       |
| Financial Reporting Council | Insolvency Service                             | Office of the Small Business Commissioner |
| Trade Remedies Authority    |                                                |                                           |

The Low Pay Commission, the Regulatory Policy Committee and Industrial Development Advisory Board do not produce accounts because their expenditure is included within the Core Department's. Similarly, the Office of the Regulator of Community Interest Companies does not produce accounts as its expenditure is included in that of Companies House. The expenditure of the Central Arbitration Committee and the Certification Officer is incorporated into the ACAS accounts.

Due to the turnover and net assets being immaterial to the Department's Group account as a whole, four Partner Organisations are not consolidated into the Group account. These are:

|                                                |
|------------------------------------------------|
| <b>British Hallmarking Council</b>             |
| <b>East Midlands Early Growth Fund Limited</b> |
| <b>Groceries Code Adjudicator</b>              |
| <b>Pubs Code Adjudicator</b>                   |

The Competition and Markets Authority (CMA) is a non-ministerial department and therefore is not consolidated into the Department's accounts. Post Office Limited is not consolidated into the Department's accounts as it is classified as a public corporation, though where the Department provides funding to Post Office Limited, such as with the Horizon redress schemes, the Department does account for such liabilities (see note 15).

A list of all consolidated entities is provided in note 21 to the Financial Statements.

The following entities in note 21 are consolidated into the Department and administered by British Business Bank plc and therefore not shown separately in the graphic above:

|                                                             |
|-------------------------------------------------------------|
| <b>Cornwall and Isles of Scilly<br/>Investments Limited</b> |
| <b>Fleetbank Funding Limited</b>                            |
| <b>Midlands Engine<br/>Investments Limited</b>              |
| <b>Northern Powerhouse<br/>Investments Limited</b>          |

Postal Services Holding Company Limited is in liquidation and therefore not shown in the graphic above.

During 2025-26, the Government announced the intention to abolish the British Hallmarking Council. This does not affect its treatment in this reporting period.

The Fair Work Agency was formed in April 2026 so was not part of the Departmental Group during the reporting period. It is an executive agency, sponsored by the Department. Ensus UK Limited was indicatively classified by HM Treasury to the Departmental Group after the designation process for 2025-26 had concluded. Accordingly, it will be consolidated in the 2026-27 Group accounts.

The Cabinet Office provide guidance regarding the types of public bodies that exist within the departmental landscape.

# Key activities in 2025-26

## April 2025

- Implemented NMW and NLW increases, giving over 3 million workers a record pay rise of up to £2,500 a year for those on the NMW and £1,400 a year for those on the NLW.
- Passed the Steel Industry (Special Measures) Act 2025, safeguarding the future of steelmaking in the UK.

## May 2025

- Concluded a landmark economic deal between the UK and the US, protecting British business and British jobs.
- Led the fifth UK-Ukraine trade mission, making it the largest British-led trade delegation to Ukraine to date.
- FutureDBT was launched. This is the Department's programme to build a simpler, faster, digitally enabled Department that delivers for business, drives growth and serves as a great place to work, learn and grow.

## July 2025

- Launched the Small Business Plan alongside the most comprehensive support package for small businesses in a generation.
- Launched the £2.5 billion DRIVE35 programme to power UK auto investment and jobs.
- Signed the UK-India Free Trade Agreement, making UK families better off by opening up new markets for British businesses and reducing tariffs.
- Launched a new Industrial Strategy Partnership with France.

## June 2025

- Launched the UK's Modern Industrial Strategy, a 10-year plan to transform business investment, grow the industries of the future, and deliver economic growth.
- Launched the new Trade Strategy, which will make the UK the most connected nation in the world while protecting vital industries from global threats.
- Compensation to postmasters reached £1 billion as part of our commitment to deliver swift redress and justice to postmasters.
- Launched the new Global Talent Taskforce, to attract the brightest and best talent to the UK.

## August 2025

- British steelmakers regained tariff-free access to the EU market, cutting costs and giving producers more certainty when exporting to the UK.

## September 2025

- Announced £1.5 billion support package to Jaguar Land Rover, providing certainty to the firm's supply chain.
- Secured a historic £150 billion of inward investment commitments from US companies as part of the US President's State Visit.
- Held the first trade talks with China in 7 years and pushed forward market access outcomes worth over £1 billion in additional exports over 5 years.

## October 2025

- Delivered the RIS, with over £10 billion in investment commitments announced and almost 1,000 high-quality jobs created.
- Launched the Office for Investment: Financial Services, a one-stop support service to make the UK more attractive to global investors.
- Delivered a major trade mission to India, with 64 Indian companies to invest over £1 billion into the UK, creating 6,900 jobs.
- Launched the Capture Redress Scheme to ensure fair and accessible redress for postmasters.

## November 2025

- Launched the UK's new Critical Minerals Strategy, setting our ambition to produce 10% of the UK's critical mineral needs domestically.
- Announced plans to make it illegal to resell tickets for live events above original cost, protecting fans from rip-off prices.
- Announced updated NMW and NLW rates to take effect on 1 April 2026, giving around 2.7 million workers a pay rise, worth up to £1,500.
- Expansion of the DRIVE35 programme to £4 billion to 2035 to support the development of UK capability in next generation, zero emission technology, ensuring the UK remains globally competitive.

## December 2025

- Delivered the biggest update to workers' rights in a generation through the Employment Rights Act receiving Royal Assent.
- Secured a landmark UK-US pharmaceuticals deal to safeguard medicines access as part of the UK-US Economic Prosperity Deal.
- Finalised a free trade deal with South Korea which will boost exports and support thousands of UK jobs.

## January 2026

- Announced a sweeping package of growth measures to deliver the Modern Industrial Strategy to make it easier and simpler for companies to do business and transform our highest-potential sectors over the next decade, reducing burdens on business and supporting landmark direct investments into fast growing firms.
- Secured £2.2 billion in export deals for the UK as part of the Prime Minister and Secretary of State's visit to China.
- Agreed an £11 billion lending package with the 5 leading UK banks to help small firms invest, hire, and grow their businesses.

## February 2026

- Signed a Memorandum of Understanding (MoU) with the US on critical minerals, helping to secure supply chains and drive investment into UK projects.

## March 2026

- Published a landmark Steel Strategy, taking bold action to protect domestic steelmaking.
- Made further announcements regarding a new redress scheme for relatives of postmasters affected by the Post Office Horizon scandal, to be launched later in 2026.
- Confirmed details of the restorative justice programme for victims of the scandal, which is jointly sponsored by the Post Office and Fujitsu.
- Unveiled new, stronger measures to tackle late payments to small businesses.

# Performance summary on priority outcomes

See the Performance Analysis section for more details, including metrics. For information on methodology see the statistics annex, Annex A.

As part of the publication of the outcome of the Spending Review in June 2025, the Department set out three new Priority Outcomes which are reported against in this Performance Summary.

## **Priority Outcome 1: Make the UK the best place in the world to do business**

The Department made progress under Priority Outcome 1 by advancing industrial policy, supporting business growth, and strengthening economic resilience.

The UK's Modern Industrial Strategy, launched in June 2025, secured around £360 billion of investment commitments and £33 billion in export announcements within its first nine months, supporting over 120,000 jobs. This was complemented by targeted interventions to boost business growth, including the Plan for Small Business and a £4 billion finance package delivered through schemes such as the Growth Guarantee Scheme (GGS), Start Up Loans (SUL), and the British Business Bank.



The Department also took action to strengthen economic resilience through the publication of the Steel Strategy, securing 5,000 jobs at Port Talbot and maintaining operations at British Steel's Scunthorpe site, alongside delivering the Employment Rights Act to enhance worker protections and extend rights to over 18 million people across the UK.

## **Priority Outcome 2: Make the UK the best-connected economy**

The Department delivered under Priority Outcome 2 by advancing its Trade Strategy and strengthening international partnerships to support economic growth. The Trade Strategy, published in June 2025, set the framework for expanding trade opportunities while protecting UK economic interests, supported by landmark agreements including the UK–India deal, estimated to add £4.8 billion annually in the long run, and a new agreement with South Korea to significantly increase services exports.

The Department also made substantial progress in key bilateral relationships, including renewed trade engagement with China, delivering £2.2 billion in export deals and resolving £2.3 billion in market access barriers, alongside enhanced cooperation with the United States through the Economic Prosperity Deal and £150 billion in confirmed investment commitments. In parallel, strengthened UK–EU agreements are expected to add nearly £9 billion to the UK economy by 2040, reflecting continued progress in reducing trade barriers and improving market access, while negotiations with other priority partners remain ongoing.

## Priority Outcome 3: Deliver great services for business

The Department strengthened support for businesses and investment under Priority Outcome 3 through expanded finance, institutional reform, and improved regulatory frameworks.

The British Business Bank increased its financial capacity to £25.6 billion, enabling a significant rise in annual investment, supported by a new strategic mandate and the launch of the £4 billion Industrial Strategy Growth Capital Initiative to mobilise up to £12 billion in private investment.

The Office for Investment was restructured as a joint unit across the Department, HM Treasury and Number 10 Downing Street, supporting a pipeline of major investments including partnerships with The Crown Estate and Lendlease, Universal, and the Oversea-Chinese Banking Corporation Limited (OCBC).

The Department published “Backing your business: our plan for small and medium businesses”. This plan put small and medium-sized businesses at the heart of the Government’s Growth Mission.

The Department also delivered key regulatory and institutional reforms, including Companies House changes under the Economic Crime and Corporate Transparency Act, new product regulation legislation, and continued action to improve market safety. As well as this, the Department set

out plans to strengthen the Post Office network, committing to maintain at least 11,500 branches and invest up to £483 million to modernise services.

For further context on the areas covered above, including the Department's budgeting framework and variance analysis comparing outturn to budget and prior year, please refer to the Financial Review section of this report.

## Principal risks and context

The key risks faced by the Department in 2025-26 are summarised below, and reflect a complex global, economic and organisational environment.

- ▶ **Geopolitical impacts on trade:** There is a risk that the UK is unable to protect its economic interests in a dynamic world where key geopolitical actors are locked in competition.
- ▶ **Acute economic shock:** Risk that the Department is required to intervene on a 'critical' sector/region, but lacks the mechanisms (policy measures, support mechanisms, political agreement) or the capacity and capability to respond effectively.
- ▶ **Critical Import Shortage:** There is a risk that the government is unable to respond effectively to an external economic or geopolitical shock which disrupts imports for (one or more) critical UK supply chain(s), limiting the effectiveness of efforts to mitigate the effects on the economy and/or essential public services.

- **Delivery of Industrial and Trade Strategies:** There is a risk that the implementation of government strategies is delayed, inconsistent, or fails to build and maintain the level of business and stakeholder confidence required to drive transformational growth.

These summarised risks are those assessed as having the greatest potential direct impact on delivery of the Department's objectives during the year.

The Department's strategic outcomes remain subject to these principal risks in 2026-27, with geopolitical shifts, major sectoral shocks, and failures in data or cyber resilience representing the largest potential downside scenarios, with material impacts on UK economic interests, public confidence, and the Department's operational effectiveness. Active mitigation plans are in place, including capacity improvements, contingency planning, revised governance, and targeted interventions. Senior oversight of these risks reflects the level of Parliamentary interest and the potential impact on the delivery of the Department's priority objectives.

The full set of Principal Risks, including those where effective mitigation has reduced exposure, is set out in the Performance Analysis.

# Performance Analysis

## Structure of the Performance Analysis

The Performance Analysis provides a detailed narrative of the Department's performance during the year. It explains performance against the Department's priority outcomes and how resources have been used to deliver value for money. It includes the following sections:

- ▶ Performance on priority outcomes
- ▶ Contribution to the UN Sustainable Development Goals
- ▶ Risks affecting delivery of the Department's priorities
- ▶ Financial Review, linking expenditure to performance
- ▶ Sustainability and climate-related reporting
- ▶ Performance in other significant areas

# Performance on priority outcomes

## Priority Outcome 1: Make the UK the best place in the world to do business

---

The UK's Modern Industrial Strategy launched in June 2025, with around £360 billion investment commitments and £33 billion export announcements across eight growth-driving sectors (the IS-8), all supporting 120,000 jobs, within the first 9 months. To complement this, the Global Talent Taskforce was launched with a £54 million fund to attract highly skilled individuals to the UK.

The Department also published the Plan for Small Business, providing a comprehensive package of support for small and medium-sized enterprises. A £4 billion finance boost increased access to finance for entrepreneurs, via the GGS, the SUL programme, and British Business Bank.

To strengthen economic resilience, the Department published a new Steel Strategy aimed at stabilising and rebuilding the UK steel sector. 5,000 jobs were secured through Port Talbot's electric arc furnace project. Government intervention at British Steel helped to ensure the continued safe running of the blast furnaces at Scunthorpe.



The Department delivered the Plan to Make Work Pay, strengthening employment rights and job security. The Employment Rights Act entered into force in December, extending new worker protections to over 18 million people across the UK.

## Performance Metrics

For information on data sources and methodologies for these metrics see the statistics annex, Annex A.

- ▶ Business investment in the IS-8 was 0.6% higher in real terms in 2025 compared to 2024.
- ▶ The gross value added from the IS-8 was 1.7% higher in real terms in 2025 compared to 2024.
- ▶ Employment in the IS-8 was 0.6% lower in real terms in 2025 compared to 2024.
- ▶ Productivity in the IS-8 was 3.0% higher in real terms in 2025 compared 2024.
- ▶ Goods exports from the IS-8 sectors were 0.4% higher in current prices in 2025 compared to 2024. Services exports from the IS-8 sectors were 8.1% higher in current prices in 2025 compared to 2024.
- ▶ The number of large, 'home-grown' businesses in the IS-8 sectors was 26, as of March 2026.

# The UK's Modern Industrial Strategy

## Overview and context

The Department published the UK's Modern Industrial Strategy on 23 June 2025.

The Strategy sets out a 10-year plan to significantly increase business investment in the UK, by making it quicker and easier for businesses to invest, and by providing the certainty and stability needed for long-term decision-making. It focuses on bolstering the UK's strengths and supporting growth across eight growth-driving sectors (the IS-8) identified as having the greatest potential to raise national levels of investment and productivity, create good jobs, spread prosperity to all parts of the country, strengthen economic security and resilience, seize the opportunities of net zero and support the UK's environmental goals.

The Department leads the development and delivery of the Industrial Strategy. Delivery is supported through eight bespoke Sector Plans led by sector-owning departments and cross-government action to back the UK's strengths and unlock private investment.

## Aims and intended outcomes

The Industrial Strategy is designed to provide a long-term framework to increase business investment and support economic growth. Its core aims include:



- ▶ **Making it easier and quicker for businesses in the IS-8 to do business** and providing the long-term stability required for innovation, commercialisation, and productivity.
- ▶ **Enabling investment and growth in city regions and clusters** where the IS-8 are concentrated, with a coherent offer across nations and regions.
- ▶ **Supporting frontier industries in the IS-8 with the most significant growth opportunities**, with targeted action through 10-year Sector Plans.
- ▶ **Creating a stronger and enduring partnership** between business and a more capable and agile state, with a greater understanding of business needs.

## Assessment of progress in 2025-26

Activity contributing to the delivery of the Industrial Strategy during the reporting period includes:

- ▶ Publication of the UK's Modern Industrial Strategy and bespoke Sector Plans developed with industry, setting out for each of the IS-8 a vision of the sector's transformation by 2035.
- ▶ Engaging extensively with businesses and priority stakeholders, including through multiple roundtables and visits involving the Secretary of State for Business and Trade, Ministers and the Permanent Secretary. Minister McDougall and Paul Drechsler, the Department's Lead Non-Executive Board Member, meet regularly with key business representative organisations to discuss

key business priorities of the day. The Secretary of State meets with industry regularly to discuss sector specific matters.

- ▶ Formalisation of cross-government reporting mechanisms and governance for the Industrial Strategy.
- ▶ Embedding a partnership approach into the Industrial Strategy's institutional framework, including through the Industrial Strategy Advisory Council (comprised of senior business, Trade Union and academic leaders). In December 2025 the Chancellor of the Exchequer and the Secretary of State for Business and Trade set out the Industrial Strategy Advisory Council's mandate for the next year.
- ▶ Publication of three Industrial Strategy Quarterly Updates, providing stakeholders with updates on delivery and performance on investments, jobs, exports, and public finance support.
- ▶ Progress on implementation of Industrial Strategy and Sector Plans. This includes progress on:
  - ▶ **Tilting of public finance offer towards the IS-8:** UK Research and Innovation four-year funding allocations set out that £9 billion will be directed to IS-8 frontier technologies and industries; the British Business Bank will be targeting at least £4 billion of investment into IS-8 firms through deployment of the British Business Bank Industrial Strategy Growth

Capital from 1 April 2026 and has published a five year plan which puts the Industrial Strategy at the heart of the Bank's operating objectives.

- ▶ **Accelerating grid connections and tackling energy costs:** Launch of the Connections Accelerator Service pilot to provide quicker access to the electricity grid for priority projects; proposed approach for reducing electricity costs for eligible businesses in IS-8 and foundational sectors set out in consultation for British Industrial Competitiveness Scheme; (BICS); set-up completed so that energy-intensive businesses will receive up to 90% discount on their electricity network costs from April 2026 through the Network Charging Compensation Scheme.
- ▶ **Building skills and talent in IS-8:** Publication of the first Jobs Plan, with the Clean Energy Jobs Plan setting an ambition to recruit 400,000 people; Temporary Shortage List has taken effect, exempting key IS-8 occupations from Skilled Worker Visa changes; launch of seven new apprenticeship units aligned to Industrial Strategy priorities.
- ▶ **Reducing regulatory burdens:** The government has identified £1.5 billion of gross administrative burden savings; publication of the government response to the Nuclear Regulatory Review to accelerate the next generation of nuclear projects with a more proportionate regulatory framework and announcement that these lessons will be applied across the Industrial Strategy.

- ▶ **Supporting IS-8 growth sectors:** Expansion of the DRIVE35 programme to £4 billion to 2035 to realise investment in zero emissions vehicles manufacturing through competitive grants and research and development (R&D) projects; announcement of £182 million Defence Skills package, with five Defence Technical Excellence Colleges for a high-skilled workforce; investments supported by the Life Sciences Innovative Manufacturing Fund, including UCB, a global biopharmaceutical company, committing £500 million to their new R&D and manufacturing hub for biologics, supporting 240 jobs; extension to 2029 of UK-Switzerland Services Mobility Agreement; announcement of AI Growth Zones in the North East, North and South Wales, and Lanarkshire.
- ▶ **Supporting the UK's city regions and clusters:** Major package of Industrial Strategy commitments set out across the Northern Growth Strategy, building on the commitment to invest up to £45 billion in Northern Powerhouse Rail; Oxford to Cambridge Growth Corridor funding doubled to £800m, removing development barriers to speed up land assembly, enable infrastructure, and consult on Development Corporations for Greater Oxford and Greater Cambridge; delivering £250m for Defence Growth Deals in Scotland, Wales, Northern Ireland, Plymouth, and South Yorkshire.

## Looking ahead

The Industrial Strategy is a 10-year plan and the Department will maintain its focus on delivery going forward. Key upcoming delivery milestones over 2026-27 include:

- ▶ Launch of the Strategic Sites Accelerator to bring forward more investment-ready sites.
- ▶ Publication of the eligibility and design of BICS, alongside the proposed regulatory changes to deliver the scheme from April 2027.
- ▶ Publication of Jobs Plans developed with industry for all IS-8 sectors, providing a clear direction of travel for government and industry to develop the domestic workforce together.
- ▶ Government update on delivery of the Regulation Action Plan, including progress towards reducing the administrative burden of regulation on businesses by 25% by the end of the Parliament.

## Priority Outcome 2: Make the UK the best-connected economy

---

The Department published the Trade Strategy in June 2025, which created new opportunities for UK businesses, whilst protecting UK economic interests. The UK signed a trade deal with India which is estimated to add £4.8 billion a year in the long run to the UK economy. The UK also concluded a trade agreement with South Korea, estimated to grow UK services exports by around £400 million a year in the

long run and support job creation. Free trade negotiations have continued with the Gulf Cooperation Council (GCC), Switzerland, and Turkey.

The Department has made significant progress in bilateral and multilateral trade relationships with the US, China, and the EU. The first UK-China trade talks in seven years resulted in £2.2 billion in export deals, £2.3 billion in market access barriers resolved, major investments, and the reduction in whisky tariffs from 10% to 5%.

In May 2025, the Government agreed terms of a new Economic Prosperity Deal with the US. During the US President's State Visit in September, US companies also committed £150 billion of investment, creating more than 7,600 high quality jobs.



## Performance Metrics

For information on methodology see the statistics annex, Annex A.

- ▶ Total value of UK trade (exports plus imports) with the World in the 12 months to March 2026: £1,917 billion (up 3.7% in current prices from the 12 months to March 2025). Source: Office for National Statistics (ONS) UK trade March 2026.
- ▶ Total value of UK trade (exports plus imports) with the United States, China, and the EU in 2025: £1,296 billion (up 3.3% in current prices from 2024). Source: ONS UK Economic Accounts - October to December 2025.
- ▶ Number of Market Access Barriers reported on the Digital Market Access Service in 2025-26: 323 (33 fewer than 2024-25). Source: DBT Market Access barrier statistics 2025 to 2026 - GOV.UK.
- ▶ Number of Market Access Barriers on the Digital Market Access Service resolved in 2025-26: 133 fully resolved (4 fewer than 2024-25) and 21 partly resolved (6 fewer than 2024-25). Source: DBT Market Access barrier statistics 2025 to 2026 - GOV.UK.
- ▶ The aggregate valuation of 133 fully resolved barriers is estimated to be worth around £13 billion in potential additional exports to UK businesses over five years. Source: DBT Ricardo Fund: one year on - GOV.UK

## The UK's Trade Strategy

The Department published the UK's Trade Strategy on 26 June 2025.

The Strategy sets out the Government's approach for maximising the contribution of international trade to UK economic growth, resilience and economic security. It reflects the UK's position as a major exporter of goods and services.

Aligned with the Industrial Strategy and the Small and Medium-sized Enterprises (SME) Growth Strategy, the Trade Strategy provides a coherent framework that links trade policy with industrial priorities to strengthen the UK's long-term competitiveness.

The UK's Trade Strategy is being delivered against a backdrop of heightened global uncertainty which continues to shape the international trading environment, presenting both risks and opportunities for UK businesses. The Trade Strategy is designed as a live and responsive framework, enabling government to adapt priorities, tools and delivery in line with changing global conditions while remaining focused on its core objectives.

The Trade Strategy is designed to provide a focused and pragmatic framework for UK trade policy. Its core aims include:



- ▶ **Prioritise international partnerships and deepen strategic relationships**, bolstering the UK's growth through improving trading relationships across a range of trade agreements to help make the UK the best-connected economy and the best place to do business.
- ▶ **Reduce barriers to trade for UK businesses** by removing regulatory constraints through our work tackling market access barriers, tools such as the Ricardo Fund, and new mutual recognition arrangements.
- ▶ **Maximising trade-led growth and delivering great services for businesses** by supporting UK firms to access priority international markets and increase exports, particularly in growth-driving sectors. It will also enhance business support through tools such as expanded UKEF capacity and integration of digital export services.
- ▶ **Strengthening economic security through trade** by protecting UK businesses and critical sectors from unfair trading practices and improving resilience in global supply chains. This includes improving our trade defence framework, making the trade remedies system clearer, reviewing existing trade defence instruments, and establishing an Economic Security Advisory Service.

Since publication of the UK's Trade Strategy, the UK has made significant progress in accelerating its agenda. Key achievements include:

|                      |                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>June 2025</b>     | <p>The UK announced it would join the World Trade Organisation's (WTO) Multi Party Interim Appeal Arbitration Arrangement, a voluntary mechanism established by a group of WTO members to resolve trade disputes.</p> <p>The Ricardo Fund was launched, enhancing the UK's ability to address market access barriers and support UK businesses to export globally.</p> |
| <b>July 2025</b>     | <p>The UK-India Free Trade Agreement was signed, a major milestone with <u>one of the world's fastest growing economies</u>.</p> <p>The Trade Remedies Advisory Service was launched, supporting UK businesses navigating trade remedies investigations.</p>                                                                                                           |
| <b>November 2025</b> | <p>Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) parties announced an accession process with Uruguay. As the agreement expands, so will the economic benefits and opportunities for UK businesses and consumers.</p>                                                                                                                   |
| <b>December 2025</b> | <p>Conclusion of negotiations with the Republic of Korea on an upgraded FTA, strengthening ties with a key strategic and economic partner in the Asia Pacific.</p> <p>The UK and US expanded on the Economic Prosperity Deal with a 0% tariff rate for UK pharmaceuticals – supporting jobs in an Industrial Strategy sector.</p>                                      |

|                      |                                                                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>January 2026</b>  | The UK and Indonesia signed an Economic Growth Partnership, deepening cooperation with a major emerging market in Southeast Asia.                                                                                                                                                                                                                                                                                      |
| <b>February 2026</b> | <p>The UK strengthened its partnership with the United States, signing a MoU on Critical Minerals.</p> <p>The UK-EU Competition Cooperation Agreement was signed – the first supplementary agreement to the Trade and Cooperation Agreement. As supply chains become more interconnected, this agreement will smooth cross-border enforcement and ensure markets support growth and innovation in digital markets.</p> |
| <b>March 2026</b>    | The Finance Bill received Royal Assent, legislating for new powers to improve the UK's trade defence toolkit.                                                                                                                                                                                                                                                                                                          |

Alongside these achievements, the UK continues to make progress in ongoing negotiations with the Gulf Cooperation Council, Switzerland, and Turkey. CPTPP parties continue to work towards expansion, initially to Costa Rica and subsequently with more accession processes. The responsible business conduct review has progressed at pace, evaluating how the UK can enhance responsible business practices in global supply chains.

## The UK as a great place to trade

In future, the Department will test business sentiment on whether the UK is seen as a great place to trade from through the National Survey of Businesses. This will provide an indicator of business perceptions of the UK's trading environment and help assess whether Trade Strategy delivery is improving perceptions of the UK as an attractive, reliable, and competitive place to trade from.

Delivery of the Trade Strategy may continue to be challenged by increasing global volatility, requiring rapid adaptation to external shocks which can divert resources and disrupt planned activity. This context underscores the value of the Strategy's focus on resilience, agility, and preparedness, enabling the UK to manage shocks while sustaining economic objectives.

Delivery of the UK's Trade Strategy will focus on translating commitments into tangible outcomes for businesses and the economy. Priorities include concluding and implementing key trade agreements, alongside strong emphasis on supporting businesses to realise the benefits of existing deals. Delivery will accelerate on economic security and resilience, including the rollout of new trade defence tools and efforts underway to establish the Supply Chain Centre.

At the same time, market access activity and targeted support will remain central to driving real world impact and maintaining the integrated approach of the Industrial Strategy and Trade Strategy. Taken together, these steps will ensure

the Trade Strategy remains responsive while sustaining momentum towards long term growth, resilience and economic security.

## **Priority Outcome 3: Deliver great services for business**

---

The British Business Bank expanded its total financial capacity to £25.6 billion, enabling a two-thirds increase in annual investments to around £2.5 billion. In October 2025, the British Business Bank published a new strategic mandate, with a new mission to drive economic growth by helping smaller businesses access the finance they need to start, scale, and stay in the UK. The Department also launched a new £4 billion initiative, the Industrial Strategy Growth Capital, will be invested through the Bank's existing capabilities across the eight priority sectors - crowding in around £12 billion of private capital.

The Office for Investment was restructured as a joint unit across the Department, HM Treasury and Number 10 Downing Street. Over the year, the Office for Investment supported a number of significant investments including a £24 billion investment pipeline between The Crown Estate and Lendlease; Universal's multi-billion investment in a major new theme park and resort in Bedford; and a £10 billion partnership with OCBC to facilitate investment into priority growth sectors including energy, infrastructure and real estate.

Companies House delivered major reforms under the Economic Crime and Corporate Transparency Act, including compulsory identity verification, enhanced requirements for registered addresses, and new powers to share data with law enforcement agencies.

The Office for Product Safety and Standards continued its targeted programme to address dangerous products in the UK market. The Product Regulation and Metrology Act 2025 received Royal Assent, providing greater clarity for approximately 300,000 UK businesses operating in regulated product markets.

The Department conducted a three month consultation on the future of the Post Office. The Department's response, published in February 2026, included commitments to maintain a nationwide network of at least 11,500 branches and to invest up to £483 million over the next two years to modernise branches and improve services.

## Performance Metrics

For information on methodology see the statistics annex, Annex A.

- ▶ Additional economic activity or Gross Value Added expected to be generated by British Business Bank activity in 2024-25: £8.0 billion over the life of the finance deployed (31% increase from 2023-24). Source: Annual Report and Accounts 2025 | British Business Bank

- ▶ Total number and value of Export Wins supported (2025-26): 2,365 wins with a combined value of £25.5 billion (15% decrease in the number of wins and a 6.3% increase in the value of wins, from 2024-25). Source: DBT Export Wins Service.
- ▶ Gross Value Added of supported Foreign Direct Investment (FDI) projects (2025-26): £6.1 billion (0.4% increase from 2024-25). Source: DBT inward investment results 2025 to 2026 – GOV.UK



# Contribution to Sustainable Development Goals

| Relevant Priority Outcome(s) | Sustainable Development Goal                                                                                                                                                                                                                                             | Key achievements in 2025–26                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Priority Outcomes 1–3        | <div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div>  <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</p> </div> | <ul style="list-style-type: none"> <li>• Launched the UK's Modern Industrial Strategy, securing around £360 billion of investment commitments, and £33 billion export announcements, supporting 120,000 jobs in priority growth sectors.</li> <li>• Implemented NMW and NLW increases, delivering pay rises to over 3 million workers.</li> <li>• Delivered the Employment Rights Act, strengthening job security and extending core employment protections to over 18 million workers.</li> <li>• Secured major inward investment, including £150 billion of commitments from US companies and over £10 billion announced at the RIS.</li> <li>• Expanded trade and export support, including landmark agreements with India, South Korea and the United States.</li> </ul> |

| Relevant<br>Priority<br>Outcome(s) | Sustainable<br>Development<br>Goal                                                                                                                                                                                                                                                                                                    | Key achievements in 2025–26                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Priority<br>Outcomes 1<br>and 3    | <div data-bbox="403 398 735 723">  <p><b>9</b> INDUSTRY, INNOVATION<br/>AND INFRASTRUCTURE</p> </div> <p data-bbox="403 757 735 1099">Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.</p> | <ul style="list-style-type: none"> <li>• Published and began delivery of eight sector plans under the Modern Industrial Strategy to support long-term industrial transformation.</li> <li>• Published the Steel Strategy, safeguarding domestic steelmaking capacity and securing thousands of skilled jobs.</li> <li>• Launched the £2.5 billion DRIVE35 programme to support automotive investment and zero-emission vehicle manufacturing.</li> <li>• Established AI Growth Zones and advanced critical minerals and clean energy initiatives to strengthen industrial resilience and innovation.</li> <li>• Deployed Industrial Strategy Growth Capital through the British Business Bank, crowding in significant private sector investment.</li> </ul> |

| Relevant Priority Outcome(s) | Sustainable Development Goal                                                                                                                                                                                           | Key achievements in 2025–26                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Priority Outcome 1           | <div><div><div>10</div><div>REDUCED INEQUALITIES</div><div></div></div><div>Reduce inequality within and among countries.</div></div> | <ul style="list-style-type: none"><li>• Increased minimum wage rates, improving pay and living standards for lower-paid workers across the UK.</li><li>• Reformed workers’ rights, including introducing day-one access to sick pay and parental leave from April 2026.</li><li>• Continued delivery of Post Office Horizon redress schemes, with a total of over £1.5 billion paid by March 2026 to affected postmasters and families.</li><li>• Strengthened consumer protection and late-payment measures to support small businesses and reduce economic disadvantage.</li><li>• Maintained targeted trade and investment support benefiting disadvantaged regions and communities across the UK.</li></ul> |

# Financial Review

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

The SOPS is specific to the public sector. It reports the Department's expenditure against the control limits that Parliament has voted on. The Department is held to account on its financial performance and use of taxpayers' funds based on these limits. Departmental spend included in SOPS totalled £3,720 million. Annex C provides the Department's Core Tables which provides more granular breakdowns of spend against each budgeting currency detailed in the SOPS.

The Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adapted and interpreted by the Government Financial Reporting Manual (FReM). Comprehensive net expenditure for the Departmental Group reported on this basis in the SOCNE totalled £2,683 million.

A reconciliation between the SOPS and net expenditure in the SOCNE is provided in SOPS note 2. This analysis will exclude capital items that do not pass through the SOCNE. Note 2 is considered sufficiently understandable in detailing how net expenditure is reflected in the SOPS, so no further summary is provided in the Financial Review.

## Our Budget framework

---

The government's main measure for reporting overall public spending is Total Managed Expenditure (TME), which is a measure drawn from the national accounts. TME is the total spend in two categories: Departmental Expenditure Limits (DEL) and Annually Managed Expenditure (AME).

DEL is for spending that is firm, planned and set for multi-year periods, such as grants, provision utilisation, staff pay and costs for running the Department. Spend is generally in DEL unless HM Treasury has determined that it should be in AME.

AME is for spending that is demand-led and can be difficult to forecast during the financial year or does not have an immediate impact on national fiscal aggregates, for example expenditure relating to financial asset revaluations or provision liability movements. The Department's AME expenditure includes payments relating to the Post Office Horizon redress schemes, revaluation of British Business Bank investments, expenditure relating to the recognition of provisions, financial guarantee liabilities, and on the Insolvency Service Redundancy Payments Service.

DEL and AME spend is split into two further categories, resource and capital.

Resource spend is current expenditure and is further split into programme and administration budgets. Programme budgets are for expenditure on front-line activities, such as our assistance for energy intensive industries, subsidies for

specific Post Office activities, and funding our international teams supporting UK exports and inward investment (note 4.1 in the accounts). Administration budgets capture any expenditure not classified as programme including the administrative costs of running the Department.

Capital spend is expenditure on buying or creating assets, where the benefits from the asset extend beyond the current financial year. Examples of this include new property, plant and equipment, financial investments, certain research and development expenditure, capital grants, and payments relating to the Post Office Horizon redress schemes.

## Variance of outturn to budget

|                  | Outturn<br>£m | Budget<br>£m | Variance<br>£m |
|------------------|---------------|--------------|----------------|
| Resource DEL     | 2,212         | 2,395        | 183            |
| Capital DEL      | 1,879         | 2,154        | 275            |
| <b>Total DEL</b> | <b>4,091</b>  | <b>4,549</b> | <b>458</b>     |
| Resource AME     | (240)         | 897          | 1,137          |
| Capital AME      | (131)         | 1,024        | 1,155          |
| <b>Total AME</b> | <b>(371)</b>  | <b>1,921</b> | <b>2,292</b>   |

Explanations for the key variances from budget are as follows, split by budget line headings from the SOPS. The variances detailed below also explain the associated variances in the Core Tables disclosed in Annex C, as the content of these tables reflects the outturn positions detailed above.

## Total Managed Expenditure (TME)

The Department has managed all budget types within Parliamentary control totals and had a £2,750 million underspend at the end of the financial year. These were driven by a combination of outturn being lower than forecast, volatility inherent in calculating provision balances and contingency funding that was not utilised.

## Resource DEL

The outturn on Resource DEL was £2,212 million, an underspend of £183 million, against a budget of £2,395 million. This was primarily due to:

- ▶ £65 million of contingency held for various financial risks that did not materialise.
- ▶ £41 million for Post Office redress payments for which the timings and values of redress settlements cannot be forecast precisely.
- ▶ £32 million lower expenditure for the British Business Bank, due to higher than expected interest income and budgeted costs that did not materialise.
- ▶ £17 million relating to various Energy Intensive Industries compensation schemes where the value of claims was less than expected.
- ▶ £11 million for additional income generated by the Financial Reporting Council and Companies House.



- ▶ £10 million predominantly due to reduced expenditure on public inquiries (UK Covid-19 and Post Office Horizon IT Inquiries).

## Capital DEL

The outturn on Capital DEL was £1,879 million, an underspend of £275 million against a budget of £2,154 million. This was primarily due to:

- ▶ £255 million lower expenditure for the British Business Bank, primarily relating to the timing of investment drawdowns, the level of realised income and repayments from investments. This is driven in large part by the Bank's private sector delivery partners. The budget was set at the upper end of the forecast range, reflecting the inherent volatility associated with the wider UK economic environment and public market conditions.

## Resource AME

The outturn Resource AME was £(240) million, an underspend of £1,137 million, against a budget of £897 million. The underspend is primarily due to:

- ▶ £610 million for Post Office redress provisions primarily in relation to £540 million budget allocated for a potential new provision liabilities for the Horizon Family Members Redress scheme and fixed sum offer component of the Horizon Shortfall Scheme Appeals process, which in the event, did not meet IFRS criteria for recognition at 31 March 2026. Regarding the Horizon Family Member

Redress Scheme, the announcements and publications issued by the Department on 19 March 2026 chart the evolution of the Department's approach to scheme design, but make clear that the design will be finalised for launch of the scheme in Summer 2026.

- ▶ £489 million for fair value remeasurement of financial instruments primarily held by the Core Department and British Business Bank.
- ▶ £36 million for the Redundancy Payments Service, operated by the Insolvency Service, which is a demand-led item.

## Capital AME

The Department's full year Capital AME outturn was £(131) million, an underspend of £1,155 million, against a budget of £1,024 million. The underspend was primarily due to:

- ▶ £666 million for changes in financial guarantee liabilities. The budget impact of these changes is driven by additions of new guarantees and changes to liability estimates for existing guarantees, the outturn on which was uncertain at the time the budget requirement was estimated.
- ▶ £275 million for the Post Office Working Capital Facility, resulting from an outturn of £3 million compared to a budget of £278 million. Post Office may draw down up to £950 million via the facility, but the budget outturn will reflect the net amount of draw down or repayments made during the year.

- ▶ £211 million for utilisation of Post Office Horizon IT redress provisions for which the timings and values of redress settlements cannot be forecast precisely.

## Comparison of expenditure to previous years recognised in the SOPS

The Department was formed on 7 February 2023 following the Machinery of Government change and has reported financial outturn figures since 1 April 2023. Figures for 2026-27 below are planned; figures for years prior to 2026-27 are outturn (figures prior to 2023-24 show indicative outturns as if the Department had existed in those years). The below figures and trend analysis help explain key movements between financial years in the Core Tables detailed in Annex C also.

| Year           | Total DEL (£m) | Resource DEL (£m) | Capital DEL (£m) | Total AME (£m) | Resource AME (£m) | Capital AME (£m) |
|----------------|----------------|-------------------|------------------|----------------|-------------------|------------------|
| 2026-27        | 3,210          | 1,998             | 1,212            | 2,175          | 420               | 1,755            |
| <b>2025-26</b> | <b>4,091</b>   | <b>2,212</b>      | <b>1,879</b>     | <b>(371)</b>   | <b>(240)</b>      | <b>(131)</b>     |
| 2024-25        | 2,584          | 1,632             | 952              | (76)           | 211               | (287)            |
| 2023-24        | 2,851          | 1,783             | 1,068            | 501            | 1,640             | (1,139)          |
| 2022-23        | 1,544          | 1,387             | 157              | 1,727          | 410               | 1,317            |
| 2021-22        | 7,177          | 6,418             | 759              | (3,599)        | (1)               | (3,598)          |
| 2020-21        | 22,742         | 21,255            | 1,487            | 9,323          | (10,395)          | 19,718           |

There was a significant increase in spending in 2020-21 in response to the COVID-19 pandemic. This was primarily because of funding provided to small and medium-sized

businesses through various grants, provisions for grants and loan guarantees. This funding continued through 2021-22 at a more limited rate, before reducing further in 2022-23.

In 2021-22, Capital AME had a £(3,598) million credit outturn due to downward revaluation of the COVID-19 financial guarantees following their inception in 2020-21. Movements in Capital AME in 2023-24 and 2024-25 resulted from movements in valuation of the COVID-19 financial guarantees and, for 2024-25 only, payments on provisions relating to Post Office Horizon redress schemes which were reclassified from Resource DEL to Capital AME from April 2024. The increase in Resource AME in 2023-24 resulted from upwards remeasurement of the provision liabilities relating to the Post Office Horizon redress schemes.

The increase in DEL spending in 2023-24 largely relates to the Post Office redress schemes and drawdowns and investments performance of financial commitments undertaken by the British Business Bank.

The increase in DEL spending in 2025-26 largely relates to an increase in funding for British Steel to ensure the continued safe operation of the company's Scunthorpe site. Further to this, there has been increases to capital grants expenditure and reductions in negative capital expenditure relating to financial guarantees for 2025-26, that has impacted the level of Capital DEL spend incurred compared to 2024-25.

For 2026-27, British Business Bank spending was reclassified from DEL to AME (Resource and Capital), with the exception of operating expenditure and income sufficient

to offset this expenditure. Depreciation, amortisation and impairment expense for fixed assets (property etc) was also reclassified to Resource AME from Resource DEL.

The [Spending Review 2025](#) provides information about the spend on the Department’s priorities in future years on pages [85 and 86](#), paragraphs 5.97 to 5.106 of the document.

## Financial position

---

### Assets and liabilities

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

| Date      | Assets (£m) | Liabilities (£m) | Net Assets/ Liabilities (£m) |
|-----------|-------------|------------------|------------------------------|
| 31-Mar-26 | 11,007      | (5,738)          | 5,269                        |
| 31-Mar-25 | 9,785       | (7,507)          | 2,278                        |
| 31-Mar-24 | 10,980      | (12,232)         | (1,252)                      |

The Department is in a net asset position as at 31 March 2026. The most significant balances impacting the Department’s financial position are:

## Assets

- ▶ Investments and loans – £8.4 billion (2024-25: £7.5 billion): This largely comprises investments held by the Department and by the British Business Bank to help deliver various programmes supporting access to finance for small and medium-sized enterprises.
- ▶ Cash – £2.0 billion (2024-25: £1.7 billion).

## Liabilities

- ▶ Financial guarantees – £1.7 billion (2024-25: £3.4 billion): This relates primarily to guarantees issued during the COVID-19 pandemic. £1.2 billion of claims were paid during the year.
- ▶ Provisions – £0.9 billion (2024-25: £1.5 billion): £0.8 billion reduction in liability due to utilisation of Post Office redress provisions, £0.2 billion of the liability written back during the year, and other Post Office provisions increased by £0.4 billion.
- ▶ Trade payables and other liabilities - £2.6 billion, of which include:
  - ▶ £1.5 billion (2024-25: £1.2 billion) issued from the Consolidated Fund for Supply but not spent at year end and
  - ▶ £0.8 billion (2024-25: £0.7 billion) of accruals.

# Risk profile

The following risks were managed in the period from 1 April 2025 to 31 March 2026. The formulation of these risks was based on potential events that could impact the delivery of the Department’s objectives.

| Key                                                                               |                                                                                                 |                                                                                                 |                                                                                             |
|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| <b>Risk Rating</b><br>Severity of risk – a combination of impact and probability. |  High          |  Medium        |  Low     |
| <b>Change in the year</b>                                                         |  Risk Increase |  Risk Decrease |  Stable |

## Mapping to Departmental Priority Outcomes

- **1.** Make the UK the best place in the world to do business
- **2.** Make the UK the best-connected economy
- **3.** Deliver great services for business



| Risks continuing from 2024-25                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                        |                                                                                       |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| Risk and mitigating activities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Risk rating / in-year change                                                                                                                                           | Departmental outcomes                                                                 |
| <p><b>1. Geopolitical impacts on trade:</b></p> <p>There is a risk that the UK is unable to protect its trade, investment and business interests in a dynamic world where key geopolitical actors are locked in competition.</p> <ul style="list-style-type: none"> <li>Strengthened cross government and international engagement (US, China, EU, WTO, like-minded partners), supported by targeted geopolitical analysis and structured bilateral agreements to diversify risk and protect UK trade interests.</li> <li>Enhanced internal coordination and horizon scanning, including risk reviews, surge resourcing, and bespoke analysis of high-risk geographies and supply chains to anticipate and respond to shocks.</li> </ul> |  <p>Risk rating remains High due to the evolving unstable geopolitical context.</p> |    |
| <p><b>2. Acute economic shock:</b></p> <p>There is a risk that the Department needs to intervene to support a critical sector/region, but lacks the right mechanisms, capacity and capability to respond effectively.</p> <ul style="list-style-type: none"> <li>A dedicated Economic Shocks function providing cross-Whitehall coordination, horizon scanning, scenario planning and structured response mechanisms for sector or regional shocks.</li> <li>Contingency powers and readiness, including call-off contracts with external advisers and Civil Contingencies Act options, supported by training, playbooks and lessons-learned processes.</li> </ul>                                                                       |  <p>Shock response capability strengthened but risk remains significant.</p>      |  |

| Risks continuing from 2024-25                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                 |                                                                                                                                                                                                                                                                         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Risk and mitigating activities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Risk rating / in-year change                                                                                                                                                    | Departmental outcomes                                                                                                                                                                                                                                                   |
| <p><b>3. Critical Import Shortage (Supply Chain Shock):</b><br/>Risk of a significant supply chain shock, with the result that supplies critical to our economy are unavailable.</p> <ul style="list-style-type: none"> <li>A strengthened Supply Chain Centre with live issue tracking, refreshed risk registers, horizon scanning, and cross government intelligence sharing to identify and escalate supply chain risks early.</li> <li>Clear escalation routes and crisis coordination, including governance reforms, dashboards, and contingency planning with sector teams, Emergency Response Co-ordination and HMG partners.</li> </ul>                                                                                                                                       |  <p>Risk rating remains High due to a wide range of threats to global supply chains.</p>     |                                                                                                                                                                                      |
| <p><b>4. Vulnerability to Cyber Threats:</b><br/>Risk that the Department is vulnerable to a Cyber Attack which may result in the loss or compromise of political, commercial, personal, or classified Information or data, and/or the availability of services.</p> <ul style="list-style-type: none"> <li>Defence-in-depth cyber controls, including GovAssure, Information Risk Assurance Process remediation (IRAP), 24/7 perimeter monitoring, Identity and Access Management, and improved incident management and recovery planning.</li> <li>Capability uplift and assurance, through Chief Information Security Officer leadership, Security Operations Centre expansion, cyber audits, vulnerability management tooling and workforce cyber awareness programme.</li> </ul> |  <p>Risk remains static as mitigation continues against the evolving threat landscape.</p> | <br><br> |

| Risks continuing from 2024-25                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                             |                                                                                                                                                                                                                                                                   |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Risk and mitigating activities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Risk rating / in-year change                                                                                                                                                                | Departmental outcomes                                                                                                                                                                                                                                             |
| <p><b>5. Post Office Redress Delivery:</b><br/>Risk of failure to deliver redress sufficiently swiftly, or is perceived to be unfair:</p> <ul style="list-style-type: none"> <li>Strong scheme-level controls and oversight, including monthly Departmental and Post Office reviews, service level agreements, interim payments, non-litigious processes and independent panels to maintain fairness and pace.</li> <li>Forward looking mitigations and assurance, including strategic resourcing plans, preparation for Inquiry findings, and National Audit Office (NAO) audit insights to drive continuous improvement.</li> </ul>                |  <p>Risk rating remains High, with systemic pressures and complexities, and the large claim volumes.</p> |                                                                                             |
| <p><b>6. People Priorities and Resilience</b><br/>Risk that the Department is unable to effectively support and retain its people to deliver against its ambitious commitments.</p> <ul style="list-style-type: none"> <li>Workforce planning and capability controls, including Director General-led workforce commissions, capability assessments, learning and development provision, and union engagement to manage impacts from staff reductions.</li> <li>Redeployment and prioritisation contingencies, supported by targeted training, automation opportunities, wellbeing support and clear communications during restructuring.</li> </ul> |  <p>Risk remains static as mitigations are implemented.</p>                                            |    |

| Risks newly identified in 2025-26                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                       |                                                                                                                                                                                                                                                             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Risk and mitigating activities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Risk rating / in-year change                                                          | Departmental outcomes                                                                                                                                                                                                                                       |
| <p><b>7. Delivery of Industrial and Trade Strategies</b><br/>There is a risk that the implementation of government strategies is delayed, inconsistent, or fails to build and maintain the level of business and stakeholder confidence required to drive transformational growth.</p> <ul style="list-style-type: none"> <li>• Robust delivery governance and escalation, including Permanent Secretary Delivery Boards, cross-Whitehall boards, monthly strategy reporting, and tiered prioritisation to focus senior attention on critical outcomes.</li> <li>• Active business and stakeholder engagement, aligned communications and contingency planning to protect confidence and re-prioritise delivery if risks crystallise.</li> </ul> |    |    |
| <p><b>8. Steel Programme: British Steel Limited</b><br/>Significant financial, legal and operational risk related to both ongoing operations and future for company.</p> <ul style="list-style-type: none"> <li>• Intensive cross government governance and legal controls, with Number 10 Downing Street, HM Treasury and Departmental oversight, external legal advice, and contingency legislation planning.</li> <li>• Scenario based planning, covering preferred commercial negotiated acquisition, contingency legislation planning, operational stabilisation and options for longer term future of company.</li> </ul>                                                                                                                  |  |                                                                                                                                                                        |

| Risks newly identified in 2025-26                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                          |                                                                                          |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| Risk and mitigating activities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Risk rating / in-year change                                                             | Departmental outcomes                                                                    |
| <div><div>9. Implementation of FutureDBT</div><div>Risk that the objectives and benefits of the FutureDBT programme are not delivered, leading to a failure to meet budget and headcount targets, on-going operational ineffectiveness, missed opportunities to upskill and seize the benefits of AI and automation, low staff morale and reputational damage with Ministers and stakeholders.</div><div><div><div>• Clear scope control and senior sponsorship, with Executive Comittee approved KPIs, change heat-mapping, sequencing of reforms and structured communications to manage morale and adoption.</div><div>• Adaptive delivery contingency, allowing scope, pace or focus to be adjusted to protect core priorities (budget, headcount, operational effectiveness).</div></div></div></div> | <div><div></div><div><div></div><div></div></div><div><div></div><div></div></div></div> | <div><div></div><div><div></div><div></div></div><div><div></div><div></div></div></div> |

| Risks newly identified in 2025-26                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |  |                                                                                                                                                                                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Risk and mitigating activities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  | Departmental outcomes                                                                                                                                                                |
| <p><b>10. Partner Organisation Governance</b><br/>                     Risk that the Department fails to establish proportionate oversight of its Partner Organisations and is therefore unaware of emerging risks and issues which could result in delivery failure or non-compliance with government standards.</p> <ul style="list-style-type: none"> <li>• Clear sponsorship and governance frameworks, including MoU escalation routes, risk discussions through Policy Sponsor Teams, and Audit and Risk Assurance Committee Chair networks to strengthen oversight.</li> <li>• Systematic assurance and capability building, through sponsorship self-assessments, Government Internal Audit Agency audits, risk training, and a new Partner Organisation Strategy.</li> </ul> |  | <div>   </div> |

| Risks closed or de-escalated in 2025-26                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                        |                                                                                                                                                                                   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Risk and mitigating activities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Narrative                                                                              | Departmental outcomes                                                                                                                                                             |
| <div><b>11. Economic challenges:</b><br/>The Department is not able to convene and drive a cross-government Industrial Strategy and growth narrative to have an impact that is commensurate with the scale of the challenge, government ambition and business expectations.</div> <div><ul style="list-style-type: none"><li>• Deliver a cross-government Industrial Strategy as HMG’s primary growth framework, using the Department’s convening role to tackle barriers to investment and drive sustainable, UK wide growth.</li><li>• Strengthen cross-HMG delivery and engagement through clear Growth Mission governance, delivery tracking, coordinated sector and cross-cutting policy development, and systematic engagement with businesses and external experts via the Business Partnership Framework and Industrial Strategy Council.</li></ul></div> | <div>Closed - incorporated into the Industrial and Trade Strategy Delivery Risk.</div> | <div></div> |



| Risks closed or de-escalated in 2025-26                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |  |                                                                                                                                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------------------------------------------------------------------------------------------------------------------------------------------------|
| Risk and mitigating activities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |  | Departmental outcomes                                                                                                                            |
| <p><b>12. Grant Management and Fraud:</b><br/>Scale of cross-departmental change programme required to professionalise business grants scheme design and delivery (together with risks posed by existing/legacy schemes and Departmental capability gaps) leaves the Department exposed during the transformation process, including to fraud/irregular payments.</p> <ul style="list-style-type: none"><li>• Grant delivery has been centralised and professionalised through the Grant Delivery Directorate, with a phased transition of legacy schemes, clear roles and responsibilities, strengthened capability, and early design-in of fraud and irregular payment controls.</li><li>• Governance and oversight have been strengthened through the new Grant Delivery Board and transformation programme, supported by improved portfolio, risk and performance reporting, Government Internal Audit Agency input, and increased resourcing to manage delivery risk during transition.</li></ul> |  | <p>De-escalated and is now being managed at group level.</p>  |

| Risks closed or de-escalated in 2025-26                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                       |                                                                                                                                                                                   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Risk and mitigating activities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Narrative                                                                                             | Departmental outcomes                                                                                                                                                             |
| <p><b>13. Post Office Stability and Viability</b></p> <p>There is a risk of a failure to put Post Office on a secure financial footing, leading to a significant deterioration in Post Office’s financial position, meaning the company is ever more dependent on financial support from government.</p> <ul style="list-style-type: none"><li>• The Post Office Green Paper published in July 2025, sets a clear long-term policy framework to stabilise the network, including reaffirming the minimum branch requirement and signalling further funding and service modernisation to support financial sustainability and community access.</li><li>• The Strategic Transformation Programme provides structured oversight of the Post Office’s transformation, with clear senior ownership and governance to monitor delivery of reforms, manage delivery risks, and ensure the organisation transitions to a more sustainable operating model.</li></ul> | <p>De-escalated and is now being managed at group level and through the Programme Delivery Board.</p> | <div></div> |

| Risks closed or de-escalated in 2025-26                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |  |                                                                                                                                                                                                                                                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Risk and mitigating activities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |  | Departmental outcomes                                                                                                                                                                                                                          |
| <p><b>14. Climate and Environment driven economic transformations:</b></p> <p>The physical effects of climate change and environmental damage combined with UK and global climate and environment policy are driving structural economic change, creating both opportunities and risks to growth.</p> <ul style="list-style-type: none"><li>• The Department is aligning growth and decarbonisation policy by embedding climate and environmental considerations across major Departmental strategies (Industrial, Trade, Small Business) and coordinating delivery with Department for Energy Security and Net Zero (DESNZ), Department for Environment Food and Rural Affairs (DEFRA) and cross-HMG missions to support business resilience and opportunity.</li><li>• The Department is supporting sector-level transition and adaptation through targeted strategies and engagement with industry (e.g. steel, electric vehicles, and industrial decarbonisation), safeguarding economic activity while enabling the shift to new green industries.</li></ul> |  | <p>De-escalated and is now being managed at group level</p> <div></div> |

# Sustainability Report

The Department adheres to several objectives, including the Greening Government Commitments (GGCs) framework aimed at minimising energy usage, water consumption, paper usage, travel, and waste management.

This report details the sustainability performance of estate-related activities, focusing on areas such as waste generation, energy and water usage, and paper consumption. Additionally, the report encompasses the Department's travel and procurement practices for goods and services, including Information and Communications Technology (ICT) and digital.

## **Governance, Reporting Scope & Data Validation**

Sustainability performance reporting figures cover the Core Department and five Partner Organisations within scope – as determined by the DEFRA criteria (Occupying above 500m<sup>2</sup> floor space and with more than 50 full time equivalent (FTE) staff). Combined these represent 33 sites. The Department's GGC family comprises ACAS, Insolvency Service, Companies House, Competition and Markets Authority (CMA) and Financial Reporting Council (FRC).

The performance of the Department and its Partner Organisations during the 2025-26 financial year is detailed in this report, following the transfer of assets to the Department

and measured against an adjusted 2017-18 Departmental baseline. While the sustainability reporting has not undergone external validation, the Department's internal data analysis team has conducted thorough data validation checks. To quantify greenhouse gas emissions, activity data such as distance travelled, fuel consumption, and waste disposal have been converted into carbon emissions. The greenhouse gas conversion factors utilised in this report are sourced from the government's environmental impact reporting requirements for businesses.

Throughout 2025-26, the Government Property Agency (GPA) was responsible for managing and maintaining the Department's property estate portfolio. However, overall accountability for sustainability remained with the Department's executive team. The Department operates a Green Network that brings together colleagues to discuss environmental issues in meetings and staff awareness campaigns.

During the year the Department took the decision to prioritise available resource according to risk, taken in the context of our ongoing restructuring programme. Climate Change has been de-escalated as a principal risk. Following a recent internal audit of our sustainability and TCFD disclosure arrangements, we are working with GIAA to agree an action plan to strengthen our processes. Risk information from the Department's Partner Organisations is regularly reviewed by sponsor teams and, where appropriate, is added to the Departmental risk register (at Directorate, Group or Principal level).

## Overall Performance Against the Greening Government Commitments

The Department continues to make steady progress against the GGCs, focusing on reducing environmental impacts across energy, water, waste, procurement, travel, and digital services. The Department reports annually on these areas in line with HM Treasury Sustainability Reporting Guidance.

The Department is now working within the 2025-2030 GGC framework, and although this year's results will continue to be compared with the previous baseline year (2017-2018), the 2025–2026 reporting year will become the new baseline for future comparisons.

The metrics included in this report comprise both data submitted as part of the GGC return, such as non-financial indicators for Scope 1, 2, and 3 emissions, energy usage, water consumption, waste volumes, travel indicators, and additional financial indicators. The financial metrics presented have been developed separately and are supplementary to the dataset compiled for GGC reporting.

The new GGC targets for the 2025–2030 reporting period are currently being introduced, and this report reflects the establishment of a new baseline against which future performance will be measured. As such, performance against these updated targets is not yet being monitored within this reporting period.

Against the mitigation of climate change objective, the Department has achieved significant reductions in greenhouse gas emissions compared to the 2017-18 baseline. Recent reporting shows notable decreases across Scope 1, 2 and 3 emissions, supported by reduced energy consumption across the estate. Combined with ongoing collaboration with the GPA, the Department continues to transition into more energy efficient buildings and implement estate rationalisation measures that support long term net zero goals.

On waste minimisation and resource efficiency, the Department has delivered substantial reductions in total waste tonnage and has shifted away from landfill, reflecting improvements in recycling and the circular management of materials. Water efficiency has also improved significantly, with consumption falling sharply compared to the baseline period.

The Department, working with GPA, is also strengthening its approach to climate adaptation, biodiversity, and ICT environmental impacts through its wider Place Strategy and new GGC targets from 2025. These include plans to monitor climate risks, reduce digital carbon impacts, and enhance nature recovery actions across relevant sites.



## Greenhouse Gas Emissions: Scope 1, Scope 3 and Fleet Reporting

The Department continues to account fully for all Scope 1 emissions arising from sources owned or directly controlled by the department. These include emissions from combustion in boilers across the GPA managed estate and fugitive emissions from air-conditioning and refrigerant systems. Sustainability reporting reflects a continued downward trend in these areas, supported by the wider GPA transition to more energy efficient hubs and the consolidation of property assets. As shown in previous reporting periods, Scope 1 emissions have reduced substantially compared with the original 2017-18 baseline, with decreases supported by corresponding reductions in gas consumption across the Department's sites. Gas use, measured in kilowatt hours (kWh), continues to be monitored through quarterly datasets supplied by GPA, which provide the necessary activity data for annual greenhouse gas analysis.

Energy consumption across the estate has reduced as a result of targeted energy efficiency measures delivered through the GPA's Net Zero Programme. This includes initiatives such as lighting and metering upgrades, alongside wider portfolio actions to minimise energy use through improved monitoring and management of building performance.

The Department currently reports Scope 3 emissions in line with GGC requirements. No materiality assessment has been carried out, however business travel is considered the most

relevant and decision-useful category. The Department has taken a prioritised approach to Scope 3 reporting, focusing on the most significant data, with business travel the most appropriate.

The Department accounts for emissions associated with domestic and international travel directly paid for by the Department. Historically, Scope 3 emissions have declined significantly, largely driven by reduced business travel levels, improved digital working practices and operational efficiencies following organisational changes. The Department continues to work with Partner Organisations and the GPA to ensure travel data is validated and accurately reflected within the consolidated GGC performance dataset.

As part of the 2023 Machinery of Government changes, OPSS became part of the Department, and as a result the Department inherited two leased vehicles. This represents a change from earlier reporting years, where the Department did not own or lease any fleet vehicles and therefore reported this category as Not Applicable. In line with GGC, the Department now reports on these vehicles and assesses their compliance with both the 2022 Ultra Low Emission Vehicle target and the 2027 Zero Emission Vehicle target. Fleet emissions and vehicle classifications will be incorporated into the Department's consolidated sustainability dataset, ensuring that fuel type, emissions status and operational usage are accurately captured. This integration ensures full compliance with mandatory

fleet reporting requirements and provides a more complete representation of the Department's environmental impact across Scope 1 and Scope 3 categories.

## **Sustainable Construction and Improvements Across the Estate**

The Department has been working closely with the GPA to deliver a number of sustainability improvements at the Old Admiralty Building (OAB), as part of the wider programme of environmental enhancements across the government estate. One of the most significant areas of joint working has focused on improving heating efficiency within the building. Working in partnership with the Department, GPA introduced a series of upgrades across the Whitehall boiler system, including the installation of lagging to reduce heat loss and the planned replacement of existing heat exchangers. These measures were developed collaboratively and were highlighted internally as part of a set of sustainability case studies prepared for departmental communications, reflecting both improved environmental performance and operational cost efficiency.

The Department has also been working with GPA to strengthen waste management arrangements within OAB as part of the national Simpler Recycling Scheme. As part of this joint effort, GPA reviewed waste separation systems across buildings occupied by the Department and confirmed that OAB already had appropriate recycling infrastructure in place. The Department and GPA have additionally coordinated

updates to signage and internal communications to help staff adopt correct recycling practices and ensure compliance with the updated legislative requirements.

Alongside this operational work, the Department has been incorporating OAB into its broader sustainability engagement plan, again in partnership with GPA. Communications during 2025 included updates on both the heating improvements and the changes to waste handling, forming part of a coordinated approach to staff awareness, behavioural change and the promotion of good environmental practice. This joint activity demonstrates the Department's ongoing commitment to improving the sustainability performance of its London headquarters, while also underlining the strong collaborative relationship with GPA in meeting both departmental and cross-government net zero and recycling objectives.

The Department has been working closely with the GPA on the design and development of the new Brunswick Street hub in Darlington, ensuring that sustainability has been embedded from the outset. The project has been designed to achieve BREEAM Excellent and NABERS 5\* environmental certification, demonstrating that the building will meet rigorous standards for energy efficiency, environmental performance and long-term operational sustainability. These accreditation targets are formally set out within the Stage 2 Design Addendum, which confirms the environmental certification requirements as part of the official project brief. Working alongside GPA and other government departments through the RIBA design stages, the Department has

contributed to shaping a site that incorporates sustainable drainage systems, native planting, active travel facilities and energy efficient building systems, ensuring that the Darlington Economic Campus provides a resilient, low-carbon workplace for future years.

The Department is also working collaboratively with GPA on the development of the First Street government hub in Manchester. The Department is committed to relocating into the new hub in 2027 as part of a long term shift into modern, energy efficient GPA managed buildings. The Department's teams have taken part in GPA led workshops, client engagement sessions and design reviews to support the First Street programme, ensuring that workplace requirements are aligned with the environmental performance standards built into the hub model. The building is being delivered under GPA's sustainability-focused Hubs Programme, meaning that once operational, it will provide the Department with a high performing, low-carbon office environment that contributes directly to improved energy efficiency, reduced emissions and stronger alignment with the GGC. The Department will vacate their space in three legacy buildings in Greater Manchester and move to the First Street Hub.

## **Sustainable procurement**

The Department embeds sustainability considerations into its procurement activities in line with the GGCs and wider government commercial standards. While the majority of the Department's procurement relates to services with relatively



low direct environmental impact, sustainability considerations are applied proportionately across relevant categories, particularly where environmental or supply chain risks are higher (such as ICT, facilities management and catering).

The Department operates a sustainable procurement policy for procurements exceeding £10,000, aligned with the Government's Net Zero Strategy and associated commercial policy requirements. Sustainability considerations are incorporated at an early stage of procurement through the use of the government's prioritisation tool, ensuring that environmental risks, opportunities and impacts are considered as part of category strategy development and commercial decision making.

The Department applies the Flexible Framework to guide the systematic integration of sustainability into procurement activity. This approach supports continuous improvement in areas such as governance, supplier engagement and contract management, while allowing proportionality based on the nature of goods and services procured.

## **Government Buying Standards and supply chain management**

The Department applies Government Buying Standards where relevant to ensure that minimum environmental requirements are met in the procurement of goods and services. This includes specifications relating to energy

efficiency, product standards and lifecycle considerations, supporting reduced environmental impacts across the supply chain.

Supply chain environmental impacts are managed through contractual and commercial levers, including requirements for carbon reduction plans, social value commitments and adherence to recognised ethical and environmental standards. The Department's Commercial function has completed CIPS ethical procurement training, supporting informed assessment of supply chain risks and responsible sourcing practices.

## **Approach to alternative procurement methodologies**

Where appropriate, the Department supports procurement approaches that reduce environmental impacts over the lifecycle of goods and services. This includes the use of shared service models, leasing arrangements and managed service contracts, particularly for ICT and estates-related services, which can extend asset lifespans, improve efficiency and reduce waste associated with ownership and disposal.

Although the Department does not routinely use Energy Performance Contracting or commodity-specific policies such as the Timber Procurement Policy due to the nature of its procurement portfolio, these methodologies and standards are considered where relevant and proportionate.



During 2026-27, the Department will continue to strengthen its sustainable procurement practices, including improving the consistency of sustainability considerations in contract management and enhancing visibility of supply chain impacts in support of future GGC reporting.

## **Nature Recovery and Biodiversity Action Planning**

The Department does not hold significant natural capital or landholdings, and therefore the Nature Recovery Plan and biodiversity action planning requirements under the GGC do not apply to the department. As a fully onboarded client of the GPA, the Department occupies GPA managed office buildings rather than owning or managing land. Consequently, the Department does not maintain a biodiversity action plan, and a natural capital approach is not required. GPA leads on biodiversity matters across the government estate and provides relevant guidance where needed.

## **Climate Change Adaptation**

The Department continues to work with the GPA to develop and implement climate change adaptation measures across the buildings we occupy. As the Department does not own or control its estate, climate adaptation activity is delivered through GPA's Climate Change Adaptation Strategy, which includes a high-level climate risk assessment completed in 2024 and an outline adaptation action plan covering flood risk, overheating, and site prioritisation. GPA leads on adaptation planning for government offices, and the

Department aligns its operational planning with these actions. The Department does not maintain a standalone adaptation strategy, as this requirement does not apply to departments without landholdings. Climate change was not an agenda item for the Departmental Board in 2025-26.

## **Reducing environmental impacts from ICT and Digital**

The Department has continued its transition away from on-premise hosting towards cloud-based services with providers demonstrating strong environmental credentials. The majority of Departmental cloud hosting is provided through Amazon Web Services (AWS), with remaining services delivered via Google Cloud Platform and Microsoft Azure. These providers have publicly committed to the use of renewable energy to power their data centre operations, supporting a reduction in emissions associated with digital infrastructure.

In addition to supplier selection, the Department has taken steps to limit growth in digital demand by:

- ▶ Rationalising applications and services inherited through Machinery of Government changes.
- ▶ Reducing duplication through shared platforms and consolidated tools.
- ▶ Encouraging default use of collaboration and virtual meeting tools to reduce travel and associated emissions.

## Sustainable use of end-user devices

The Department manages its end-user devices through shared contracts which prioritise energy-efficient equipment and responsible end-of-life arrangements. Devices are reused or recycled in line with government guidance, supporting a circular economy approach and minimising waste from ICT assets. Where possible, the Department has sought to extend device lifecycles to reduce the environmental impact associated with manufacture and disposal.

The Department does not monitor this for mobile phones as it does not record individual asset numbers. The figures for laptops during 2025-26 are below:

| Donation<br>(units) | Donation<br>(KG) | Re-sell<br>(units) | Re-Sell<br>(KG) | Recycle<br>(units) | Recycle<br>(KG) | Disposal<br>(units) | Disposal<br>(KG) | Total<br>(units) | Value      |
|---------------------|------------------|--------------------|-----------------|--------------------|-----------------|---------------------|------------------|------------------|------------|
| 216                 | 273.31           | 508                | 519.71          | 400                | 517.68          | 0                   | 0                | 1124             | £13,402.45 |

## ICT and Digital policy and standards

Environmental and ethical considerations are embedded within the Department’s ICT and Digital approach. Sustainability requirements form part of ICT procurement and service design decisions, alongside security, resilience and value for money. The Department continues to align its ICT and Digital policies with wider government standards on ethical sourcing, accessibility and environmental responsibility.

During 2025-26, the Department continued to improve the quality of data available on ICT-related environmental impacts, enabling more transparent reporting and supporting future target-setting under the next GGC framework.

## Travel

The Department has achieved a 41% reduction in domestic official business travel emissions (Scope 3) compared to the 2017–18 baseline—successfully meeting the government-wide target of a 30% reduction by 2025. The Department continues to track the distance covered by both domestic and international business flights to better understand and minimise associated emissions. Staff are required to consider environmental sustainability, including carbon impact, when arranging travel in accordance with the Department's travel and expenses policy.

## Summary of performance

Below is a summary of performance against the GGC quantitative targets which relate to estate and travel activities across the Department and the five Partner Organisations within scope. The significant variation in building use and changes to the Department's and Partner Organisations' estate portfolio following the creation and transfer of assets into the Department means that comparisons of performance data with previous years is not applicable. Consequently, only financial and non-financial sustainability data for the financial years, 2024-25, 2025-26 and the adjusted 2017-18 baseline have been provided in this report.

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

- ▶ 100% of DIT's 2017-18 baseline target (unless otherwise stated).
- ▶ 25% of former BEIS's 2017-18 baseline targets.
- ▶ Eligible Partner Organisation's 2017-18 baseline targets.
- ▶ Greenhouse Gas Emissions, Energy Consumption and Financial Costs.

# Greenhouse Gas Emissions, Energy Consumption and Financial Costs

|                                               | Greenhouse gas (GHG) emissions                                        | 2017-18    | 2024-25   | 2025-26   |
|-----------------------------------------------|-----------------------------------------------------------------------|------------|-----------|-----------|
| Non-financial indicators (tCO <sub>2</sub> e) | Total Gross Scope 1 (Direct) GHG emissions                            | 736        | 334       | 321       |
|                                               | Total Gross Scope 2 (Energy indirect) emissions                       | 5,193      | 1,422     | 1,320     |
|                                               | Total Gross Scope 3 (Domestic official business travel) emissions     | 1,507      | 1,284     | 888       |
|                                               | <b>Total emissions - Scope 1, 2 &amp; 3</b>                           | 7,436      | 3,040     | 2,529     |
| Non-financial indicators (kWh)                | Electricity: non-renewable                                            | 13,967,623 | 4,900,374 | 4,623,487 |
|                                               | Electricity: renewable                                                | 474        | 186       | 120       |
|                                               | Gas                                                                   | 2,718,139  | 1,782,195 | 1,682,195 |
|                                               | Other energy sources                                                  | 2,684,935  | 1,376,666 | 1,074,391 |
|                                               | <b>Total Energy</b>                                                   | 19,371,171 | 8,059,421 | 7,380,193 |
| Financial indicators (£)                      | Electricity                                                           | n/a        | 2,539,218 | 1,146,984 |
|                                               | Gas                                                                   | n/a        | 467,123   | 52,232    |
|                                               | District Heating                                                      | n/a        | 116,058   | 152,574   |
|                                               | Total Expenditure on Energy                                           | 793,000    | 3,122,400 | 1,351,790 |
|                                               | Expenditure on official business travel excluding domestic air travel | 9,214,000  | 9,857,560 | 9,711,939 |
|                                               | Expenditure on domestic air travel                                    | 197,000    | 182,018   | 219,115   |
|                                               | Expenditure on international air travel                               | N/A        | 3,281,209 | 3,856,189 |

| <b>Air</b>       |                                                                            | <b>2017-18</b>    | <b>2024-25</b>    | <b>2025-26</b>    |
|------------------|----------------------------------------------------------------------------|-------------------|-------------------|-------------------|
| Km               | <b>UK domestic – Start and end in the UK</b>                               | 1,380,422         | 1,281,006         | 875,039           |
|                  | <b>International – short haul – International, start and end in the UK</b> |                   |                   |                   |
|                  | Unknown                                                                    | 32,294            | 12,226            | 7,067             |
|                  | Economy                                                                    | 3,037,709         | 2,624,856         | 2,350,354         |
|                  | Business                                                                   | 421,000           | 275,038           | 328,175           |
|                  | <b>International – Long haul – International, start or end in the UK</b>   |                   |                   |                   |
|                  | Economy                                                                    | 6,971,211         | 6,707,327         | 6,066,436         |
|                  | Premium economy                                                            | 3,128,483         | 2,288,341         | 1,625,481         |
|                  | Business                                                                   | 6,491,956         | 5,330,166         | 5,255,573         |
|                  | <b>International – wholly international, start and end overseas</b>        |                   |                   |                   |
|                  | Economy                                                                    | -                 | 1,932,857         | 2,487,248         |
|                  | Premium economy                                                            | -                 | 86,666            | 163,646           |
|                  | Business                                                                   | -                 | 3,548,882         | 4,563,010         |
| <b>Rail</b>      |                                                                            | <b>2017-18</b>    | <b>2024-25</b>    | <b>2025-26</b>    |
| km               | UK domestic                                                                | 8,794,394         | 14,085,651        | 10,598,730        |
|                  | International (Eurostar)                                                   | 575,850           | 275,090           | 320,844           |
| <b>Total kms</b> |                                                                            | <b>30,833,319</b> | <b>38,448,106</b> | <b>34,641,603</b> |

Wholly international flights were not recorded under the 2017-18 data

In 2025-26, all international short haul classified as “unknown” is Premium Economy. This information was not available for the 2017-18 baseline year.



## Waste Production

|                                   |                                    | 2017-18 | 2024-25 | 2025-26 |
|-----------------------------------|------------------------------------|---------|---------|---------|
| Non-financial indicators (tonnes) | Hazardous waste                    | 0       | 22      | 0       |
|                                   |                                    |         |         |         |
|                                   |                                    |         |         |         |
|                                   |                                    |         |         |         |
|                                   | Incinerated with energy from waste | 136     | 61      | 110     |
|                                   |                                    |         |         |         |
|                                   | Total waste                        | 1,210   | 956     | 424     |
| Financial indicators (£000)       |                                    |         |         |         |

All waste generated during the reporting period is classified as municipal waste (everyday waste arising from office-based activities and similar sources). No major mineral waste or other waste types, such as industrial or hazardous waste, were produced.

## Water Consumption and Financial Costs

|                          |                        | 2017-18 | 2024-25 | 2025-26 |
|--------------------------|------------------------|---------|---------|---------|
| Non-financial indicators | Total consumption (m³) | 56,239  | 18,884  | 25,564  |
| Financial indicators     | Total supply costs (£) | 37,000  | 57,848  | 76,903  |

# Task Force on Climate-related Financial Disclosures Compliance Statement

The Department continues to support the objectives of the Task Force on Climate-related Financial Disclosures (TCFD) and has regard to HM Treasury's TCFD-aligned disclosure application guidance for the public sector. The Department applies the TCFD framework on a comply or explain basis, consistent with the Government's phased implementation approach and the requirements set out in the Financial Reporting Manual (FReM).

The following sections explain the extent to which climate is considered to be a principal risk and accordingly, where recommended disclosures have not been complied with as not mandatory under HM Treasury's application guidance. This is relevant to the metrics and targets and strategic pillars of the TCFD recommended disclosures. This position will be kept under review in line with future guidance and changes to the Department's risk profile. The Department judges there to be full compliance with mandatory disclosures relating to governance and risk management.

## Governance and risk management

In prior years, the Department reported climate change as a principal risk and complied with the Phase 1 (Governance) TCFD recommendations, while making partial progress

against Phase 2 (Risk Management, Metrics and Targets). Governance arrangements were described as evolving, with an emphasis on establishing proportionate risk management processes aligned to the Orange Book, alongside emissions reporting through the GGC.

During 2025-26, the Department took a considered senior-level decision to de-escalate climate change as a principal strategic risk, reflecting changes in the Department's overall risk profile and operating context and to prioritise available resource according to risk. Climate-related risks are now managed through the Department's established business and operational risk management processes, rather than through a standalone principal risk. This approach is consistent with the Department's wider risk framework and has been discussed with the Government Internal Audit Agency (GIAA) and considered as part of its TCFD audit review. We are working with GIAA to agree an action plan to strengthen our processes and support full compliance with TCFD requirements.

Responsibility for identifying, assessing and managing climate-related risks sits within existing governance structures, including the Executive Committee, its sub-committees, and the Audit and Risk Assurance Committee. No dedicated TCFD or sustainability-specific role has been established or recruited during the year; instead, responsibilities are embedded within existing finance, estates and risk management arrangements, reflecting a proportionate approach to the Department's current risk exposure.

Further detail on the Department's governance, risk management and assurance arrangements is set out in the Governance Statement.

## **Metrics and targets**

The Department continues to rely on emissions and related data provided by the GPA, which supplies data across central government. Relevant emissions data is disclosed as part of the Sustainability Report preceding this disclosure.

Analytical review and sense-checking procedures are undertaken to identify potential material errors, and appropriate challenge has been applied where necessary. However, the Department does not have access to the underlying source data and relies on the internal assurance undertaken by GPA. Seeking additional assurance beyond these controls would be disproportionate and inconsistent with the approach taken to comparable cross-government datasets.

Given the de-escalation of climate change as a principal strategic risk the recommended disclosures in relation to disclosure of metrics and targets used by the organisation to assess and manage climate related risks and opportunities are not provided.

## Strategy

The Department has not complied with the recommended disclosures under the strategic pillar of TCFD. This reflects the de-escalation of climate change as a principal strategic risk, the absence of a dedicated TCFD or sustainability function, and the Department's operating model which integrates climate considerations within existing policy, operational and risk management processes.

## Performance in other areas

For information on methodology see the statistics annex, Annex A.

The Department has an Office for Responsible Business Conduct (ORBC) Team which delivers the Government's agenda on Responsible Business. The Department supports businesses to adopt responsible and sustainable practices in global supply chains to minimise the risk of societal harms such as modern slavery and environmental degradation, whilst providing appropriate access to address societal harms in supply chains where they occur.

Part of the ORBC team is the Dispute Resolution Service, which is the UK National Contact Point. The UK National Contact Point is responsible for:

- ▶ raising awareness of the Organisation for Economic Cooperation and Development (OECD) guidelines for multinational enterprises.

- ▶ Implementing a non-judicial complaints mechanism to assess instances of alleged non-adherence to the Guidelines.

The OECD guidelines are a set of standards intended to promote responsible business conduct by enterprises based in the 52 adhering states. They cover a range of issues including those related to:

- ▶ human rights
- ▶ environment
- ▶ employment
- ▶ bribery
- ▶ disclosure of company information
- ▶ supply chain management
- ▶ taxation

The Department's Commercial team complies with Cabinet Office policy, using a policy statement and guidance on the main actions that Commercial Leads and Sponsorship Leads must undertake for all applicable procurements and sponsorship agreements to mitigate the risk of modern slavery happening in government supply chains. It also outlines the requirements for each procurement which an initial risk assessment using the modern slavery prioritisation tool has produced. Contracts are assessed as low, medium, or high-risk for modern slavery in the supply chain, and the outcome for the contract. For medium and high risk



contracts, the winning supplier is required to complete the Modern Slavery Risk Assessment Tool, which identifies potential risks and provides mitigative actions.

The Department uses its contracts to motivate suppliers to tackle any modern slavery risks head on; while terminating contracts with suppliers where modern slavery is prevalent in the supply chain is not the Department's initial response, it remains an option available. The Department will work with suppliers to address any human rights risks found in the supply chain to help the abolition of modern slavery across the world.

## **Post Office**

The Department has provided around £600 million of funding to the Post Office across 2025-26. This included up to £136 million to support work to move operations away from Fujitsu and ultimately replace the Horizon IT system, up to £144 million to support Post Office's Strategic Transformation Plan which intends to put Post Office and the crucial services its network provides on a more sustainable footing, and £28 million to cover costs associated with its licence-to-operate and non-discretionary investment needs. Post Office also received up to £64 million in 2025-26 to ensure that the company could continue to deliver redress and meet the costs of participating in the Post Office Horizon IT Inquiry. Further funding to Post Office in 2025-26 included £83 million in network subsidy funding to safeguard access to crucial services by supporting with the cost of meeting government policy requirements, £62 million to fund Post



Office's Corporation Tax liability linked to redress delivery, and £99 million to settle Post Offices' historic IR35 Tax liability with HMRC.

In addition to the above, the Department has also made significant progress in the delivery of redress to victims of the Post Office scandal in 2025-26. As of 31 March 2026, over £1.5 billion had been paid to over 12,000 claimants across the lifetime of the six Post Office Horizon and Capture schemes.

Data on redress relating to the Horizon Shortfall Scheme (and Appeals process) (HSS), Group Litigation Order (GLO), Overturned Convictions (OC), Horizon Convictions Redress Scheme (HCRS) and Capture redress schemes is published on a monthly basis on gov.uk.

## Key Events

In April 2025, the Department launched the HSS Appeals process, providing HSS claimants with the opportunity to receive full and fair redress, while in June 2025, the Post Office-delivered OC scheme closed, with OC cases now administered by the Department under the umbrella of the HCRS.

In July 2025, the Post Office Horizon IT Inquiry published its first volume of its final report, looking at the human impact of the scandal and the delivery of redress to its victims. The Government accepted all but one of the Horizon-related recommendations in its response published in October 2025. This included:

- ▶ Closing the Post Office-delivered HSS to new applications on 31 January 2026.
- ▶ Funding a restorative justice programme for victims of the scandal over a five-year period, led by the Restorative Justice Council (RJC), and funded jointly by the Department, Post Office and Fujitsu.
- ▶ Enabling people who have accepted HSS fixed sum offers to seek permission to appeal against them, with funded legal advice to be made available once the process opens to applications in 2026-27.
- ▶ Extending the provision of redress to close family members of postmasters who were victims of the scandal, with a scheme opening to deliver this redress in 2026-27.

In October 2025, the Government also launched the Capture Redress Scheme, designed to deliver redress to individuals who may have suffered a financial shortfall or other harm as a result of the historic Capture system used by the Post Office.

In addition to announcing the closure of the HSS on 31 January 2026, the Department also announced the closure of the Suspension Remuneration Review by the same date.

The Department made further announcements and issued publications regarding the Horizon Family Member Redress Scheme in March 2026. The Written Ministerial Statement made by the Minister for Small Business and Economic Transformation provides further detail pertaining to the latest

draft position on form, scope and eligibility for the scheme and provides an update as to the commitments of the Department regarding the latest report from the Restorative Justice Council. While it is made clear that scheme design will be finalised subject to further engagement with stakeholders in time for scheme launch during Summer 2026, the Financial Review section of this report highlights the potential size of liabilities arising for the Department on scheme launch during 2026-27.

## **Fraud detection, prevention and estimates**

The Department's approach to managing fraud and error is guided by the Counter Fraud, Bribery and Corruption Strategy, which sets out how the Department manages fraud, bribery and corruption risks. During the year, the Department further embedded counter fraud activity within governance arrangements and increased the coverage of fraud risk assessment activity to support effective prevention and detection. In 2025-26, the Department has regularly submitted fraud and error data to the Public Sector Fraud Authority (PSFA), which contributes to cross government reporting including the regular Public Sector Fraud Authority Landscape Report.

Where the Department identifies areas of spend at higher risk of fraud and error, it applies targeted arrangements to manage those risks. This includes prioritising fraud risk assessment activity, strengthening governance and oversight, and supporting delivery teams to embed appropriate preventative and detective controls. Fraud and error are

managed in line with departmental counter fraud policies and Managing Public Money (MPM), with recovery activity pursued where appropriate.

The Department works with the Insolvency Service who investigate serious cases of fraud, and tackle misconduct linked with directors of companies and those in bankruptcy. The Department also works with the PSFA, the British Business Bank, and Companies House to take action against fraudsters, and lenders take appropriate action to minimise exposure to financial crime.

Responsibility for investigating Covid-19 Bounce Back Loan fraud remained with NATIS until the end of April 2026. From 1st May 2026 this area of investigation transitioned to the Insolvency Service. The recovery position is under review and will be reported to Parliament when finalised.

## **COVID-19 Bounce Back Loan Scheme**

The COVID-19 Bounce Back Loan Scheme (BBLS) opened in May 2020 and closed in March 2021. The loan guarantee scheme helped to facilitate access to debt finance and guaranteed private sector lenders' credit losses from eligible claims under the scheme. The total value of loans under the BBLS issued by lenders was £46.5 billion and as of 31 March 2026 the value of loans settled under the Government guarantee was £11.8 billion. The majority of loans are either fully repaid or repaying on schedule (66.3% by volume as at 31 March 2026). Source: [COVID-19 loan guarantee schemes repayment data – GOV.UK](#)

The lifetime fraud and error incidence rate in the BBLS is estimated to be 9.7% of loans as at 31 March 2026, a reduction from the initial central estimate of 11.15% of loans.

The nature and pace of lending under BBLS was such that it was exposed to a heightened risk of borrower fraud and error. An estimate of fraud and associated loss within the BBLS portfolio has been derived from a statistically representative sample of facilities assessed for indicators of borrower fraud or error. This approach is necessary because fraud is not fully observable in operational data, as many cases are not identified or labelled by lenders. Based on this analysis it is estimated at March 2026 that approximately 9.7% of BBLS facilities involved borrower fraud or error at origination, and that 6.3% of facilities would result in a loss associated with such behaviour (March 2025: 9.7% and 6.4%). This represents the best available estimate of the total incidence and impact of fraud in the scheme, inclusive of both detected and undetected cases. However, observed losses explicitly identified as fraud by lenders are materially lower than this estimate. This reflects inherent limitations in detection, including the difficulty of evidencing borrower intent, delays in identification, and the fact that some fraudulent borrowing may exhibit repayment behaviour and therefore be indistinguishable from conventional credit losses.

Historically this estimated loss rate was incorporated directly into the valuation of the BBLS liability through an explicit fraud overlay within the Expected Credit Loss (ECL) methodology. This overlay treated residual fraud risk as distinct from underlying credit risk, assigning an additional



probability of default to reflect the portion of facilities expected to have been fraudulently originated and to result in loss. At March 2025 this resulted in a material component of the ECL being attributed specifically to residual fraud risk. However, as the portfolio has matured, most losses (including those associated with fraud) have already emerged through the normal default process and recent periods have shown limited incremental defaults identified as fraud.

At March 2026 the liability valuation no longer applies an explicit fraud overlay. Instead, all default risk, including any residual impact of fraud or error, is captured within the calibrated credit risk model. This reflects the fact that there is no longer evidence of a distinct population of fraud-related defaults emerging separately from credit risk: continuing to apply a separate fraud adjustment would otherwise lead to an overstatement of default risk and the associated liability.

The Department has focussed on detecting fraud through its data and analytics programme, and to tackle fraud through lenders and enforcement partners. For the other loan schemes – Coronavirus Business Interruption Loan Scheme (CBILS), Coronavirus Large Business Interruption Loan Scheme (CLBILS) and Recovery Loans Scheme (RLS) – the Department's judgement remains that there is a normal level of fraud and error.

The BBLS was designed to deliver rapid support to businesses affected by the COVID-19 pandemic. The risks to the taxpayer of prioritising speed was recognised at the time, as noted by the ministerial direction requested by the then

BEIS Permanent Secretary. The BBLS guaranteed 100% of loans of up to £50,000 at a fixed interest rate of 2.5% per annum, and it used a simplified application process based on self-certification.

Lender recovery activity is monitored via the British Business Bank through a series of processes, including data analytics, reviews of facilities under the guarantee and a programme of regular audit. Lenders are responsible for undertaking recovery action in the first instance, whether fraud or otherwise, and are expected to use all appropriate means at their disposal to recover outstanding Bounce Back Loans in line with their existing practices, contractual and regulatory obligations.

At 31 March 2026 British Business Bank has removed government guarantees in relation to £500 million of BBLS loans, for example where facilities have been found to be ineligible for the scheme.

## **Civil enforcement outcomes by the Insolvency Service**

There were 1,044 Insolvent Disqualifications in Great Britain in 2025-26 under section 6 of the Company Directors Disqualification Act, of which 773 (74%) related to allegations of COVID-19 financial support scheme abuse (predominantly BBLS). Source: Insolvency Service enforcement outcomes 2025-26



Of the 88 Bankruptcy and Debt Relief Restrictions Orders and Undertakings in England and Wales in 2025-26, 52 (59%) related to COVID-19 financial support scheme abuse (predominantly BBLs). Source: Insolvency Service enforcement outcomes 2025-26.

## **Criminal prosecutions by the Insolvency Service**

In 2025-26, 31 defendants were convicted of COVID-19 related misconduct. Source: Insolvency Service enforcement outcomes 2025-26.

## **COVID-19 Business Support Irregular Payments**

The BEIS 2022-23 Annual Report and Accounts highlighted an estimated potential loss of £1.03 billion in irregular payments awarded by Local Authorities across the eight schemes. The Department continues its efforts to identify further cases through ongoing engagement with Local Authorities. In 2025-26, the Department continued the Pathfinder project to retest the estimated potential loss and consider further ways of checking and identifying irregular payments. There has been no change to the estimated potential loss. These are payments made due to error, non-compliance or fraud. The Pathfinder work has now concluded with 29 irregular payments identified. These are being pursued through normal debt recovery processes, however no additional recoveries have been made to date.

In 2025-26, the Department worked with the COVID-19 Counter Fraud Commissioner to implement the Voluntary Repayment Scheme which allowed for grant recipients to make repayment of COVID-19 funds with no questions asked. To 31 December 2025 end date, this realised some £108,785 from 8 responders.

To date, the Department has identified irregular payments of £79.4 million (as of 31 March 2026), comprising of the following:

- ▶ £51.5 million successfully recovered and returned to the Department (of which £5.8 million was recovered in 2025-26 and includes £108k recovered through the Covid Commissioner Voluntary Repayment Scheme).
- ▶ £1.2 million successfully recovered by Local Authorities but not yet repaid to the Department.
- ▶ £26.7 million referred to the Department as debt where the Local Authority has not been able to recover, and which the Department is now monitoring.

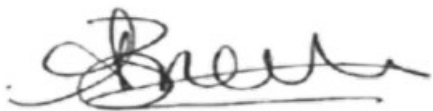
COVID-19 Business Support Grants in England were paid to businesses by the relevant Local Authority. Where Local Authority assurance was post-payment and it identified a grant had been awarded incorrectly (outside of the scheme eligibility criteria), then the Local Authority is required to attempt recovery. Only after the Local Authority has completed the minimum recovery action is an irregular payment notified to the Department. If recovery is successful then the Local Authority must return all recovered funds in full to the Department. Where recovery is unsuccessful the Local

Authority must refer the resulting debt to the Department for agreement on next steps, including the options to start formal litigation through the courts to recover the irregular payment or to record the debt as unrecoverable if it is accepted that there is no realistic prospect of recovery.

Other grants include recoveries and expenditure from various COVID-19 grants. During the year the Department recovered a net £5.8 million of COVID-19 grants that were paid in previous years.

## **Estimation of fraud and error**

Further content regarding fraud estimates and the accounting impact of the estimates disclosed in the Performance Report, are detailed in the Department's Other Parliamentary disclosures and note 16 of these accounts.



**Amanda Brooks CB CBE**

Interim Permanent Secretary and Principal Accounting Officer

9 July 2026

# Accountability Report

## Purpose of the Accountability Report

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

### **The Corporate Governance Report**

---

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

### **The Staff and Remuneration Report**

---

- ▶ presents staff numbers and costs, and other employee matters
- ▶ discloses the remuneration of our Ministers and Directors

## The Parliamentary Accountability and Audit Report

---

- ▶ presents the Department's expenditure against the budgets set by Parliament
- ▶ presents the auditor's report and opinion on the Financial Statements

# Corporate Governance Report

## Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000 (GRAA), HM Treasury has directed the Department for Business and Trade to prepare, for each financial year, consolidated resource accounts detailing resources acquired, held or disposed of, and the use of resources, during the year by the Department (inclusive of its executive agencies) and its sponsored non-departmental public bodies and other arm's-length public bodies designated by order made under the GRAA by Statutory Instrument 2025 no 1336 (together known as the 'Departmental Group', consisting of the Core Department and sponsored bodies listed in note 21 to the accounts). The accounts are prepared on an accruals basis and must give a true and fair view of the situation of the Department and Departmental Group, and of the income and expenditure, statement of financial position and cash flows of the Departmental Group for the financial year.

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

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



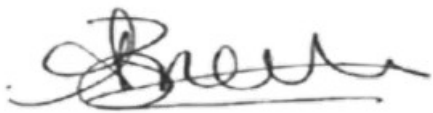
HM Treasury has appointed the permanent head of the Department as Accounting Officer of the Department for Business and Trade. The Accounting Officer of the Department has also appointed the chief executives (or equivalents) of its sponsored non-departmental and other arm's length public bodies as accounting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

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

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

## Accounting Officer's confirmation

As Accounting Officer, I have taken all the steps I ought to have taken, to make myself aware of any relevant audit information and to establish that the Department for Business and Trade's auditor is aware of that information. So far as I am aware, there is no relevant audit information of which the auditor is unaware. I also confirm that this annual report and accounts is fair, balanced and understandable.

A handwritten signature in black ink, appearing to read 'Amanda Brooks', with a horizontal line underneath.

**Amanda Brooks CB CBE**

Interim Permanent Secretary and Principal Accounting Officer

9 July 2026

# Report of the Lead Non-Executive Director

The Department's purpose is to support economic growth by working with businesses to invest, scale and export, contributing to job creation and opportunities across the United Kingdom.

Over the course of 2025-26, the Department has delivered a significant and ambitious programme. The launch of the Small Business Plan and a renewed Modern Industrial Strategy has provided greater clarity and confidence for firms looking to invest and grow. Key milestones have included Royal Assent for the Employment Rights Act, strengthening protections for workers and consumers, alongside decisive action to raise the National Minimum Wage and tackle late payments to small businesses.

The Department has also acted with urgency and purpose to support key sectors, including the steel industry, and to strengthen the UK's global trading position through new agreements with the United States, India and South Korea, alongside continued engagement with China. The UK's investment proposition has been strengthened considerably by the Office for Investment and delivery of the Regional Investment Summit. Progress on Post Office Horizon redress, including the Capture Redress Scheme, has been a crucial step towards ensuring fair outcomes for those affected.

The Board has played an active role in supporting this agenda. We have focused on both challenge and support, ensuring delivery plans are robust, measurable, and aligned with the Secretary of State's priorities, while keeping a clear focus on long-term, sustainable growth. There was smooth transition in Board leadership following the appointment of Peter Kyle as Secretary of State and governance arrangements have continued to strengthen over the year.

Beyond formal meetings, Non-Executive Directors have deepened their engagement across the Department. Informal relationships with Ministers and senior officials have enabled more open, constructive dialogue, while targeted pairing arrangements have ensured that relevant commercial and sector expertise can be applied directly where it adds most value.

During the year, Non-Executives have also made a number of targeted interventions to strengthen delivery. This has included working with senior officials, to sharpen the Department's approach to the Spending Review, helping to provide greater clarity on prioritisation and helping to ensure a more focused and credible investment case. We have also challenged and supported the development of the Department's transformation agenda, particularly in accelerating digital adoption and improving operational efficiency – essential to delivering at speed in a more complex economic environment. In addition, through regular engagement with Director Generals and programme teams,

Non-Executives have provided direct input on delivery plans, helping to strengthen metrics, risk management and performance management.

Throughout the year, we have sought opportunities for deeper engagement on key strategic issues through informal briefings and focused discussions with officials. These have strengthened our ability to provide informed challenge and to support the Department in navigating both immediate delivery pressures and longer-term structural priorities.

Looking ahead, I expect the operating environment to remain challenging, with sustained global uncertainty and intensifying competition for investment. In this context, the Department must provide clear leadership and give businesses the confidence to invest and grow. As a Board, we will support a strong focus on strategic clarity, deeper engagement with business, and accelerating the Department's use of digital and data. Delivering consistently, and at speed, will be essential if the UK is to strengthen its position as a leading place to invest, trade and do business.

I would like to thank Secretaries of State Jonathan Reynolds and Peter Kyle for their leadership and their openness to constructive challenge. I would also like to recognise Gareth Davies for his stewardship of the Department through a period of significant delivery and change, and to welcome the interim leadership of Amanda Brooks.

Finally, I want to record my thanks to my fellow Non-Executive Directors, Ministers and officials for their continued commitment, professionalism, and public service. Most of all success is about people: I would like to recognise the teams across the Department whose hard work and dedication underpin the progress set out in this report.

**Paul Drechsler**

Lead Non-Executive Director

# Directors' Report

The Directors' Report covers the period from the start of the year to 31 March 2026. It provides names and ministerial titles of those who served as ministers. It also provides names of non-executive directors and executive directors. Dates of when those serving joined or left the relevant post during the financial year, is also provided.

## Ministers

|                                                                                                                                                           |                                                           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|
| <b>The Rt Hon Peter Kyle MP</b><br>Secretary of State for Business and Trade and<br>President of the Board of Trade                                       | <i>From 5 September<br/>2025</i>                          |
| <b>Sir Chris Bryant MP</b><br>Minister of State (Minister for Trade)                                                                                      | <i>From 6 September<br/>2025</i>                          |
| <b>Lord Stockwood</b><br>Minister of State (Minister for Investment)                                                                                      | <i>From 6 September<br/>2025</i>                          |
| <b>Michael Shanks MP</b><br>Minister of State jointly in the Department for<br>Business and Trade and the Department for<br>Energy, Security and Net Zero | <i>From 6 September<br/>2025 to 11<br/>September 2025</i> |
| <b>Kate Dearden MP</b><br>Parliamentary Under-Secretary of State<br>(Minister for Employment Rights and Consumer<br>Protection)                           | <i>From 7 September<br/>2025</i>                          |
| <b>Blair McDougall MP</b><br>Parliamentary Under Secretary of State<br>(Minister for Small Business and Economic<br>Transformation)                       | <i>From 7 September<br/>2025</i>                          |
| <b>Chris McDonald MP</b><br>Parliamentary Under-Secretary of State<br>(Minister for Industry)                                                             | <i>From 11 September<br/>2025</i>                         |



## Ministers

### Baroness Lloyd of Effra CBE

Parliamentary Under-Secretary of State (Minister for Digital Economy)

*From 11 September 2025*

### The Rt Hon Jonathan Reynolds MP

Secretary of State for Business and Trade and President of the Board of Trade

*To 5 September 2025*

### The Rt Hon Douglas Alexander MP

Minister of State (Minister for Trade Policy and Economic Security)

*To 5 September 2025*

### Baroness Poppy Gustafsson of Chesterton CBE

Minister of State (Minister for Investment)

*To 6 September 2025*

### Sarah Jones MP

Minister of State (Minister for Industry)

*To 6 September 2025*

### Justin Madders MP

Parliamentary Under-Secretary of State (Minister for Employment Rights, Competition and Markets)

*To 7 September 2025*

### Gareth Thomas MP

Parliamentary Under Secretary of State (Minister for Services, Small Business and Exports)

*To 7 September 2025*

### Baroness Jones of Whitchurch

Parliamentary Under-Secretary of State for the Future Digital Economy and Online Safety, and Parliamentary Under-Secretary of State (Minister for Legislation)

*To 7 September 2025*

## Non-executive directors

### Paul Drechsler

Lead NED, Board, Nominations and Governance Committee (NGC) Chair

### John Latham

Board, Audit and Risk Assurance Committee (ARAC) Chair

### Iain Anderson

Board

### Katharine Braddick

Board

### Mike Clancy

Board

### Nita Clarke

Board, NGC

### Roni Savage

Board

### David Sayer\*

Board, ARAC

\*David Sayer became an ARAC member on 24 April 2025.

## Executive directors

**Gareth Davies\* CB**

Permanent Secretary

**Amanda Brooks CB CBE**

**Caleb Deeks / Gavin Lambert**

**Ceri Smith**

**David Bickerton**

**Isobel Stephen / Joanna Crellin**

**Jaee Samant**

**Kate Joseph**

**Sam Lister**

**Tara Smith\*\***

**Tim Reid**

**Nathan Phillips**

**Becky Woodward**

*To 3 September 2025*

**Ben Cropper**

*To 3 September 2025*

**Bidesh Sarkar**

*To 30 June 2025*

**Jon Tunney**

*To 25 April 2025*

\*Gareth Davies left the Department on 7 April 2026 but was in post throughout 2025-26.

\*\*Tara Smith left the Department on 26 April 2026 but was in post throughout 2025-26

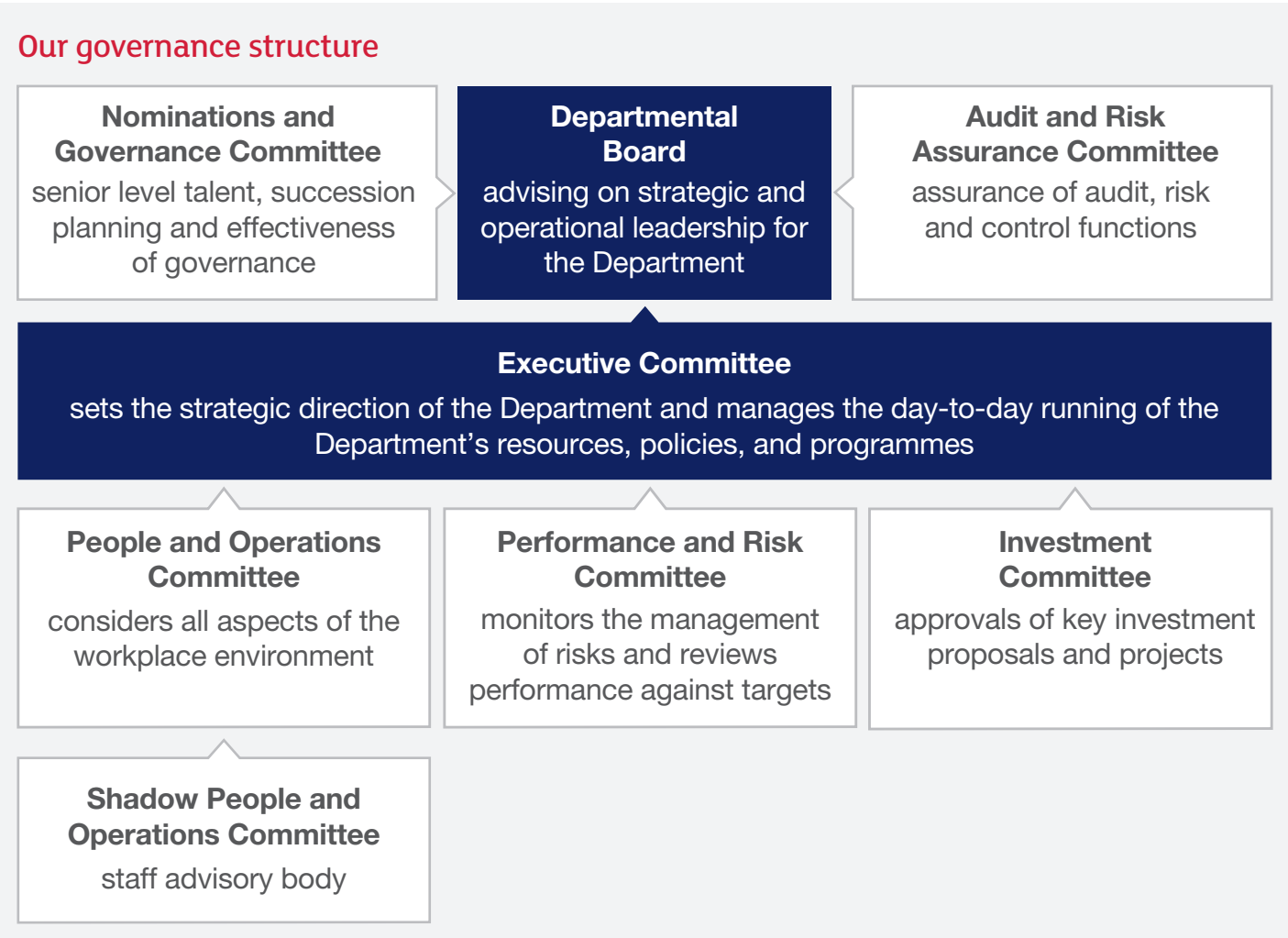
Board members are required to declare personal or business interests which may influence (or be perceived to influence) their judgement, when performing their duties. The Department has an established conflicts of interest procedure, including declaring interests at the start of board meetings. No conflicts of interests were declared during board meetings in 2025-26. Register of board members' interest are published on gov.uk.

[Department for Business and Trade \(DBT\): registers of board members' interests - GOV.UK](#)

# Governance Statement

## Overview

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



# Departmental Board

---

## Role

The Departmental Board (the Board) provides strategic and operational leadership of the Department in line with the Corporate Governance Code, from which the Executive Committee (ExCo) derives its vision to deliver. The Board met four times in 2025-26. The June meeting was chaired by Secretary of State Jonathan Reynolds MP and following a reshuffle in September, there was a new Secretary of State, and Board chair, Peter Kyle MP. Board meetings were then held in November and December 2025 and March 2026.

The Board received assurance from its sub-committees, including updates from the Chair of ARAC on audit readiness, cyber and digital strategy requirements, and strengthened relationships with external auditors.

A light-touch effectiveness review in Autumn 2025 confirmed that governance arrangements remained clear and that members understood their roles. It also identified the need to continue to deepen the Board's connection to performance reporting and Partner Organisation oversight, both of which have since been embedded more firmly into the Board's forward agenda.

At the March 2026 Board meeting, it was agreed that the 2026 effectiveness review would take place, with independent input, following the end June Board.

## Key areas of discussion

- ▶ Secretary of State’s priorities.
- ▶ Performance and delivery reporting and risk.
- ▶ FutureDBT Transformation Programme.
- ▶ Industrial Strategy.
- ▶ Employment Rights Bill.
- ▶ Updates from the sub-committee Chairs providing assurance that key operational and functional risks and issues are being effectively managed within the Department.

| Meeting attendance (at 31 March 2026)            |     |
|--------------------------------------------------|-----|
| Total number of meetings held:                   | 4   |
| x/x = number attended /number eligible to attend |     |
| Ministers                                        |     |
| The Rt Hon Peter Kyle MP                         | 2/3 |
| Kate Dearden MP                                  | 2/3 |
| The Rt Hon Jonathan Reynolds MP                  | 1/1 |
| Justin Madders MP                                | 1/1 |
| Senior officials / executive directors           |     |
| Gareth Davies CB                                 | 4/4 |
| Tara Smith                                       | 4/4 |
| Non-executive directors                          |     |
| Paul Drechsler                                   | 4/4 |
| John Latham                                      | 3/4 |



| Meeting attendance (at 31 March 2026) |     |
|---------------------------------------|-----|
| Iain Anderson                         | 4/4 |
| Katharine Braddick                    | 2/4 |
| Mike Clancy                           | 4/4 |
| Nita Clarke                           | 4/4 |
| Roni Savage                           | 4/4 |
| David Sayer                           | 4/4 |

Note: The core membership of the Board is listed above, with the principle that Ministers, Director Generals, and Non-executive directors would be invited to any substantive board discussions as required.

## Compliance with the corporate governance code

The Nominations and Governance Committee considered the Department’s compliance with the Cabinet Office’s ‘Corporate Governance in Central Government Departments: Code of Good Practice’ (the Code) at its March 2026 meeting and by correspondence in June. The Committee agreed that the Department was compliant overall with the spirit and intent of the Code.

## Board appointments

There were no changes to the Department’s non-executive membership during 2025–26. The only changes to Board composition arose from the ministerial reshuffle in September 2025, after which the incoming Secretary of State, Peter Kyle MP, and minister Kate Dearden joined the Board. The transition was smooth, supported by introductory meetings

between the new ministerial team and non-executives, and the Board continued to operate with its established structure and meeting rhythm.

At the end of 2025-26, the Board's gender diversity was at 58% male and 42% female members and members with ethnic minority backgrounds at 17%.

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

## Nominations and Governance Committee

---

### Role

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

### Key areas of discussion

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

| Meeting attendance                               |     |
|--------------------------------------------------|-----|
| Total number of meetings held:                   | 1   |
| x/x = number attended /number eligible to attend |     |
| Executive directors                              |     |
| Gareth Davies CB                                 | 1/1 |
| Non-executive directors                          |     |
| Paul Drechsler, Chair                            | 1/1 |
| Nita Clark                                       | 1/1 |

Note: Director of People, Place and Transformation is a standing attendee.

## Audit and Risk Assurance Committee

### Role

ARAC is an advisory committee of the Board and provides advice and assurance to the Board and accounting officer on matters of risk, control and governance.

In line with Principle 3 of the Audit Committee Handbook, ARAC supported the Board and Accounting Officer by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the Annual Report and Accounts.

During June 2025, an ARAC effectiveness review was undertaken that examined ARAC's effectiveness in the first few months under new leadership. Findings which were

implemented included the addition of topical deep dives and that members should undertake informal lead roles on areas that ARAC covers.

The 2025-26 ARAC effectiveness review was completed, with recommendations agreed by ARAC in June 2026. It confirmed that ARAC is operating effectively and will focus on continuous improvements, including clearer impact and more visible outcomes from its challenge.

The ARAC Chair played a leadership role by convening ARAC chairs from across the Department's Partner Organisations to drive continuous improvement in October 2025, with the expectation that these meetings will be held at least annually.

## **Key areas of discussion**

- ▶ Management of Departmental risk appetite and the risk management framework.
- ▶ Preparation of the Annual Report and Accounts.
- ▶ Work of internal and external audits.
- ▶ Director Generals group and director level management of risk and assurance.
- ▶ Compliance, including business appointment rules.
- ▶ Partner Organisation risk and assurance.
- ▶ Cyber risks
- ▶ Standing discussions with the Accounting Officer, Chief Operating Officer and Chief Financial Officer.

| Meeting attendance                               |     |
|--------------------------------------------------|-----|
| Total number of meetings held:                   | 6   |
| x/x = number attended /number eligible to attend |     |
| Members                                          |     |
| David Sayer                                      | 4/6 |
| John Latham                                      | 6/6 |
| Sharon Dean                                      | 6/6 |
| Hanif Barma                                      | 5/6 |
| Anne Obey                                        | 5/5 |

Note: Jim Watson, ARAC Independent Member, left on 25 April 2025.

# Executive Committee

## Role

ExCo is the key decision making governance body which oversees the day-to-day management of the Department’s business and the delivery of its strategic objectives. ExCo is the forum to discuss key cross-cutting issues impacting the entire organisation and brings together the senior leadership to support the Permanent Secretary in leading the Department and as Accounting Officer.

ExCo typically meets fortnightly on Wednesdays. Following an effectiveness review in summer 2025 ExCo meetings alternated between the FutureDBT transformation programme and the Policy agenda, and membership was

streamlined to Director Generals and the Strategy Director with other Directors attending when the agenda required their subject matter expertise.

In addition to the fortnightly formal ExCo meetings, ExCo members met informally for strategic discussions led by Director Generals and held away days to support the development of the ExCo leadership team. Staff engagement has continued to be a focus for ExCo with informal meetings held in a range of the Department's UK locations.

## Key areas of discussion

- ▶ Secretary of State priorities.
- ▶ Economic growth.
- ▶ Regulation reduction.
- ▶ Business and cross-Whitehall engagement.
- ▶ Departmental risks, mitigation and appetite.
- ▶ Fiscal events, including Spending Review and strategic and business planning.
- ▶ Departmental finances.
- ▶ Employee engagement, including the FutureDBT transformation programme, pay, People Survey and People Strategy.
- ▶ Departmental resilience and preparedness.
- ▶ Location and estates strategy.

## Meeting attendance

**Total number of meetings held:**

**22**

x/x = number attended /number eligible to attend

### Executive directors

|                                          |       |
|------------------------------------------|-------|
| Gareth Davies CB                         | 19/22 |
| Amanda Brooks CB CBE                     | 13/22 |
| Caleb Deeks / Gavin Lambert              | 19/22 |
| Ceri Smith                               | 14/22 |
| David Bickerton                          | 3/5   |
| Isobel Stephen / Joanna Crellin          | 19/22 |
| Jaee Samant                              | 18/22 |
| Kate Joseph                              | 16/22 |
| Sam Lister                               | 19/22 |
| Tara Smith                               | 19/22 |
| Tim Reid                                 | 13/22 |
| Nathan Phillips                          | 17/22 |
| Ben Cropper<br>until 3 September 2025    | 7/9   |
| Becky Woodward<br>until 3 September 2025 | 8/9   |
| Bidesh Sarkar<br>until 30 June 2025      | 5/6   |
| Jon Tunney<br>until 25 April 2025        | 0/2   |



## Executive Committee sub-committees: Performance and Risk Committee

---

### Role and discussions during the year

The Performance and Risk Committee (PRC) is a delegated committee of ExCo, responsible for providing oversight, constructive challenge and assurance on Departmental performance and risk management to support the Accounting Officer in discharging their responsibilities.

At the end of 2025, the sub-committee membership was refreshed, and the cadence was reduced from ten to eight times per year. From the start of 2026, meetings alternated between performance and risk focused discussions, recognising that these areas are closely linked and may be considered together where this supports effective scrutiny and the terms of reference updated to reflect this focus.

### Key areas of discussion

- ▶ Risk framework and risk appetite statement.
- ▶ Monitoring of Departmental risks, including deep dives into the Department's Risk Profile.
- ▶ Review of performance in relation to the Outcome Delivery Plan.
- ▶ Review of Overseas and Partner Organisation risk and assurance.
- ▶ Financial performance oversight.

- ▶ Review of Monitoring and Evaluation processes (to end 2025).
- ▶ Sub-committee effectiveness.

## Performance and Risk Committee Co-chairs

Tara Smith and Joanna Crellin / Isobel Stephen (job share)

## Executive Committee sub-committees: Investment Committee

---

### Role

Investment Committee is a delegated committee of ExCo. It considers investment decisions related to high value (£20 million and above) or high-risk projects and programmes in the Department's portfolio.

At the end of 2025, the sub-committee membership was refreshed, and the cadence was reduced from ten to eight times per year with the expectation of agility of the meeting cycle to meet the demand for decisions on business cases.

### Key areas of focus

- ▶ Approval of business cases for programmes within the Department's portfolio including onboarding and offboarding programmes.
- ▶ Deep dives into complex or technical programmes within the portfolio.

- ▶ Improving the committee's effectiveness through streamlined and simplified ways of working.

## Investment Committee Co-chairs

Amanda Brooks and Sam Lister

## Executive Committee sub-committees: People and Operations Committee

---

### Role

People and Operations Committee is a delegated committee of ExCo responsible for providing oversight of all aspects of the workplace environment and those operational matters that impact on our people. This includes the Department's strategic, policy, and operational approach to human resources, diversity and inclusion, the employment lifecycle and the Department's estates strategy. It is supported by a Shadow People and Operations Committee comprised of staff below Senior Civil Servant (SCS) grade drawn from across the Department who bring the employee voice to the committee's considerations.

At the end of 2025, the sub-committee membership was refreshed, and the cadence was reduced from ten to eight times per year.

## Key areas of discussion

- ▶ People Strategy and its implementation.
- ▶ People-related aspects of the Department's FutureDBT transformation programme.
- ▶ People Survey results and actions.
- ▶ Pay and benefits, reward and recognition.
- ▶ Capability and performance standards.
- ▶ Inclusive values and culture.
- ▶ Health and Safety, Security and Sustainability.
- ▶ Places for Growth.

## People and Operations Committee Co-chairs

Caleb Deeks / Gavin Lambert (job share) and Kate Joseph.

## Risk management

---

### An essential part of governance and leadership

Risk management is a core component of the Department's governance and leadership, supporting delivery of objectives, value for money and timely, well-informed decision-making in line with HM Treasury's Orange Book principles. The Accounting Officer is accountable for ensuring effective arrangements are in place to identify, assess, manage and control risk, and for providing transparent 'comply or explain' disclosure in the Governance Statement.

ExCo holds collective responsibility for managing the Department's principal risks on the Accounting Officer's behalf, supported by PRC and ARAC, which provide robust oversight, challenge and assurance on the effectiveness of risk management and the wider system of internal control. The Department's most significant risks are captured in the Principal Risk Register (PRR) with clear Senior Responsible Officer (SRO) accountability, defined controls and active mitigating actions. PRC reviews the PRR routinely, including deep-dives on selected risks, and escalates issues to ExCo and/or the Departmental Board where strategic decisions, prioritisation or direction are required. The PRR is refreshed at least annually through structured risk workshops and horizon-scanning to ensure it reflects the operating environment, delivery priorities, emerging risks and opportunities. Operational risks are managed through directorate, programme and project risk registers using a consistent methodology and terminology. Clear escalation routes operate to Director Generals, relevant governance sub-committees and (where appropriate) the PRR, supported by defined thresholds to ensure timely senior engagement. Risk is a standing agenda item across key governance forums, including Director General Senior Leadership Teams, ensuring risk considerations are routinely reflected in performance and delivery discussions.

## **Risk appetite and decision-making**

The Department's Risk Appetite Statement sets out the nature and level of risk the Department is willing to accept in pursuit of its objectives and the trade-offs it is prepared

to make between risk, cost, time and quality. The statement is reviewed and approved by ExCo and the Board, and it provides a broad framework to inform strategic choices, prioritisation and allocation of resources, and the design of mitigating actions and controls. Risk appetite assessments form part of principal risk reporting and support open discussion of risks and opportunities, including where exposure is outside tolerance. Where risks are assessed as outside the Department's agreed appetite, this is explicitly highlighted in committee reporting, together with the rationale, agreed management response (including any explicit acceptance where appropriate), clear ownership and timescales for review.

## **An integral part of organisational activity**

Risk management is integrated across the Department's activities, including strategic planning, policy development, programme and project delivery, financial management and engagement with Partner Organisations. Risk considerations are incorporated into business cases, investment decisions and approval processes, and into the management information provided to senior leaders and committees. This provides a clear line of sight from delivery risks and opportunities through to principal risks, enabling proportionate escalation and well-informed decisions across the Department and the wider extended enterprise.



## Structured, collaborative and evidence-based

The Department applies the Orange Book Three Lines Model to risk and assurance. Senior leaders (first line) own and manage risks within their areas of responsibility and are accountable for maintaining effective controls. They are supported by second line oversight, advice and challenge (including central risk, finance and governance functions), with independent assurance (third line) provided through GIAA and other external assurance providers.

Risks are identified, assessed, treated and monitored using a consistent process and common terminology aligned to the Orange Book, supported by a centrally managed digital risk tool. The Department maintains policies, guidance and training materials on its intranet, enabling staff to understand requirements and apply practical tools consistently. Risk reporting is increasingly underpinned by evidence, with clearer links between risks, controls, assurance sources and management actions to support decision-making.

A network of Risk Leads across the Department supports consistent application of the framework through sharing guidance, knowledge and good practice, and by supporting directorates to maintain effective registers and reporting. The central Risk Management Team works with finance, governance, performance, project delivery and Partner Organisation sponsorship teams to ensure risk information is joined-up, timely and proportionate, including for cross-cutting and thematic risks and those arising across Partner Organisations.



## Assurance, compliance and continuous improvement

During 2025-26 the Department established a Risk Strategy, supplementing the Risk Appetite Statement and the Risk Management Policy and Guidance, to drive a consistent approach to risk management and continuous improvement. The strategy aims to strengthen leadership behaviours, improve the quality and usability of risk information, and ensures risk processes are proportionate and consistently applied across the Department and Partner Organisations.

Internal Audit reviews of the Department's risk management framework and oversight of risk management across Partner Organisations both provided 'Moderate' audit opinions. The reviews confirmed that core governance arrangements are in place and that the framework is aligned to recognised practice, while identifying targeted enhancements to further strengthen consistency of application, the quality of risk information, and the visibility of cross-cutting risks across the extended enterprise.

These reviews, alongside other assurance activity, have informed a prioritised risk improvement plan aligned to the Orange Book principles. The plan focuses on strengthening governance, integration, information quality and continual improvement. Key areas of work include:

- ▶ Strengthening risk reporting and analysis by improving management information, and dashboards, and use of AI to increase visibility of cross-cutting and thematic risks, including across Partner Organisations, and to support clear escalation and decision-making.

- ▶ Enhancing the Departmental Risk Leads Network, including engagement with Partner Organisations, to share good practice, strengthen capability, and develop a more consistent view of common risks and key drivers across the extended enterprise.
- ▶ Embedding a risk management culture by reinforcing expectations for consistent practice, improving training and support, and strengthening lessons learnt from incidents, delivery issues and assurance findings, so that risk thinking is routinely applied in planning and delivery.

Progress against these actions is monitored throughout the year and reported to PRC and ARAC, and it will inform ongoing 'comply or explain' reporting in future Annual Reports and Accounts.

## Governance of the Department's Partner Organisations

---

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

In 2025-26, the Department sponsored 19 Partner Organisations each governed by a Framework Document. The creation of the Fair Work Agency on 7 April 2026 and the future consolidation of Ensus UK Limited, has taken the total

for 2026-27 to 21. The Framework Documents set out the organisation's objectives, key roles and responsibilities and the relationship with the Department.

The majority of the Department's Partner Organisations are governed by their own independent boards and have their own governance and internal assurance structures. Where Partner Organisations produce their own annual report and accounts these provide further information on internal governance and assurance processes.

In addition to the role of sub-committees described above, the Department obtained assurance on the governance of its Partner Organisations in 2025-26 through:

- ▶ Active promotion and application of the Cabinet Office's Sponsorship Code of Good Practice and the Corporate Governance Code. Compliance is tested through the Department's Partnership Assurance Framework.
- ▶ Formal risk escalation processes and reporting into Performance and Risk Committee as appropriate.
- ▶ Scrutiny and discussion at the Departmental Board and the executive board on the Department's relationship with Partner Organisations.
- ▶ GIAA review of sponsorship capability with the Department then responding to recommendations to further enhance assurance of the Department's public bodies.

## Government Internal Audit Agency

The Department's internal audit function, delivered by GIAA, remains a key source of independent assurance. In 2025-26, the internal audit programme comprised 22 individual audits across UK and overseas operations.

Drawing on this programme, GIAA has provided an overall 'Moderate' assurance opinion for 2025-26. This confirms that the Department has sustained the stronger position secured in 2024-25, following the 'Limited' opinion in 2023-24, and demonstrates clear progress in strengthening governance, risk management and internal control since the Department's creation in February 2023.

The Department has responded decisively to the issues identified by GIAA, with sustained action across the main areas requiring attention. This has included targeted work on machinery of government change, capacity and capability, governance, strategy and business planning, and the effectiveness of first and second line functions.

GIAA has concluded that the Department is on a clear and positive trajectory towards a more robust and sustainable framework of governance, risk management and control. Continued focus on priority improvements and the closure of historical recommendations has strengthened the control environment and supported greater organisational maturity during 2025-26.

GlAA has also identified further opportunities to strengthen the Department's risk, control and governance arrangements. These include: building on the progress in Grant Management delivery and oversight; raising compliance with our Purchase to Pay policy; and enhancing our TCFD Reporting. The Department is addressing these areas in a systematic way and will continue to work closely with GlAA to drive further improvement in 2026-27.

## Other matters

---

### Ministerial directions

A ministerial direction is a formal instruction issued by a minister to a department's Accounting Officer where the Accounting Officer has advised that a proposed course of action does not fully meet the tests set out in Managing Public Money (regularity, propriety, value for money, or feasibility). Where a minister decides that it is nevertheless necessary to proceed, the direction transfers accountability for the decision from the Accounting Officer to the minister and is normally published in the interests of transparency.

In April 2025, the Secretary of State for Business and Trade issued a ministerial direction to enable urgent government intervention to maintain the operation of British Steel's blast furnaces at Scunthorpe. The Accounting Officer advised that, while the intervention was in the wider public interest, there was insufficient information at the time to fully demonstrate value for money and feasibility, given the

uncertainty over the condition of the site and the need to act at pace. The Secretary of State therefore directed the department to proceed in order to preserve the UK's primary steel-making capability.

## The National Investigation Service

The National Investigation Service (NATIS) was commissioned in September 2020 to investigate fraud linked to COVID-19 financial support schemes, including the Bounce Back Loan Scheme. Its role included investigating suspected fraudulent claims, identifying perpetrators and supporting recovery activity.

The Department's contract with NATIS concluded on 30 April 2026. All viable covid loan cases previously held by NATIS have now been transferred to the Insolvency Service (INSS), which is leading investigations and onward action within its remit. This ensures continuity and maintains appropriate standards of governance and accountability.

## Business Distress Interventions

### Steel sector

Steel is a priority sector for the Government, given its importance to the UK economy and national security. On 19 March 2026, the Department published the UK Steel Strategy, setting out a long-term approach to stabilise and rebuild the sector, increase domestic market share to around 40–50%, and support investment in clean, modern steel



production. The strategy includes measures to improve the operating environment for steel producers, including action on electricity costs and public procurement.

The Department also introduced additional trade measures to address the impact of global overcapacity. From 1 July 2026, tariff-free quotas for certain steel imports will be reduced by 51% compared to existing Steel Safeguard levels, with imports above these thresholds subject to a 50% tariff. These measures apply to steel products that can be produced domestically.

The Government is providing up to £2.5 billion of support to the UK steel sector, including through the National Wealth Fund. This is in addition to £500 million previously committed to the transformation of Port Talbot.

## **British Steel**

On 27 March 2025, British Steel launched a collective redundancy consultation on options to close the blast furnaces at British Steel's Scunthorpe site. Shortly afterwards, the Department became aware of low stocks of raw materials, risking imminent closure of the blast furnaces. The Department offered to buy raw materials in early April 2025, but no agreement was reached with British Steel's owner Jingye. Ministers were clear it was in the public interest to maintain the operation of the blast furnaces while assessing the wider national security and economic context.



On 12 April 2025, Parliament passed the Steel Industry Special Measures Act (the Act) (SISMA) in one day. The Secretary of State for Business and Trade issued ministerial instructions to the company to support the continued operation of the blast furnaces. The Department has updated Parliament monthly on the operation of the Act during 2025-26. The Impact Assessment for SISMA was published on 22 January 2026 and received a ‘green rating’ from the Regulatory Policy Committee.

The Department coordinates its work on British Steel and the steel sector more broadly through a newly created Steel Programme (the Programme). The Programme’s vision is “a secure future for the UK steel industry that drives growth, supports the Industrial Strategy and protects the UK’s national and economic security”. Four governance groups oversee the Programme, which is led by the Department’s Chief Strategic Business Adviser. It has a dedicated project management office, a risk register and terms of reference for governance groups. In October 2025, the Steel Programme was added to the Department’s major programme portfolio and reports to the Department’s Investment Committee to ensure the most strategically important projects are aligned with its strategic objectives.

The cross-Whitehall governance for this programme includes representatives from the Cabinet Office Economic Security team, Number 10 Downing Street, the Foreign, Commonwealth and Development Office (FCDO), and HM Treasury. Officials have been brought in to work on the

Programme from UK Government Investments (UKGI) and the Office for Investment. The Department also works closely with HM Treasury on funding.

Between April and May 2025, additional resource of approximately 32 full-time equivalent staff was redeployed from within the Department to work on the Programme.

From 12 April 2025 to 31 March 2026, the Department has provided £452 million of loans to British Steel, to ensure sufficient working capital is maintained for the safe and effective operation of the blast furnaces. The ongoing cost to the government of maintaining steel production by British Steel is a key consideration of our assessments on any decisions for the future of the site. As is detailed in NAO's Investigation into the government's intervention in British Steel's Scunthorpe site, no repayment schedule for these loans is in place. This, coupled with the financial position of the business, has informed the approach to valuing these loans which is disclosed in the SOCNE and detailed in note 4.3 and note 9 of the notes to the accounts. At initial recognition, the loans were assigned a fair value of nil. In determining the initial fair value, the Core Department considered the significant uncertainty surrounding British Steel Limited's financial position, its ability to generate sufficient future cash flows, and the absence of evidence that the company will be able to repay the loans in the foreseeable future. The Core Department will continue to review the fair value of the loans at each reporting date,

taking into account changes in British Steel Limited's financial condition, restructuring developments, and any future repayment arrangements that may be agreed.

This is a very specific intervention taken in exceptional circumstances. All funding required was drawn from existing budgets, within the spending envelope set out by the government at Spring Statement 2025.

As a public corporation, the company continues trading commercially. Government officials are continuing to provide on-site support in Scunthorpe, ensuring uninterrupted domestic steel production and monitoring the use of taxpayer funds. Given the exceptional circumstances and pace of activity surrounding the intervention with British Steel, two elements of the Department's process regarding an indemnity issued and pay arrangements established, did not receive the necessary HM Treasury approvals. Having identified this compliance gap, the Department submitted the request for retrospective approvals on these matters during the financial year. The Department is working with HM Treasury to regularise these matters currently.

Since the intervention on 12 April 2025, the Department has primarily focused on implementing the Act, ensuring the safe operation of the two blast furnaces and addressing health and safety concerns.

The Government has engaged in negotiations with the current owner of British Steel on a commercial sale, but it has not been possible to agree acceptable terms which would represent a responsible use of public money. As a

result, the Department believes it is in the public interest to bring legislation which will give Government the powers to nationalise British Steel. On 14 May 2026 the Steel Industry (Nationalisation) Bill was introduced in Parliament. Any nationalisation of British Steel would be subject to the public interest test being met before using the powers under the Bill.

## **Speciality Steel UK (SSUK)**

Speciality Steel UK (SSUK), formerly part of the Liberty group of companies, consists of steel sites in Rotherham, Stocksbridge, Brinsworth in South Yorkshire, as well as Wednesbury. The Rotherham site possesses two Electric Arc Furnaces (EAF) and the Stocksbridge site, supplied with EAF-produced steel from the Rotherham site, produces high value speciality products for manufacturing, such as aerospace, oil and gas, and industrial engineering.

On 21 August 2025, SSUK was issued with a winding up order by the High Court due to longstanding financial issues and the Official Receiver was appointed to manage the liquidation. The government is providing funding to the Official Receiver to run a sales process for the sites and is engaging with interested parties to explore options for the future of the SSUK sites. The Department hopes the Official Receiver will be able to move to a commercial sale of SSUK.

## Chemicals Sector

The chemicals sector is of vital importance to the UK economy, supporting around 95,000 jobs directly in 2025 ([ONS: JOBS03 Q4 2025](#) and [ONS: JOBS04 Q4 2025](#)), and many more indirectly. The sector was recognised in the UK's Modern Industrial Strategy on account of its clear and wide-ranging input to the IS-8 sectors and supplying critical inputs to many others, including critical national infrastructure. Government provided financial support to two companies, INEOS Grangemouth Limited and Ensus UK Limited during the 2025-26 Financial Year.

Government provided a package of support worth over £120 million to INEOS, in conjunction with further investment from the shareholder. This safeguarded 500 jobs and ensured that critical manufacturing undertaken at the company continued.

Government also acted decisively to safeguard critical CO<sub>2</sub> supplies by supporting Ensus on Teesside, whose bioethanol manufacture produces a significant amount of CO<sub>2</sub> as a byproduct. CO<sub>2</sub> is important for a range of critical sectors, including healthcare, nuclear, and food manufacture. This is intended to be a temporary intervention as a contingency against potential CO<sub>2</sub> shortages and Government has currently only agreed for the plant to be online for an initial three-month period. However, Government retains the ability to extend this, should market conditions and risks mean



that there is need to do so. In the longer-term, Government will also work with industry to build resilience into the supply of CO<sub>2</sub>.

## **Qualified opinions on financial statements**

---

### **Qualified opinion on financial statements in relation to Horizon redress**

The Comptroller and Auditor General (C&AG) limited the scope of his opinion on the Department's 2023-24 Financial Statements, being unable to obtain sufficient appropriate audit evidence in relation to the provision estimates made for the HSS, to support an unmodified opinion. The C&AG once again limited the scope of his opinion on the Department's 2024-25 Financial Statements. While the 2024-25 comparative figures in the 2025-26 Financial Statements together with the in-year transactions (excluding utilisation) continue to be subject to a qualification, the C&AG has obtained sufficient assurance over the 2025-26 closing provision balances.

### **2024-25 qualified opinion on regularity with respect to levels of suspected fraud in Future Fund**

In the period between May 2020 and 31 March 2025, the Department classified 47 investments totalling £79.5 million made under the Future Fund, as suspected fraud. This led to a regularity qualification. The Department continues to assess the levels of suspected fraud in line with the processes

described in the regularity of expenditure section in this report. No further instances of suspected fraud have been identified during 2025-26. Accordingly, the qualification on regularity in this respect has fallen away from this ARA.

## National Audit Office and the Public Accounts Committee

---

The Department contributed to several National Audit Office (NAO) reports, including 'Regulating for growth' published on 21 January 2026. It examines whether government and regulators are aligned in their understanding of how regulation can contribute to growth, and whether the Department and HM Treasury are taking forward the learning from the Growth Duty and previous initiatives.

On 25 June 2025, the Public Accounts Committee (PAC) published a report entitled 'Department for Business and Trade Annual Report and Accounts 2023-24'. The Department responded to a number of recommendations including how it handles Horizon Convictions Redress Schemes and the NATIS audit.

On 25 June 2025, the PAC published a report entitled 'Supporting the UK's priority industry sectors'. The Department responded to a number of recommendations including how it will improve its approach to stakeholder engagement and how it is adapting to the Industrial Strategy.



On 16 March 2026, the NAO published a report entitled 'Investigation into the government's intervention in British Steel's Scunthorpe site'. The report examines the government's 2025 intervention in British Steel's Scunthorpe site. It focuses on the wider context and background of the intervention.

The Department undertakes work to follow up recommendations from NAO reports, and updates are published in the NAO's Recommendations tracker at <https://www.nao.org.uk/recommendations-tracker/>.

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

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

## Functional Standards

---

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

The Department fully supports the embedding of functional standards, and as part of the annual assurance process all functional leads have completed a high-level self-assessment of how well they are meeting the requirements of their functional standard. Further, more detailed assessments have been undertaken against a range of the standards, with others pending. Internal audit reviews have also been undertaken against key aspects of our functional standards.

The findings from the assessments and audit reviews, have been used to establish actions to further strengthen our alignment with the relevant standards and will be reflected in our plans for 2026-27.

## Project assurance

---

The Department's Major Change Portfolio (MCP) brings together the Department's largest, most complex, high-risk, novel, and contentious initiatives. As of March 2026, the MCP comprised 26 initiatives with a projected whole-life cost of approximately £11.3 billion. The programmes on the MCP are instrumental in advancing the Department's overarching

mission to deliver economic growth. Of these, the Post Office Strategic Transformation Plan (STP) and DRIVE35 are currently part of the Government Major Projects Portfolio.

To ensure robust governance and continuity throughout the project lifecycle, the MCP has been fully integrated into the Department's Investment Committee. This integration strengthens strategic alignment, enhances oversight, and supports the successful delivery of the Department's most critical change initiatives.

## Quality assurance of analytical models

---

The Department uses analytical models to inform policy development, operational decisions, and evaluation activities. In line with the Macpherson Review and the government's Analytical Quality Assurance (AQuA) Book, the Department maintains a list of Business Critical Models (BCMs).

Each year, the Department reviews its modelling landscape, collecting information on analytical models across policy and operational areas and assessing them for risk (financial, reputational, frequency of use, legal and operational) and scale. Models assessed as both high risk and large scale are classified as business critical.

Each BCM has a designated SRO who is accountable for applying proportionate quality assurance throughout the model's development, maintenance, and use. The

Department also maintains central oversight arrangements to promote best practice, provide assurance, and support compliance with AQuA Book standards.

## Governance and improvements

During 2025/26, the Department continued work to strengthen the governance of BCMs following recommendations from the GIAA. This included:

- ▶ Updating and validating the Department's list of BCMs
- ▶ Embedding new governance processes, including clearer documentation requirements and improved oversight
- ▶ Supporting SROs through the Department's quality assurance network
- ▶ Engaging with Partner Organisations to improve visibility and reinforce AQuA-compliant approaches to model assurance.

Post Office Limited are responsible for maintaining and assuring their own BCMs under the delegation of Accounting Officer responsibilities, though where the Department provides funding to Post Office Limited, such as with the Horizon redress schemes, the Department accounts for such liabilities.

A list of BCMs maintained by the Department is at Annex E.

## Management of outside interests

---

### Register of interests for directors

See the Directors' Report on page 117.

### Process for managing outside interests

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

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

| Name                               | Interest                                                                                                                                                                                 |
|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Darren Murphy (from 06/09/2025)    | Mr Murphy is a Doctoral researcher at the University of Birmingham.                                                                                                                      |
| Nicola Bartlett (from 06/09/2025)  | Ms Bartlett is a Local Councillor for the West Green Ward at Haringey Borough Council.                                                                                                   |
| Billy French (from 06/09/2025)     | Mr French's partner is employed at Hoxton Ventures. No confidential policy should be discussed, and no privileged access should be granted to Hoxton Venture (as per usual restrictions) |
| Finn McGoldrick (until 05/09/2025) | Ms McGoldrick is a Local Councillor for the Norcot Ward at Reading Borough Council.                                                                                                      |
| Sophia Kewell (until 05/09/2025)   | Ms Kewell held a position on the London Pension Fund Authority Board. Ms Kewell was recused from any discussions affecting delivery of Osaka 2025.                                       |

## Business appointment rules (BAR)

The Department has a clear conduct policy in place that applies to all staff and incorporates the principles of the Civil Service Code and Civil Service Management Code. Staff in the Department are reminded of their obligations under these codes as well as the need to comply with the Cabinet Office's BAR when leaving the Civil Service. Information on applications made under the BAR are reported to the ARAC, including any rule breaches and any applications that have been referred to the Civil Service Commission.

All advice given on applications from SCS members of staff are published at [Business appointment rules – GOV.UK](#).

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



To ensure awareness, the Department includes information on BAR in staff contracts, leaver checklists and Departmental intranet pages.

In 2025-26, there were 25 exits from the Civil Service at SCS level assessed. There were no breaches of the rules during the year.

The table below reflects the BAR applications received from 2025-26:

| Grade            | Number of BAR applications assessed by the Department over the year | Number of BAR applications where conditions were set | Number of applications found to be unsuitable for the applicant to take up |
|------------------|---------------------------------------------------------------------|------------------------------------------------------|----------------------------------------------------------------------------|
| HEO              | 0                                                                   | 0                                                    | 0                                                                          |
| SEO              | 2                                                                   | 2                                                    | 0                                                                          |
| G7               | 1                                                                   | 1                                                    | 0                                                                          |
| G6               | 0                                                                   | 0                                                    | 0                                                                          |
| SCS pay band 1   | 2                                                                   | 2                                                    | 0                                                                          |
| SCS pay band 2   | 0                                                                   | 0                                                    | 0                                                                          |
| Special advisers | 0                                                                   | 0                                                    | 0                                                                          |
| Total            | 5                                                                   | 5                                                    | 0                                                                          |

## Effectiveness of our whistleblowing arrangements

---

The Department encourages its employees to speak up and raise a concern when they believe there may have been wrongdoing or if something does not feel, look or sound right. This is reinforced through staff communications during the year. Through participation in the annual cross-government Speak Up Week campaign, the Department promoted the importance of raising a concern through whistleblowing training sessions led by Nominated Officers who are trained to offer impartial advice and support outside of management chains.

The Department's procedures for raising concerns are accessible to all employees on a dedicated intranet page that provides names and contact details for all Nominated Officers, UK-based and overseas. The Department's Raising a Concern / Whistleblowing policy was updated in June 2025. A self-assessment whistleblowing health-check was last completed in May 2026.

In 2025-26, there were no whistleblowing concerns raised by its employees.

The 2025 People Survey highlighted for the Department:

- ▶ 72% are confident that if they raised a concern under the Civil Service Code it would be investigated properly. This is a 1 percentage point decrease on the 2024 survey results, and 4 percentage points lower than the Civil Service benchmark.
- ▶ 71% stated they were aware of how to raise a concern under the Civil Service Code. This is a 4 percentage point improvement on the 2024 survey results, and 1 percentage points lower than the Civil Service benchmark.

The Department continues to raise awareness and work with our staff to ensure colleagues feel safe to raise any concerns.

## **Data protection and personal data incidents**

---

In 2025-26, there were a total of 114 reported data breaches and 29 near miss events within the Department (101 data breaches were reported in 2024-25). One of these data breaches met the threshold for reporting to the Information Commissioner's Office (ICO). The reportable breach concerned the unauthorised disclosures of information to a journalist and the subsequent publication of the information.

The Department includes the functions of two Executive Agencies as part of its controllership; the Insolvency Service (excluding Official Receiver Offices & the Office of the Adjudicator) and Companies House (excluding the functions of the Registrar). These functions reported 105 data breaches and 59 data breaches respectively. Two of the Companies House data breaches met the threshold for reporting to the ICO. The first breach concerned a confidentiality breach resulting from a failure to use the Blind Carbon Copy (BCC) field when sending emails to multiple recipients. The second data breach is still being investigated.

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

## Freedom of Information, ICO and complaints to the Parliamentary Ombudsman

---

In 2025-26, the Department handled 15 Information Commissioner's Office (ICO) complaint cases regarding the handling of Freedom of Information requests submitted under the Freedom of Information Act 2000 (FOIA). The Department has so far responded to 14 of the ICO complaints, 10 of which have resulted in the Department's position being upheld or partially upheld by the ICO. 3 were closed informally following consultation with the Commissioner. At the end of 2025-26, 2 were awaiting decision notice by the ICO and 1 is currently active pending a Departmental response to the ICO.

In July 2025, the Montague Supreme Court case judgement was given in the Department's favour. The Department's interpretation that public interest test considerations can be aggregated is permissible under FOIA. This case originated from 2017.

In a case originating from 2024, the complainant appealed the ICO decision notice which was issued in the department's favour. The appeal was heard at the First Tier Tribunal in 2025. The First Tier Tribunal dismissed the complainant's appeal in January 2026.

The Department has a stated aim to provide a full response to any corporate complaint within 20 working days. In 2025-26, the Department received 35 complaints, 24 of which were responded to within 20 working days. A further 9 were responded to outside 20 working days (2 were open and on time at the reporting date).

If the complainant is not satisfied with the outcome of the Department's response to their complaint, they can ask for a review of the decision. In 2025-26, 14 reviews were requested.

If the complainant is not satisfied with the outcome of their complaint, following a review, they have the right to ask their local MP to refer it to the Parliamentary and Health Service Ombudsman (PHSO). The PHSO only accepts complaints that have been through the Department's internal complaints process.

In 2025-26, no complaints were investigated by the PHSO concerning the Department.

## Performance in Responding to Correspondence

---

The Department reports statistics on correspondence from MPs and Peers to the Cabinet Office which publishes them as part of its transparency requirements at: [Data on responses to correspondence from MPs and peers – GOV.UK.](#)

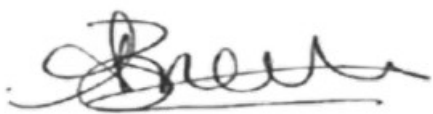
The Department does not currently collate performance statistics on responding to correspondence from the public.

## Accounting Officer's conclusion

---

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

Overall, noting the above, I am satisfied that the Department has set up an appropriate system of governance, risk management and control during this reporting period. While I was not in post for the period covered by this report, I have taken appropriate steps to assure myself that the Department's governance, risk management and control arrangements were in place and operating effectively throughout the year.



**Amanda Brooks CB CBE**

Interim Permanent Secretary and Principal Accounting Officer

9 July 2026



# Staff Report

## Staff numbers

The average number of full-time equivalent (FTE) persons employed during the year (from 1 April 2025 to 31 March 2026) was as follows. These tables have been subject to audit.

|                                        | 2025-26                  |            |           |                  |                           |                                  | 2024-25       |
|----------------------------------------|--------------------------|------------|-----------|------------------|---------------------------|----------------------------------|---------------|
|                                        | Permanent employed staff | Others     | Ministers | Special advisers | Overseas – UK based staff | Overseas – locally engaged staff | Total         |
| Core Department                        | 5,638                    | 377        | 5         | 4                | 192                       | 1,315                            | 7,531         |
| Agencies                               | 4,027                    | 110        | -         | -                | -                         | -                                | 4,137         |
| Non departmental public bodies (NDPBs) | 2,237                    | 48         | -         | -                | -                         | -                                | 2,285         |
| <b>Total</b>                           | <b>11,902</b>            | <b>535</b> | <b>5</b>  | <b>4</b>         | <b>192</b>                | <b>1,315</b>                     | <b>13,953</b> |
| <i>Of which</i>                        |                          |            |           |                  |                           |                                  |               |
| Core Department and agencies           | 9,665                    | 487        | 5         | 4                | 192                       | 1,315                            | 11,668        |
| NDPBs and other designated bodies      | 2,237                    | 48         | -         | -                | -                         | -                                | 2,285         |
| <b>Total</b>                           | <b>11,902</b>            | <b>535</b> | <b>5</b>  | <b>4</b>         | <b>192</b>                | <b>1,315</b>                     | <b>13,260</b> |

The average number of staff is calculated by summing the FTE at the end of each month within the period and dividing this by the number of months in the period. ‘Permanently Employed’ includes permanent Civil Servants (including those on fixed term contracts) working in the UK. ‘Others’ includes agency staff, specialist contractors, Cabinet Office Fast Streamers working on Departmental objectives, inward

seconded and Ministry of Defence (MoD) staff working on Departmental objectives. Average FTE figures also include special advisers, who are employed as temporary civil servants. To improve efficiency, the administration of staff costs for all special advisers across government is managed by the Cabinet Office, with corresponding budget cover transfers.

Therefore, all special adviser costs are reported in the Cabinet Office Annual Report and Accounts. Special advisers remain employed by the respective department of their appointing Minister.

## Number of Senior Civil Service staff by band (FTE)

| Range | 2025-26 | 2024-25 |
|-------|---------|---------|
| SCS 1 | 242.6   | 238.0   |
| SCS 2 | 58.7    | 59.8    |
| SCS 3 | 9.8     | 8.4     |
| SCS 4 | 1.0     | 1.0     |
| Total | 312.1   | 307.2   |

## Costs of workforce engaged in delivering the Department's objectives

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

This table has been subject to audit.

### Staff costs (Group)

|                                     | 2025-26                                     |                                                |                                 |           |           |              | 2024-25    |
|-------------------------------------|---------------------------------------------|------------------------------------------------|---------------------------------|-----------|-----------|--------------|------------|
|                                     | Permanent employed, UK based, working in UK | Permanent employed, UK based, working overseas | Locally employed staff overseas | Ministers | Others    | Total        | Total      |
|                                     | £m                                          | £m                                             | £m                              | £m        | £m        | £m           | £m         |
| Wages and salaries                  | 626                                         | 20                                             | 55                              | -         | -         | 701          | 648        |
| Social security costs               | 89                                          | 1                                              | -                               | -         | -         | 90           | 64         |
| Other pension costs                 | 158                                         | 4                                              | 7                               | -         | -         | 169          | 150        |
| Agency and temporary staff          | -                                           | -                                              | -                               | -         | 53        | 53           | 54         |
| Voluntary exit scheme               | 34                                          | -                                              | -                               | -         | -         | 34           | -          |
| Compulsory redundancies             | 2                                           | -                                              | 4                               | -         | -         | 6            | -          |
| Recoveries from outward secondments | (2)                                         | -                                              | -                               | -         | -         | (2)          | (3)        |
| <b>Total staff costs</b>            | <b>907</b>                                  | <b>25</b>                                      | <b>66</b>                       | <b>-</b>  | <b>53</b> | <b>1,051</b> | <b>913</b> |
| <i>Of which</i>                     |                                             |                                                |                                 |           |           |              |            |
| Core Department and agencies        | 716                                         | 25                                             | 62                              | -         | 50        | 853          | 733        |
| NDPBs and other designated bodies   | 191                                         | -                                              | 4                               | -         | 3         | 198          | 180        |
| <b>Total staff costs</b>            | <b>907</b>                                  | <b>25</b>                                      | <b>66</b>                       | <b>-</b>  | <b>53</b> | <b>1,051</b> | <b>913</b> |

1. Other staff total includes Fast Streamers, agency staff, MoD staff working on Departmental objectives, inward secondees and specialist contractors.
2. No costs are attributed to Special Advisers because administrative responsibility transferred to the Cabinet Office in July 2019.
3. Total net costs of Ministers £266,348 (2024–25: £216,923).

## Civil Service pension schemes

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servants and Others Pension Scheme (CSOPS) – known as “alpha” – are unfunded multi-employer defined benefit schemes but the Department is unable to identify its share of the underlying assets and liabilities. The latest actuarial valuation undertaken for the Scheme was completed in September 2023 as of 31 March 2020. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation, available here:

<https://www.gov.uk/government/publications>

For 2025-26, employers' contributions of £88,320,993 were payable to the Civil Service pension schemes (2024-25: £80,638,565) at 28.97% of pensionable earnings. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2025-26 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £671,284 (2024-25: £713,146) were paid to Legal and General Mastertrust. Employer contributions are age-related and ranged from 8% to 14.75%. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £26,077 (2024-25: £26,949), 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were 2025-26 £788,956 (2024-25: £842,771). Contributions prepaid at that date were nil (2024-25: nil).

The Department expects pension contributions in 2026-27 to be similar to those in 2025-26, with changes in contributions due to future pay awards.

### **Ill-health retirement**

In 2025-26, no individuals (2024-25: 2) across the Department retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to nil (2024-25: £13,181).

# Staff composition

The following table reports workforce gender diversity for the Department as of 31 March 2026.

|                                    | 2025-26 |     | 2024-25 |     |
|------------------------------------|---------|-----|---------|-----|
| Workforce diversity <sup>1</sup>   | Number  | %   | Number  | %   |
| All employees                      | 5,590   |     | 5,624   |     |
| Female                             | 2,793   | 50% | 2,805   | 50% |
| Male                               | 2,797   | 50% | 2,819   | 50% |
| Senior Civil Servants <sup>2</sup> | 312     |     | 307     |     |
| Female                             | 162     | 52% | 149     | 49% |
| Male                               | 150     | 48% | 158     | 51% |
| Senior Officials <sup>3</sup>      | 12      |     | 10      |     |
| Female                             | 7       | 58% | 5       | 50% |
| Male                               | 5       | 42% | 5       | 50% |

## Notes

1. This table includes diversity data for all Civil Servants (including SCS) on the Department’s payroll and UK based Civil Servants (including SCS) working overseas for the Department that have given this information in their records. This excludes Special Advisers, Ministers, local staff overseas and staff employed by other government departments such as those from MoD and those on some Civil Service Fast Stream programmes who are employed by the Cabinet Office.
2. Senior Civil Servants include Directors and Deputy Directors.
3. Senior Officials refers to members of the Departmental Board (including Permanent Secretary and Directors General) who are executives of the Department at 31 March 2026 – this does not include Ministers or non-executive directors.

# Sickness absence

The average working days lost through recorded sickness absence per staff year is disclosed below. This relates to the Department’s Civil Servants working in the UK and all UK based staff and local staff working overseas, excluding MoD, agency staff, specialist contractors and inward secondees.

Disclosures for the Department’s executive agencies can be found in their ARAs.

| Sickness absence          | 2025-26 | 2024-25 |
|---------------------------|---------|---------|
| Average working days lost | 4       | 3.6     |

The table below shows the top 3 reasons for recorded sickness absence in the period ending 31 March 2026:

|                                 | 2025-26   | 2024-25   |
|---------------------------------|-----------|-----------|
| Absence category                | Total (%) | Total (%) |
| Mental Health                   | 29%       | 21%       |
| Respiratory System (inc. Colds) | 19%       | 21%       |
| Unspecified                     | 10%       | 10%       |



## Health and safety

---

The Permanent Secretary and ExCo remain committed to fostering a positive safety culture. The Department is dedicated to providing safe working environments and activities for colleagues, visitors and those affected by its operations.

A Health, Safety and Wellbeing Committee meets quarterly to monitor performance and engage with Trade Union and business unit representatives. Over the past year, the Department has strengthened its arrangements through a simplification programme, improving accessibility and usability of health and safety guidance, alongside enhanced data collection and analysis to support continuous improvement.

The Department has continued to build its positive health, safety and wellbeing culture by expanding the Health and Safety Network and delivering leadership training to senior health and safety champions. Ongoing focus has been placed on ensuring all colleagues have the information necessary to work safely.

## Wellbeing

---

The Department strives to provide a working environment which supports a healthy workforce, where employees feel psychologically safe, resilient and able to thrive at work. With support and insight from our senior wellbeing champions and wider staff network, the Department aims to improve

wellbeing systemically, developing an understanding of the current and longer-term health and wellbeing trends to support employee wellbeing and maintain resilience.

There is also a comprehensive health and wellbeing programme for employees and teams, with targeted support available in response to emerging needs.

This support includes:

- ▶ An employee assistance programme.
- ▶ A wellbeing application offering a broad range of health-related content.
- ▶ Periodic wellbeing webinars.
- ▶ Access to mental health first aiders.
- ▶ A suite of supporting resources for line managers, including stress management tools, quick reference guides, and online training.

## Staff turnover

---

Departmental staff turnover as of March 2026 was 10.8% (2024-25: 10.2%).

The turnover figure is calculated as the number of leavers over a 12-month period divided by the average number of staff in post over the period.

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

## People Survey staff engagement scores

---

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

The Departmental response rate for the 2025 survey was 77% – much higher than the overall response rate for the Civil Service of 59%. The Department's overall engagement index score is 60%. This score assesses the extent to which the Department's employees are committed to the Department's goals and values, and are motivated to contribute to our success. Further details on our People Survey results can be found at the following website:

[Civil Service People Survey: 2025 results - GOV.UK](#)

## Diversity and inclusion

---

Diversity and Inclusion is embedded into the Department's People Strategy 2024-2028 through the 'Culture and Values' pillar and in the Diversity and Inclusion Framework 2024-2028, which launched in April 2024 and sits underneath the People Strategy.

The framework scopes departmental evidence led priorities for equality, diversity and inclusion focused on the objectives of "skills and development", "values and belonging", "attraction and careers" and "getting the basics right". The Year 2 action plan had key deliverables including the Gender Pay Gap action plan, management review of staff networks and Speak up Campaign along with the pilot of a new Leadership Sponsorship programme. Preparations began on the first Departmental Disability and Ethnicity Pay Gap internal reporting voluntary exercise, due to be published by June this year.

## Staff policies applied for disabled staff

---

The Department is a Level 3 Disability Confident Leader. This allows disabled candidates to use the guaranteed interview scheme when applying for roles in the Department in addition to accessing reasonable adjustments to ensure full and fair consideration of applications for employment. For disabled staff working in the Department, support is available through DisNET, the staff network run by and for disabled staff, which

includes a number of subnetworks to support colleagues with a disability or long-term health condition, as well as through the Neurodiversity Network.

Disabled staff are supported to develop their careers through talent programmes such as Beyond Boundaries, which includes ringfenced places for staff with a disability. The Department has a Disability Leave Policy which provides time off for treatment, rehabilitation and assessment. In 2024 the Department launched Disability Confident training sessions, open to all staff and delivered on a quarterly basis. In January 2025, the Department launched a tailored version of the Disability Confident training for line managers, to further build line manager's confidence and capability in supporting staff with a disability and long-term health condition. Since launch, sessions have run quarterly for staff and line managers throughout 2025-26. More than 220 people have taken part, and 93% of feedback respondents said the training helped them feel more disability confident in the Department.

## Staff redeployments

---

The number of staff redeployed (on loan) into the Department from other government departments (OGDs) and the number of staff redeployed (on loan) out of the Department into OGDs as of 31 March 2026 is shown below.

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

The average duration of staff redeployments into the Department from OGDs is 1 year. The average duration of staff redeployments out of the Department into OGDs is 2.2 years.

| Grade        | 2025-26                           |                                |                                     |                                | 2024-25                           |                                |                                     |                                |
|--------------|-----------------------------------|--------------------------------|-------------------------------------|--------------------------------|-----------------------------------|--------------------------------|-------------------------------------|--------------------------------|
|              | Redeployments into the Department |                                | Redeployments out of the Department |                                | Redeployments into the Department |                                | Redeployments out of the Department |                                |
|              | Short term (less than 6 months)   | Long term (6 months or longer) | Short term (less than 6 months)     | Long term (6 months or longer) | Short term (less than 6 months)   | Long term (6 months or longer) | Short term (less than 6 months)     | Long term (6 months or longer) |
| AO           | -                                 | 1                              | -                                   | -                              | -                                 | 2                              | -                                   | -                              |
| EO           | -                                 | 3                              | -                                   | 4                              | 2                                 | 8                              | 1                                   | 4                              |
| Fast Stream  | 5                                 | 119                            | -                                   | 2                              | 3                                 | 104                            | 1                                   | 2                              |
| HEO          | 1                                 | 3                              | 2                                   | 34                             | 6                                 | 28                             | 7                                   | 31                             |
| SEO          | 5                                 | 20                             | 1                                   | 34                             | 4                                 | 40                             | 8                                   | 36                             |
| G7           | 6                                 | 23                             | 3                                   | 54                             | 6                                 | 37                             | 17                                  | 52                             |
| G6           | 7                                 | 8                              | 2                                   | 20                             | 3                                 | 19                             | 5                                   | 13                             |
| SCS1         | 4                                 | 7                              | 2                                   | 5                              | 4                                 | 12                             | 1                                   | 13                             |
| SCS2         | 1                                 | 1                              | -                                   | -                              | -                                 | -                              | -                                   | -                              |
| SCS3         | -                                 | -                              | -                                   | 1                              | -                                 | -                              | -                                   | 1                              |
| SPAD         | -                                 | -                              | -                                   | -                              | -                                 | 3                              | -                                   | -                              |
| Unspecified  | -                                 | -                              | -                                   | -                              | -                                 | -                              | -                                   | -                              |
| <b>Total</b> | <b>29</b>                         | <b>185</b>                     | <b>10</b>                           | <b>154</b>                     | <b>28</b>                         | <b>253</b>                     | <b>40</b>                           | <b>152</b>                     |

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

| Grade        | 2025-26                           |                |                                     |                | 2024-25                           |                |                                     |                |
|--------------|-----------------------------------|----------------|-------------------------------------|----------------|-----------------------------------|----------------|-------------------------------------|----------------|
|              | Redeployments into the Department |                | Redeployments out of the Department |                | Redeployments into the Department |                | Redeployments out of the Department |                |
|              | Short term (less than 6 months)   |                | Short term (less than 6 months)     |                | Short term (less than 6 months)   |                | Short term (less than 6 months)     |                |
|              | Administration £000               | Programme £000 | Administration £000                 | Programme £000 | Administration £000               | Programme £000 | Administration £000                 | Programme £000 |
| EO           | -                                 | -              | -                                   | -              | 12                                | 8              | 2                                   | 1              |
| Fast Stream  | 22                                | 16             | -                                   | -              | 17                                | 12             | 3                                   | 2              |
| HEO          | 5                                 | 3              | 5                                   | 3              | 13                                | 9              | 29                                  | 20             |
| SEO          | 22                                | 15             | 11                                  | 7              | 14                                | 10             | 30                                  | 21             |
| G7           | 35                                | 24             | 13                                  | 9              | 54                                | 37             | 115                                 | 80             |
| G6           | 83                                | 58             | 28                                  | 19             | 31                                | 22             | 30                                  | 21             |
| SCS1         | 55                                | 38             | 6                                   | 4              | 36                                | 25             | 12                                  | 8              |
| SCS2         | 24                                | 17             | -                                   | -              | -                                 | -              | -                                   | -              |
| SCS3         | -                                 | -              | -                                   | -              | -                                 | -              | -                                   | -              |
| <b>Total</b> | <b>246</b>                        | <b>171</b>     | <b>63</b>                           | <b>42</b>      | <b>177</b>                        | <b>123</b>     | <b>221</b>                          | <b>153</b>     |

## Reporting of Civil Service and other compensation schemes – exit packages

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

Exits disclosed in 2024-25 and 2025-26 include exits of locally employed staff (non-Civil Servants) overseas. Overseas redundancy payments are determined in line



with local employment law and the terms of the specific local contract of employment. Other departures relating to Ministers are not disclosed as this table. These tables have been subject to audit.

The increase in volume of exits between 24-25 to 25-26 is due to activities under the FutureDBT programme, which has included a significant Voluntary Exit Scheme alongside restructuring exercises for both domestic and overseas staff. The aim of this programme is to build a simpler, faster and digitally enabled department.

|                                          | 2025-26                           |                                   |                   | 2024-25                           |                                   |                  |
|------------------------------------------|-----------------------------------|-----------------------------------|-------------------|-----------------------------------|-----------------------------------|------------------|
|                                          | Number of compulsory redundancies | Number of other departures agreed | Total             | Number of compulsory redundancies | Number of other departures agreed | Total            |
| Less than £10,000                        | 74                                | 17                                | 91                | 7                                 | 9                                 | 16               |
| £10,000 - £25,000                        | 57                                | 102                               | 159               | 1                                 | 9                                 | 10               |
| £25,000 - £50,000                        | 52                                | 128                               | 180               | 1                                 | 7                                 | 8                |
| £50,000 - £100,000                       | 24                                | 322                               | 346               | 3                                 | 6                                 | 9                |
| £100,000 - £150,000                      | 5                                 | 8                                 | 13                | -                                 | 1                                 | 1                |
| £150,000 - £200,000                      | 1                                 | 2                                 | 3                 | -                                 | -                                 | -                |
| <b>Total number</b>                      | <b>213</b>                        | <b>579</b>                        | <b>792</b>        | <b>12</b>                         | <b>32</b>                         | <b>44</b>        |
| <i>Of which</i>                          |                                   |                                   |                   |                                   |                                   |                  |
| <b>Core Department and Agencies</b>      | <b>170</b>                        | <b>576</b>                        | <b>746</b>        | <b>6</b>                          | <b>30</b>                         | <b>36</b>        |
| <b>NDPBs and other designated bodies</b> | <b>43</b>                         | <b>3</b>                          | <b>46</b>         | <b>6</b>                          | <b>2</b>                          | <b>8</b>         |
| <b>Total number</b>                      | <b>213</b>                        | <b>579</b>                        | <b>792</b>        | <b>12</b>                         | <b>32</b>                         | <b>44</b>        |
| <b>Total cost (£)</b>                    | <b>5,678,439</b>                  | <b>34,258,919</b>                 | <b>39,937,358</b> | <b>284,897</b>                    | <b>978,919</b>                    | <b>1,263,816</b> |
| <i>Of which</i>                          |                                   |                                   |                   |                                   |                                   |                  |
| <b>Core Department and Agencies</b>      | <b>4,214,736</b>                  | <b>33,995,329</b>                 | <b>38,210,066</b> | <b>262,368</b>                    | <b>948,240</b>                    | <b>1,210,608</b> |
| <b>NDPBs and other designated bodies</b> | <b>1,463,703</b>                  | <b>263,590</b>                    | <b>1,727,292</b>  | <b>22,529</b>                     | <b>30,679</b>                     | <b>53,208</b>    |
| <b>Total cost (£)</b>                    | <b>5,678,439</b>                  | <b>34,258,919</b>                 | <b>39,937,358</b> | <b>284,897</b>                    | <b>978,919</b>                    | <b>1,263,816</b> |

## Consultancy and temporary staff expenditure

---

The Core Department's expenditure on consultancy in 2025-26 was £8 million (2024-25: £20 million). The Departmental Group's expenditure on consultancy in 2025-26 was £24 million (2024-25: £44 million).

The Core Department's expenditure on temporary staff (contingent labour) in 2025-26 was £25 million (2024-25: £24 million). The Departmental Group's expenditure on temporary staff (contingent labour) in 2025-26 was £53 million (2024-25: £54 million).

While costs on temporary staff are quite static between financial years, there has been a significant reduction in the levels of consultancy spend. More than 50% of the reduction relates the Core Department, due to reductions in use of consultancy contracts across a number of directorates.

## Off-payroll engagements

---

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

**Table 1: Highly paid off-payroll worker engagements as at 31 March 2026, earning £245 per day or greater**

|                                                      | Core Department | POs | Departmental Group |
|------------------------------------------------------|-----------------|-----|--------------------|
| <b>No. of existing engagements as of 31 Mar 2026</b> | 147             | 339 | 486                |
| <i>Of which, no. that existed for</i>                |                 |     |                    |
| less than 1 year                                     | 18              | 134 | 152                |
| between 1 and 2 years                                | 42              | 127 | 169                |
| between 2 and 3 years                                | 24              | 41  | 65                 |
| between 3 and 4 years                                | 22              | 24  | 46                 |
| 4 or more years                                      | 41              | 13  | 54                 |

**Table 2: All highly paid off-payroll workers engaged at any point during the year ended 31 March 2026, earning £245 per day or greater**

|                                                                                         | Core Department | POs | Departmental Group |
|-----------------------------------------------------------------------------------------|-----------------|-----|--------------------|
| <b>No. of temporary off-payroll workers engaged during the year ended 31 March 2026</b> | 241             | 546 | 787                |
| <i>Of which:</i>                                                                        |                 |     |                    |
| Not subject to off-payroll legislation                                                  | 2               | 209 | 211                |
| Subject to off-payroll legislation and determined as in-scope of IR35                   | 217             | 122 | 339                |
| Subject to off-payroll legislation and determined as out-of-scope of IR35               | 22              | 215 | 237                |
| No. of engagements reassessed for compliance or assurance purposes during the year      | 10              | 66  | 76                 |
| <i>Of which:</i>                                                                        |                 |     |                    |
| No. of engagements that saw a change to IR35 status following review                    | -               | -   | -                  |

Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2025 and 31 March 2026

|                                                                                                                                                                                                                                                                 | Core<br>Department | POs | Departmental<br>Group |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-----|-----------------------|
| No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year <sup>1</sup>                                                                                                     | -                  | 4   | 4                     |
| Total no. of individuals on payroll and off-payroll that have been deemed “board members and/or senior officials with significant financial responsibility”, during the financial year. This figure should include both on payroll and off-payroll engagements. | 2                  | 84  | 86                    |

1. Two of the four off-payroll engagements relate to the President of the Competition Appeal Tribunal (CAT). The President of CAT is a High Court judge appointed by the Lord Chancellor who is paid their judicial salary as a High Court judge, with the Ministry of Justice recharging the cost to CAT. One engagement lasted from 5 November 2024 to 22 May 2025 in respect of the Acting President of CAT and one engagement started on 23 May 2025 in respect of the incumbent President. This engagement is open-ended and expected to last until the incumbent President leaves office. The other two engagements relate to the Interim Finance and Commercial Director role at Companies House, which was temporarily filled through off-payroll engagements on two occasions during the financial year: from 18 August 2025 to 15 September 2025, and from 13 October 2025 to 6 March 2026. These temporary appointments were made to cover the role while recruitment for a permanent full-time Director of Finance and Commercial was underway.

# Remuneration Report

## Overview

---

The Remuneration Report sets out the remuneration policy and the amounts awarded to Departmental Ministers and Senior Officials. Just like the Staff Report, it is fundamental to demonstrating transparency and accountability to Parliament.

## Remuneration policy

### Ministers

---

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

### Senior Officials

---

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

Following the Government's acceptance of the SSRB's recommendations in 2025-26, the Cabinet Office set the central SCS pay framework and award. This was followed closely by the Department. The guidance can be found at:

<https://www.gov.uk/government/publications/guidance-on-the-senior-civil-service-pay-award-202526/guidance-on-the-senior-civil-service-pay-award-202526-html>.

## Senior Official appointments

---

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

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

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

# Ministers – single total figure of remuneration

---

The table below shows each component, and the single total figure of remuneration for each minister in 2025-26 and 2024-25 where applicable.

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

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



|                                                                                         | 2025-26                 |                                              |                                                     |                             | 2024-25                 |                                              |                                                     |                             |
|-----------------------------------------------------------------------------------------|-------------------------|----------------------------------------------|-----------------------------------------------------|-----------------------------|-------------------------|----------------------------------------------|-----------------------------------------------------|-----------------------------|
| Ministers                                                                               | Salary (£) <sup>1</sup> | Full year equivalent salary if different (£) | Pension Benefits <sup>2</sup> (£ to nearest £1,000) | Total (£ to nearest £1,000) | Salary (£) <sup>1</sup> | Full year equivalent salary if different (£) | Pension Benefits <sup>2</sup> (£ to nearest £1,000) | Total (£ to nearest £1,000) |
| <b>Secretary of State</b>                                                               |                         |                                              |                                                     |                             |                         |                                              |                                                     |                             |
| <b>The Rt Hon Peter Kyle MP</b><br>(from 5 September 2025)                              | 33,753                  | 67,505                                       | 10,000                                              | <b>44,000</b>               | -                       | -                                            | -                                                   | -                           |
| <b>The Rt Hon Jonathan Reynolds MP</b><br>(until 5 September 2025)                      | 33,753                  | 67,505                                       | 7,000                                               | <b>41,000</b>               | 49,903                  | 67,505                                       | 13,000                                              | <b>63,000</b>               |
| <b>The Rt Hon Kemi Badenoch MP</b>                                                      | -                       | -                                            | -                                                   | -                           | 34,660                  | 67,505                                       | -                                                   | <b>35,000</b>               |
| <b>Ministers of State</b>                                                               |                         |                                              |                                                     |                             |                         |                                              |                                                     |                             |
| <b>Sir Chris Bryant MP</b><br>(from 6 September 2025)                                   | 15,840                  | 31,680                                       | 5,000                                               | <b>21,000</b>               | -                       | -                                            | -                                                   | -                           |
| <b>Lord Stockwood<sup>3</sup></b><br>(from 6 September 2025)                            | -                       | -                                            | -                                                   | -                           | -                       | -                                            | -                                                   | -                           |
| <b>Michael Shanks MP<sup>4</sup></b><br>(from 6 September 2025 until 11 September 2025) | -                       | -                                            | -                                                   | -                           | -                       | -                                            | -                                                   | -                           |
| <b>The Rt Hon Douglas Alexander MP</b><br>(until 5 September 2025)                      | 15,840                  | 31,680                                       | 3,000                                               | <b>19,000</b>               | 23,334                  | 31,680                                       | 6,000                                               | <b>29,000</b>               |
| <b>Sarah Jones MP<sup>5</sup></b><br>(until 6 September 2025)                           | -                       | -                                            | -                                                   | -                           | -                       | -                                            | -                                                   | -                           |
| <b>Baroness Poppy Gustafsson CBE<sup>6</sup></b><br>(until 6 September 2025)            | -                       | -                                            | -                                                   | -                           | -                       | -                                            | -                                                   | -                           |
| <b>Lord Dominic Johnson of Lainston CBE<sup>7</sup></b>                                 | -                       | -                                            | -                                                   | -                           | -                       | -                                            | -                                                   | -                           |
| <b>Kevin Hollinrake MP</b>                                                              | -                       | -                                            | -                                                   | -                           | 16,266                  | 31,680                                       | 2,000                                               | <b>18,000</b>               |
| <b>Rt Hon Greg Hands MP</b>                                                             | -                       | -                                            | -                                                   | -                           | 16,266                  | 31,680                                       | 2,000                                               | <b>18,000</b>               |
| <b>Parliamentary Under-Secretaries of State</b>                                         |                         |                                              |                                                     |                             |                         |                                              |                                                     |                             |
| <b>Kate Dearden MP</b><br>(from 7 September 2025)                                       | 11,485                  | 22,375                                       | 3,000                                               | <b>14,000</b>               | -                       | -                                            | -                                                   | -                           |
| <b>Blair McDougall MP</b><br>(from 7 September 2025)                                    | 12,679                  | 22,375                                       | 3,000                                               | <b>16,000</b>               | -                       | -                                            | -                                                   | -                           |
| <b>Chris McDonald MP<sup>8</sup></b><br>(from 11 September 2025)                        | -                       | -                                            | -                                                   | -                           | -                       | -                                            | -                                                   | -                           |
| <b>Baroness Lloyd of Effra CBE<sup>9</sup></b><br>(from 11 September 2025)              | -                       | -                                            | -                                                   | -                           | -                       | -                                            | -                                                   | -                           |

| Ministers                                                                    | 2025-26                 |                                              |                                                     |                             | 2024-25                 |                                              |                                                     |                             |
|------------------------------------------------------------------------------|-------------------------|----------------------------------------------|-----------------------------------------------------|-----------------------------|-------------------------|----------------------------------------------|-----------------------------------------------------|-----------------------------|
|                                                                              | Salary (£) <sup>1</sup> | Full year equivalent salary if different (£) | Pension Benefits <sup>2</sup> (£ to nearest £1,000) | Total (£ to nearest £1,000) | Salary (£) <sup>1</sup> | Full year equivalent salary if different (£) | Pension Benefits <sup>2</sup> (£ to nearest £1,000) | Total (£ to nearest £1,000) |
| <b>Justin Madders MP<sup>10</sup></b><br>(until 7 September 2025)            | 15,351                  | 22,375                                       | 2,000                                               | <b>18,000</b>               | 16,300                  | 22,375                                       | 4,000                                               | <b>21,000</b>               |
| <b>Gareth Thomas MP<sup>11</sup></b><br>(until 7 September 2025)             | 15,351                  | 22,375                                       | 2,000                                               | <b>18,000</b>               | 16,300                  | 22,375                                       | 4,000                                               | <b>21,000</b>               |
| <b>Baroness Jones of Whitchurch<sup>12</sup></b><br>(until 7 September 2025) | -                       | -                                            | -                                                   | -                           | -                       | -                                            | -                                                   | -                           |
| <b>Alan Mak MP</b>                                                           | -                       | -                                            | -                                                   | -                           | 11,788                  | 22,375                                       | 1,000                                               | <b>13,000</b>               |
| <b>Lord Offord of Garvel<sup>13</sup></b>                                    | -                       | -                                            | -                                                   | -                           | -                       | -                                            | -                                                   | -                           |
| <b>Maria Caulfield MP<sup>14</sup></b>                                       | -                       | -                                            | -                                                   | -                           | -                       | -                                            | -                                                   | -                           |
| <b>Stuart Andrew MP<sup>15</sup></b>                                         | -                       | -                                            | -                                                   | -                           | -                       | -                                            | -                                                   | -                           |

## Notes

- Salary information excludes employers' national insurance contributions. None of the ministers of the Department received benefits in kind during the year. Ministers in the House of Commons are remunerated on a different basis to those in the House of Lords as explained in notes to the remuneration report.
- The value of pension benefits accrued during the year is calculated as (real increase in pension multiplied by 20) less (contributions made by the individual). Real increase excludes increases due to inflation or any increase or decrease due to transfer of pension rights.
- Lord Stockwood did not draw a ministerial salary or pension benefits.
- Michael Shanks MP was Minister of State at both the Department and Department for Energy Security and Net Zero (DESNZ), and was paid by DESNZ. Please refer to DESNZ ARA for full details.
- Sarah Jones MP was Minister of State at both the Department and DESNZ, and was paid by DESNZ. Please refer to DESNZ ARA for full details.
- Baroness Poppy Gustafsson CBE did not draw a ministerial salary or pension benefits.
- Lord Dominic Johnson of Lainston CBE did not draw a ministerial salary or pension benefits while a Minister during the 2024-25 financial year.

8. Chris McDonald MP is Parliamentary Under-Secretary of State at both the Department and DESNZ, who he is paid by. Please refer to DESNZ ARA for full details.
9. Baroness Lloyd of Effra CBE is Parliamentary Under-Secretary of State at both the Department and Department for Science Innovation and Technology (DSIT), who she is paid by. Please refer to DSIT ARA for full details.
10. Justin Madders MP left on severance terms on 7 September 2025. He received a severance payment of £5,825. This payment is included in the remuneration disclosed in this table.
11. Gareth Thomas MP left on severance terms on 7 September 2025. He received a severance payment of £5,825. This payment is included in the remuneration disclosed in this table.
12. Baroness Jones of Whitchurch was paid by HM Treasury under her role as Baroness in Waiting (Government Whip). Please refer to the HM Treasury ARA for full details.
13. Lord Offord of Garvel did not draw a ministerial salary or pension benefits while a Minister during the 2024-25 financial year.
14. Maria Caulfield MP was paid by the Department of Health and Social Care (DHSC) while a Minister during the 2024-25 financial year. Please refer to DHSC ARA for full details.
15. Stuart Andrew MP was paid by the Department for Culture, Media and Sport (DCMS) while a Minister during the 2024-25 financial year. Please refer to DCMS ARA for full details.

# Ministers – pension benefits

The table below shows the pension entitlements for each minister. This table has been subject to audit.

| Ministers                                                                               | Pension benefits at age 65 as at 31 March 2026<br>£'000 | Real increase in pension at age 65<br>£'000 | CETV at 31 March 2026<br>£'000 | CETV at 31 March 2025<br>£'000 | Real increase in CETV<br>£'000 |
|-----------------------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------|--------------------------------|--------------------------------|--------------------------------|
| <b>Secretary of State</b>                                                               |                                                         |                                             |                                |                                |                                |
| <b>The Rt Hon Peter Kyle MP</b><br>(from 5 September 2025)                              | 0-5                                                     | 0-2.5                                       | 36                             | 23                             | 7                              |
| <b>The Rt Hon Jonathan Reynolds MP</b><br>(until 5 September 2025)                      | 0-5                                                     | 0-2.5                                       | 19                             | 12                             | 4                              |
| <b>The Rt Hon Kemi Badenoch MP<sup>1</sup></b>                                          | -                                                       | -                                           | -                              | -                              | -                              |
| <b>Ministers of State</b>                                                               |                                                         |                                             |                                |                                |                                |
| <b>Sir Chris Bryant MP</b><br>(from 6 September 2025)                                   | 0-5                                                     | 0-2.5                                       | 44                             | 36                             | 4                              |
| <b>Lord Stockwood<sup>2</sup></b><br>(from 6 September 2025)                            | -                                                       | -                                           | -                              | -                              | -                              |
| <b>Michael Shanks MP<sup>3</sup></b><br>(from 6 September 2025 until 11 September 2025) | -                                                       | -                                           | -                              | -                              | -                              |
| <b>The Rt Hon Douglas Alexander MP</b><br>(until 5 September 2025)                      | 0-5                                                     | 0-2.5                                       | 11                             | 7                              | 2                              |
| <b>Sarah Jones MP<sup>4</sup></b><br>(until 6 September 2025)                           | -                                                       | -                                           | -                              | -                              | -                              |
| <b>Baroness Poppy Gustafsson CBE<sup>5</sup></b><br>(until 6 September 2025)            | -                                                       | -                                           | -                              | -                              | -                              |
| <b>Lord Dominic Johnson of Lainston CBE<sup>6</sup></b>                                 | -                                                       | -                                           | -                              | -                              | -                              |
| <b>Kevin Hollinrake MP</b>                                                              | -                                                       | -                                           | -                              | 13                             | -                              |
| <b>The Rt Hon Greg Hands MP</b>                                                         | -                                                       | -                                           | -                              | 144                            | -                              |
| <b>Parliamentary Under-Secretaries of State</b>                                         |                                                         |                                             |                                |                                |                                |
| <b>Kate Dearden MP</b><br>(from 7 September 2025)                                       | 0-5                                                     | 0-2.5                                       | 6                              | 4                              | 1                              |
| <b>Blair McDougall MP</b><br>(from 7 September 2025)                                    | 0-5                                                     | 0-2.5                                       | 3                              | -                              | 2                              |

| Ministers                                                                          | Pension benefits at age 65 as at 31 March 2026<br>£'000 | Real increase in pension at age 65<br>£'000 | CETV at 31 March 2026<br>£'000 | CETV at 31 March 2025<br>£'000 | Real increase in CETV<br>£'000 |
|------------------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------|--------------------------------|--------------------------------|--------------------------------|
| <b>Chris McDonald MP<sup>7</sup></b><br><i>(from 11 September 2025)</i>            | -                                                       | -                                           | -                              | -                              | -                              |
| <b>Baroness Lloyd of Effra CBE<sup>8</sup></b><br><i>(from 11 September 2025)</i>  | -                                                       | -                                           | -                              | -                              | -                              |
| <b>Justin Madders MP</b><br><i>(until 7 September 2025)</i>                        | 0-5                                                     | 0-2.5                                       | 7                              | 5                              | 2                              |
| <b>Gareth Thomas MP</b><br><i>(until 7 September 2025)</i>                         | 5-10                                                    | 0-2.5                                       | 184                            | 175                            | 2                              |
| <b>Baroness Jones of Whitchurch<sup>9</sup></b><br><i>(until 7 September 2025)</i> | -                                                       | -                                           | -                              | -                              | -                              |
| <b>Alan Mak MP</b>                                                                 | -                                                       | -                                           | -                              | 2                              | -                              |
| <b>Lord Offord of Garvel<sup>10</sup></b>                                          | -                                                       | -                                           | -                              | -                              | -                              |
| <b>Maria Caulfield MP<sup>11</sup></b>                                             | -                                                       | -                                           | -                              | -                              | -                              |
| <b>Stuart Andrew MP<sup>12</sup></b>                                               | -                                                       | -                                           | -                              | -                              | -                              |

## Notes

1. The Rt Hon Kemi Badenoch MP opted out of the pension scheme in December 2022.
2. Lord Stockwood did not draw a ministerial salary or pension benefits.
3. Michael Shanks MP was Minister of State at both the Department and DESNZ, and was paid by DESNZ. Please refer to DESNZ ARA for full details.
4. Sarah Jones MP was Minister of State at both the Department and DESNZ, and was paid by DESNZ. Please refer to DESNZ ARA for full details.
5. Baroness Poppy Gustafsson CBE did not draw a ministerial salary or pension benefits.
6. Lord Dominic Johnson of Lainston CBE did not draw a ministerial salary or pension benefits while a Minister during the 2024-25 financial year.
7. Chris McDonald MP is Parliamentary Under-Secretary of State at both the Department and DESNZ, and was paid by DESNZ. Please refer to DESNZ ARA for full details.
8. Baroness Lloyd of Effra CBE is Parliamentary Under-Secretary of State at both the Department and DSIT, and was paid by DSIT. Please refer to DSIT ARA for full details.

9. Baroness Jones of Whitchurch was paid by HM Treasury in her role as Baroness in Waiting (Government Whip). Please refer to HM Treasury ARA for full details.
10. Lord Offord of Garvel did not draw a ministerial salary or pension benefits while a Minister during the 2024-25 financial year.
11. Maria Caulfield MP was paid by the Department of Health and Social Care (DHSC) while a Minister during the 2024-25 financial year. Please refer to DHSC ARA for full details.
12. Stuart Andrew MP was paid by the Department for Culture, Media and Sport (DCMS) while a Minister during the 2024-25 financial year. Please refer to DCMS ARA for full details.

# Senior Officials – single total figure of remuneration

Senior Officials are defined in alignment with the requirements of the Government Financial Reporting Manual (FReM). Senior Official salaries and pension benefits in 2025-26 and 2024-25 were as follows. This table has been subject to audit.

|                                                                                                        | 2025-26                  |                                               |            |                                               |            | 2024-25                  |                                               |            |                                               |            |
|--------------------------------------------------------------------------------------------------------|--------------------------|-----------------------------------------------|------------|-----------------------------------------------|------------|--------------------------|-----------------------------------------------|------------|-----------------------------------------------|------------|
| Senior Officials                                                                                       | Salary <sup>1</sup> £000 | Full year equivalent salary if different £000 | Bonus £000 | Pension <sup>2</sup> (£000 to nearest £1,000) | Total £000 | Salary <sup>1</sup> £000 | Full year equivalent salary if different £000 | Bonus £000 | Pension <sup>2</sup> (£000 to nearest £1,000) | Total £000 |
| <b>Senior Officials</b>                                                                                |                          |                                               |            |                                               |            |                          |                                               |            |                                               |            |
| <b>Gareth Davies CB</b><br>Permanent Secretary and Accounting Officer                                  | 185-190                  | -                                             | 15-20      | 92                                            | 295-300    | 180-185                  | -                                             | -          | 85                                            | 265-270    |
| <b>Tara Smith</b><br>Director General, Chief Operating Officer                                         | 150-155                  | -                                             | 15-20      | 70                                            | 240-245    | 145-150                  | -                                             | -          | 174                                           | 320-325    |
| <b>Gavin Lambert<sup>3</sup></b><br>Director General, Competition, Markets and Regulatory Reform Group | 100-105                  | 140-145                                       | 5-10       | 51                                            | 155-160    | 95-100                   | 135-140                                       | 5-10       | 47                                            | 145-150    |
| <b>Caleb Deeks<sup>4</sup></b><br>Director General, Competition, Markets and Regulatory Reform Group   | 95-100                   | 140-145                                       | 5-10       | 53                                            | 155-160    | 95-100                   | 135-140                                       | 5-10       | 48                                            | 150-155    |
| <b>Ceri Smith</b><br>Director General, Strategy and Investment                                         | 170-175                  | -                                             | -          | 9                                             | 180-185    | 165-170                  | -                                             | -          | 146                                           | 310-315    |
| <b>Amanda Brooks CB CBE</b><br>Director General, Trade Group                                           | 150-155                  | -                                             | 0-5        | 79                                            | 230-235    | 145-150                  | -                                             | 10-15      | 73                                            | 230-235    |



| Senior Officials                                                                                      | 2025-26                  |                                               |            |                                               |            | 2024-25                  |                                               |            |                                               |            |
|-------------------------------------------------------------------------------------------------------|--------------------------|-----------------------------------------------|------------|-----------------------------------------------|------------|--------------------------|-----------------------------------------------|------------|-----------------------------------------------|------------|
|                                                                                                       | Salary <sup>1</sup> £000 | Full year equivalent salary if different £000 | Bonus £000 | Pension <sup>2</sup> (£000 to nearest £1,000) | Total £000 | Salary <sup>1</sup> £000 | Full year equivalent salary if different £000 | Bonus £000 | Pension <sup>2</sup> (£000 to nearest £1,000) | Total £000 |
| <b>Joanna Crellin<sup>5</sup></b><br>Director General, Domestic and International Markets and Exports | 105-110                  | 150-155                                       | 0-5        | 7                                             | 115-120    | 145-150                  | -                                             | 5-10       | 70                                            | 220-225    |
| <b>Katherine Joseph</b><br>Director General, Economic Security and Trade Relations                    | 135-140                  | -                                             | 5-10       | 64                                            | 210-215    | 130-135                  | -                                             | 0-5        | 135                                           | 270-275    |
| <b>Sam Lister</b><br>Director General, Industrial Strategy                                            | 155-160                  | -                                             | 5-10       | 61                                            | 225-230    | 60-65                    | 150-155                                       | -          | 24                                            | 80-85      |
| <b>Jaee Samant</b><br>Director General, Business Group                                                | 160-165                  | -                                             | 0-5        | 55                                            | 220-225    | 35-40                    | 155-160                                       | -          | 37                                            | 70-75      |
| <b>Isobel Stephen<sup>6</sup></b><br>Director General, Domestic and International Markets and Exports | 100-105                  | 135-140                                       | 0-5        | 33                                            | 135-140    | 5-10                     | 135-140                                       | -          | -                                             | 5-10       |
| <b>Tim Reid<sup>7</sup></b><br>UKEF Chief Executive                                                   | -                        | -                                             | -          | -                                             | -          | -                        | -                                             | -          | -                                             | -          |
| <b>Niall Mackenzie</b><br>Interim Director General, Domestic and International Markets and Exports    | -                        | -                                             | -          | -                                             | -          | 5-10                     | 125-130                                       | 5-10       | 14                                            | 25-30      |
| <b>Crawford Falconer</b><br>Chief Negotiation Advisor and Second Permanent Secretary                  | -                        | -                                             | -          | -                                             | -          | 330-335                  | 405-410                                       | 15-20      | -                                             | 350-355    |
| <b>David Bickerton</b><br>Director General, Business Group                                            | -                        | -                                             | -          | -                                             | -          | 115-120                  | 150-155                                       | -          | 54                                            | 170-175    |
| <b>Ruth Nolan</b><br>Chief Financial Officer<br>(from 28 July 2025)                                   | 80-85                    | 115-120                                       | 0-5        | 29                                            | 110-115    | -                        | -                                             | -          | -                                             | -          |
| <b>Bidesh Sarkar<sup>8</sup></b><br>Chief Financial Officer<br>(until 30 June 2025)                   | 135-140                  | 245-250                                       | -          | 14                                            | 150-155    | 140-145                  | -                                             | 5-10       | 55                                            | 205-210    |

## Notes

1. Salary information excludes employers' national insurance contributions. Departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where officials have moved to or from a similar senior role in another department during the year, details of any remuneration relating to their subsequent or prior roles will be in that department's remuneration report.
2. The value of pension benefits accrued during the year is calculated as (real increase in pension multiplied by 20) plus (real increase in any lump sum) less (contributions made by the individual). Real increase excludes increases due to inflation or any increase or decrease due to transfer of pension rights.
3. Gavin Lambert's FTE is 0.7.
4. Caleb Deeks' FTE is 0.7.
5. Joanna Crellin's FTE is 0.7.
6. Isobel Stephen's FTE is 0.7.
7. Tim Reid is paid by UKEF. Please refer to UKEF accounts for full details.
8. Bidesh Sakar left under severance scheme terms on 30 June 2025. He received a compensation payment (in the banding of 75-80), compensation in lieu of notice (in the banding 20-25) and payment for untaken annual leave.
9. 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.

# Senior Officials – pension benefits

The table below shows the pension entitlements for each Senior Official for 2025-26. This table has been subject to audit.

|                                                                                                     | Accrued<br>pension at<br>pension<br>age as at 31<br>March 2026<br>and related<br>lump sum<br>£000 | Real increase<br>in pension<br>and related<br>lump sum at<br>pension age <sup>1</sup><br>£000 | CETV at 31<br>March 2026 <sup>2</sup><br>£000 | CETV at 31<br>March 2025 <sup>2</sup><br>£000 | Real<br>increase in<br>CETV<br>£000 | Employer<br>contribution<br>to partnership<br>pension<br>account<br>Nearest £100 |
|-----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|-------------------------------------|----------------------------------------------------------------------------------|
| <b>Senior Officials</b>                                                                             |                                                                                                   |                                                                                               |                                               |                                               |                                     |                                                                                  |
| <b>Gareth Davies CB</b><br>Permanent Secretary<br>and Accounting Officer                            | 85 - 90                                                                                           | 5 - 7.5                                                                                       | 1,603                                         | 1,445                                         | 68                                  | -                                                                                |
| <b>Tara Smith</b><br>Director General, Chief<br>Operating Officer                                   | 45 - 50                                                                                           | 2.5 - 5                                                                                       | 920                                           | 815                                           | 51                                  | -                                                                                |
| <b>Gavin Lambert</b><br>Director General,<br>Competition, Markets<br>and Regulatory Reform<br>Group | 40 - 45 plus<br>a lump sum<br>of 105 - 110                                                        | 2.5 - 5 plus a<br>lump sum of<br>0 - 2.5                                                      | 906                                           | 820                                           | 36                                  | -                                                                                |
| <b>Caleb Deeks</b><br>Director General,<br>Competition, Markets<br>and Regulatory Reform<br>Group   | 55 - 60                                                                                           | 2.5 - 5                                                                                       | 941                                           | 856                                           | 34                                  | -                                                                                |
| <b>Ceri Smith</b><br>Director General,<br>Strategy and Investment                                   | 95 - 100                                                                                          | 0 - 2.5                                                                                       | 1,818                                         | 1,726                                         | (12)                                | -                                                                                |
| <b>Amanda Brooks CB<br/>CBE</b><br>Director General, Trade<br>Group                                 | 80 - 85 plus<br>a lump sum<br>of 50 - 55                                                          | 2.5 - 5 plus a<br>lump sum of<br>0 - 2.5                                                      | 1,646                                         | 1,495                                         | 62                                  | -                                                                                |
| <b>Joanna Crellin</b><br>Director General,<br>Domestic and<br>International Markets<br>and Exports  | 60 - 65                                                                                           | 0 - 2.5                                                                                       | 1,156                                         | 1,098                                         | (6)                                 | -                                                                                |

|                                                                                                             | Accrued pension at pension age as at 31 March 2026 and related lump sum<br>£000 | Real increase in pension and related lump sum at pension age <sup>1</sup><br>£000 | CETV at 31 March 2026 <sup>2</sup><br>£000 | CETV at 31 March 2025 <sup>2</sup><br>£000 | Real increase in CETV<br>£000 | Employer contribution to partnership pension account<br>Nearest £100 |
|-------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|--------------------------------------------|--------------------------------------------|-------------------------------|----------------------------------------------------------------------|
| <b>Katherine Joseph</b><br>Director General,<br>Economic Security and<br>Trade Relations                    | 45 - 50                                                                         | 2.5 - 5                                                                           | 838                                        | 744                                        | 46                            | -                                                                    |
| <b>Sam Lister</b><br>Director General,<br>Industrial Strategy                                               | 50 - 55                                                                         | 2.5 - 5                                                                           | 810                                        | 731                                        | 39                            | -                                                                    |
| <b>Jaee Samant</b><br>Director General,<br>Business Group                                                   | 75 - 80 plus<br>a lump sum<br>of 185 - 190                                      | 2.5 - 5 plus a<br>lump sum of 0                                                   | 1,829                                      | 1,690                                      | 39                            | -                                                                    |
| <b>Isobel Stephen</b><br>Director General,<br>Domestic and<br>International Markets<br>and Exports          | 35 - 40 plus<br>a lump sum<br>of 100 - 105                                      | 0 - 2.5 plus a<br>lump sum of<br>0 - 2.5                                          | 868                                        | 796                                        | 23                            | -                                                                    |
| <b>Tim Reid<sup>3</sup></b><br>UKEF Chief Executive                                                         | -                                                                               | -                                                                                 | -                                          | -                                          | -                             | -                                                                    |
| <b>Niall Mackenzie</b><br>Interim Director<br>General, Domestic and<br>International Markets<br>and Exports | -                                                                               | -                                                                                 | -                                          | 1,453                                      | -                             | -                                                                    |
| <b>Crawford Falconer</b><br>Chief Negotiation<br>Advisor and Second<br>Permanent Secretary                  | -                                                                               | -                                                                                 | -                                          | -                                          | -                             | -                                                                    |
| <b>David Bickerton</b><br>Director General,<br>Business Group                                               | -                                                                               | -                                                                                 | -                                          | 112                                        | -                             | -                                                                    |
| <b>Ruth Nolan</b><br>Chief Financial Officer<br>(from 28 July 2025)                                         | 30 - 35                                                                         | 0 - 2.5                                                                           | 473                                        | 441                                        | 14                            | -                                                                    |
| <b>Bidesh Sarkar</b><br>Chief Financial Officer<br>(until 30 June 2025)                                     | 55 - 60                                                                         | 0 - 2.5                                                                           | 930                                        | 886                                        | 10                            | -                                                                    |

## Notes

1. In some cases, the increase in pension and lump sum can be negative which means a real decrease has occurred. This is because the increase in pension

(due to extra service or pay increases) may not be sufficient to offset the increase in inflation, resulting in a real terms reduction.

2. Where Senior Officials joined or left during the year, their CETV opening or closing amounts are as of their joining or leaving dates. See Notes to the Remuneration Report for explanation of CETV.
3. Tim Reid is paid by UKEF. Please refer to UKEF accounts for full details.
4. Accrued pension benefits included in this table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the relevant legacy scheme for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the Alpha scheme for the period from 1 April 2015 to 31 March 2022.

# Non-executive Board Members – fee entitlements

Below are the annual fees plus expenses paid to the Non-executive Board Members of the Department. The total amounts due for the year to each person were in the ranges set out below. This table has been subject to audit.

|                     | 2025-26         |                                   | 2024-25         |                                   |
|---------------------|-----------------|-----------------------------------|-----------------|-----------------------------------|
|                     | Fee entitlement | Full year equivalent if different | Fee entitlement | Full year equivalent if different |
|                     | £000            | £000                              | £000            | £000                              |
| Paul Drechsler      | 20-25           | -                                 | 5-10            | 20-25                             |
| John Latham         | 20-25           | -                                 | 5-10            | 20-25                             |
| Iain Anderson       | 15-20           | -                                 | 0-5             | 15-20                             |
| Katherine Braddick  | 15-20           | -                                 | 0-5             | 15-20                             |
| Aderonke Savage     | 15-20           | -                                 | 0-5             | 15-20                             |
| David Sayer         | 15-20           | -                                 | 0-5             | 15-20                             |
| Ishika Nita Clarke  | 15-20           | -                                 | 0-5             | 15-20                             |
| Michael Clancy      | 15-20           | -                                 | 0-5             | 15-20                             |
| Stephen Hill OBE    | -               | -                                 | 5-10            | 20-25                             |
| Robert Leeming      | -               | -                                 | 5-10            | 15-20                             |
| Lord Kamall         | -               | -                                 | 5-10            | 15-20                             |
| Peter Fleet         | -               | -                                 | 5-10            | 15-20                             |
| Sir Stephen O'Brien | -               | -                                 | 5-10            | 15-20                             |
| Karina McTeague     | -               | -                                 | 15-20           | 20-25                             |

# Fair pay disclosures

## (Pay Multiples)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce. Total remuneration in this section includes salary, non-consolidated performance-related pay, and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions, in line with HM Treasury guidance on providing this disclosure.

The narrative below outlines the relationship during the year ended 31 March 2026 between the remuneration of the Department's highest-paid Director and the remuneration of the workforce across the Core Department and its two agencies, The Insolvency Service and Companies House.

The banded total remuneration of the highest-paid Director (SCS4) in 2025-26 was £200,000 – £205,000 (2024-25: £350,000 – £355,000).

This total remuneration figure was 4.3 times the median total remuneration of the workforce, which was £47,469 (2024-25: £46,061).



In 2025-26, 11 employees received remuneration more than the highest-paid Director (2024-25: 0). Remuneration ranged from £10,000 – £15,000 to £235,000 – £240,000 (2024-25: £10,000 – £15,000 to £350,000 – £355,000).

The median pay ratio for the relevant financial year is consistent with the pay and reward policies for the entity's employees taken as a whole, given the incremental upward trajectory of the median remuneration derived. The decreases in the ratios when compared to prior year disclosures, is reflective of the reduction in remuneration of the highest-paid Director. This resulted from the previous highest-paid Director's departure during 2024-25.

|                              | Total pay and benefits |         | Salary  |         |
|------------------------------|------------------------|---------|---------|---------|
|                              | 2025-26                | 2024-25 | 2025-26 | 2024-25 |
| 25th percentile pay ratio    | 5.6                    | 10.1    | 5.3     | 8.7     |
| Median pay ratio             | 4.3                    | 7.7     | 4.0     | 6.7     |
| 75th percentile pay ratio    | 3.2                    | 5.7     | 3.0     | 5.1     |
| 25th percentile remuneration | £36,026                | £35,055 | £35,646 | £34,631 |
| Median remuneration          | £47,469                | £46,061 | £46,754 | £45,436 |
| 75th percentile remuneration | £63,458                | £61,493 | £62,527 | £60,723 |

The ratios are calculated by taking the mid-point of the banded remuneration of the highest-paid Director and calculating the ratio between this and the lower quartile,

median and upper quartile remuneration of the Department's staff. This ratio is based on the Full-Time Equivalent salaries of staff in post on 31 March 2026, on an annualised basis.

The Department's highest-paid Director's total remuneration in 2025-26 decreased by 42.6% compared to the previous highest-paid Director's total remuneration in 2024-25. This was driven by the previous highest-paid Director leaving the Department. The percentage change from 2024-25 to 2025-26 for the Department's highest-paid Director was -38.0% for salary and allowance, and 0.0% for performance pay and bonuses payable. The percentage change from 2024-25 to 2025-26 for the employees of the Department and agencies taken as a whole was 2.3% for salary and allowances, and -2.4% for performance pay and bonuses payable.

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

The pay multiple disclosures have been subject to audit.

# Notes to the Remuneration Report

The information in the Remuneration Report relates solely to the Core Department except for the fair pay disclosure, which relates to the Core Department and Partner Organisations which are staffed by individuals on the Department's payroll and covered by the Department's pay arrangements only.

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

## Single total figure of remuneration

### Salary

---

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

In respect of ministers in the House of Commons, departments bear only the cost of the additional Ministerial remuneration; the salary for their services as an MP (£93,904 from 1 April 2025) and various allowances to which they are entitled are borne centrally.

However, the arrangement for ministers in the House of Lords is different in that they do not receive a salary but rather an additional remuneration, which cannot be quantified separately from their ministerial salaries. This total remuneration, as well as the allowances to which they are entitled, is paid by the Department and is therefore shown in full in the figures above.

## Benefits in kind

---

The monetary value of benefits in kind covers any benefits provided by the Department and treated by HMRC as a taxable emolument. There are no benefits in kind to be disclosed in relation to Department for Business and Trade Ministers or Senior Officials for 2025-26.

## Bonuses

---

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

Performance management for SCS employees across the Civil Service, follows the Cabinet Office SCS performance management policy:

[Senior Civil Service: performance management - GOV.UK](#)

SCS bonuses are reported in the year in which they become payable. These are based on performance levels attained and are made as part of the appraisal process. As such, SCS bonuses reported in 2025-26 includes year-end bonuses related to performance in 2024-25, and SCS bonuses reported in 2024-25 includes year-end bonuses related to performance in 2023-24. Bonuses given to senior officials are shown in the remuneration tables.

This disclosure has been subject to audit.

## Pension benefits

### Ministerial pensions

---

Pension benefits for Ministers are provided by the Parliamentary Contributory Pension Fund (PCPF). The scheme is made under statute and the rules are set out in the ministers' etc. Pension Scheme 2015, available at:

<http://qna.files.parliament.uk/ws-attachments/170890/original/PCPF%20MINISTERIAL%20SCHEME%20FINAL%20RULES.doc>.

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

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

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

## **Ministerial pensions – the Cash Equivalent Transfer Value (CETV)**

---

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



CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2024-25 and 2025-26 CETV figures.

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

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

---

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



# Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements.

## Pension schemes:

---

### The alpha Pension Scheme

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

### Previous Principal Civil Service Pension arrangements

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

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

## Alpha transition

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

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

## Remedy

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

All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha.

Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (partnership pension account).

From 1 April 2022, the defined benefit arrangement is alpha for all active members. All active member in PCSPS were moved into alpha on this date.

## **Pension contributions and benefits**

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

In alpha a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.32% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

In alpha, the accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. In partnership, the pension is not guaranteed as the value is based on contributions paid and investment returns.

Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the 2 schemes, but note that part of that pension may be payable from different ages.

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

# Civil Service Pensions – Cash Equivalent Transfer Values (CETV)

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

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

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HMT published updated guidance on 19 May 2026; this guidance has been used in the calculation of 2024-25 and 2025-26 CETV figures.

## **Civil Service Pensions – Real increase in CETV**

---

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



# Parliamentary Accountability Report

## Statement of Outturn against Parliamentary Supply (audited information)

### Overview

---

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

The SOPS and related notes are subject to audit, as detailed in the Certificate and Report of the Comptroller and Auditor General to the House of Commons.

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



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

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

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

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

Estimates and outturn spend are disclosed gross (gross expenditure and income) for activities of the Core Department and net for the activities of the Departmental Group's Partner Organisations.

The supporting notes on pages 221 to 230 detail the following:

- ▶ SOPS 1: Outturn by estimate line, providing a more detailed breakdown.
- ▶ SOPS 2: Reconciliation of outturn to net operating expenditure, to tie the SOPS to the financial statements.

- ▶ SOPS 3: Reconciliation of outturn to net cash requirement.
- ▶ SOPS 4: Amounts of income to the Consolidated Fund.

The SOPS and estimates are compiled against the budgeting framework, which is similar to, but different from, IFRS.

An understanding of the budgeting framework and an explanation of key terms is provided on page 51, in the Financial Review section of the Performance Report.

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

The SOPS provides a detailed view of financial performance, in a form that is voted on and recognised by Parliament. The Financial Review, in the Performance Report, provides a summarised discussion of outturn against estimate and functions as an introduction to the SOPS disclosures. The Core Tables in Annex C provide a further detailed breakdown of outturn in each budgeting currency across a number of financial years.

Figures in the areas outlined in thick line cover the voted control limits voted by Parliament. Refer to the Supply Estimates guidance manual, available on gov.uk, for detail on the control limits voted by Parliament. Significant variances between Outturn and the Estimate are explained in the Financial Review on pages 51 to 60.

|                                |     | 2025-26                              |         | 2024-25   |           |                    |
|--------------------------------|-----|--------------------------------------|---------|-----------|-----------|--------------------|
|                                |     | £000                                 |         | £000      |           |                    |
| Type of spend                  |     | Outturn vs Estimate: saving/(excess) |         |           |           | Prior year outturn |
|                                |     | Estimate                             |         | Total     |           | Total              |
| SoPS Note                      |     | Non-Voted                            | Voted   | Non-Voted | Voted     |                    |
| Departmental Expenditure Limit |     |                                      |         |           |           |                    |
| Resource                       | 1.1 | 2,211,906                            | -       | 2,211,906 | 2,395,200 | 183,294            |
| Capital                        | 1.2 | 1,879,339                            | -       | 1,879,339 | 2,154,253 | 274,914            |
| Total DEL                      |     | 4,091,245                            | -       | 4,091,245 | 4,549,453 | 458,208            |
| Annually Managed Expenditure   |     |                                      |         |           |           |                    |
| Resource                       | 1.1 | (685,894)                            | 445,580 | (240,314) | 897,108   | 1,103,002          |
| Capital                        | 1.2 | (130,689)                            | -       | (130,689) | 1,023,994 | 1,154,683          |
| Total AME                      |     | (816,583)                            | 445,580 | (371,003) | 1,921,102 | 2,257,685          |
| Total Budget                   |     |                                      |         |           |           |                    |
| Resource                       | 1.1 | 1,526,012                            | 445,580 | 1,971,592 | 3,292,308 | 1,286,296          |
| Capital                        | 1.2 | 1,748,650                            | -       | 1,748,650 | 3,178,247 | 1,429,597          |
| Total budget Expenditure       |     | 3,274,662                            | 445,580 | 3,720,242 | 6,470,555 | 2,715,893          |
| Non-budget Expenditure         |     | -                                    | -       | -         | -         | -                  |

| Type of spend                     |              | Outturn   |               |           | Estimate  |               |           | 2025-26<br>£000                         |                       | 2024-25<br>£000 |  |
|-----------------------------------|--------------|-----------|---------------|-----------|-----------|---------------|-----------|-----------------------------------------|-----------------------|-----------------|--|
|                                   | SoPS<br>Note | Voted     | Non-<br>Voted | Total     | Voted     | Non-<br>Voted | Total     | Outturn vs Estimate:<br>saving/(excess) | Prior year<br>outturn |                 |  |
| Total<br>budget and<br>Non-budget |              | 3,274,662 | 445,580       | 3,720,242 | 5,990,555 | 480,000       | 6,470,555 | 2,715,893                               | 2,750,313             | 2,657,833       |  |

## Net cash requirement 2025-26

|                      |           |              |               | 2025-26                                     | 2024-25      |
|----------------------|-----------|--------------|---------------|---------------------------------------------|--------------|
|                      | SoPS Note | Outturn £000 | Estimate £000 | Outturn vs Estimate, saving / (excess) £000 | Outturn £000 |
| Net cash requirement | 3         | 5,258,067    | 8,308,889     | 3,050,822                                   | 5,310,053    |

## Administration costs 2025-26

|                      |           |              |               | 2025-26                                     | 2024-25      |
|----------------------|-----------|--------------|---------------|---------------------------------------------|--------------|
|                      | SoPS Note | Outturn £000 | Estimate £000 | Outturn vs Estimate, saving / (excess) £000 | Outturn £000 |
| Administration costs | 1.1       | 473,740      | 497,905       | 24,165                                      | 440,904      |

Although not a separate voted limit, any breach of the administration budget, will also result in an excess vote.

# Notes to the SOPS, 2025-26 (audited information)

## SOPS 1. Outturn detail, by Estimate Line

### SOPS 1.1 Analysis of resource outturn by section

| Type of spend<br>(Resource)                       | Resource Outturn |                |             |               |                |             | Estimate  |           | 2025-26<br>£000 | 2024-25<br>£000         |
|---------------------------------------------------|------------------|----------------|-------------|---------------|----------------|-------------|-----------|-----------|-----------------|-------------------------|
|                                                   | Administration   |                |             | Programme     |                |             | Total     | Total     | Virements       | Total inc.<br>virements |
|                                                   | Gross<br>£000    | Income<br>£000 | Net<br>£000 | Gross<br>£000 | Income<br>£000 | Net<br>£000 | £000      | £000      | £000            | £000                    |
| Spending in Departmental Expenditure Limits (DEL) |                  |                |             |               |                |             |           |           |                 |                         |
| Voted expenditure                                 |                  |                |             |               |                |             |           |           |                 |                         |
| A DBT – Department for Business and Trade (DEL)   | 452,807          | (7,944)        | 444,863     | 2,043,151     | (372,524)      | 1,670,627   | 2,115,490 | 2,279,989 | -               | 2,279,989               |
| B DBT – Arm’s Length Bodies (ALB) (Net) (DEL)     | 28,877           | -              | 28,877      | 67,539        | -              | 67,539      | 96,416    | 115,211   | -               | 115,211                 |
| Total voted DEL                                   | 481,684          | (7,944)        | 473,740     | 2,110,690     | (372,524)      | 1,738,166   | 2,211,906 | 2,395,200 | -               | 2,395,200               |
|                                                   |                  |                |             |               |                |             |           |           | 183,294         | 1,632,390               |
| Total spending in DEL                             | 481,684          | (7,944)        | 473,740     | 2,110,690     | (372,524)      | 1,738,166   | 2,211,906 | 2,395,200 | -               | 1,632,390               |

| Type of spend<br>(Resource)                                                                                                             | Resource Outturn |                |             |               |                |             |           | Estimate |                         |                         | 2025-26<br>£000                                | 2024-25<br>£000             |  |
|-----------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------|-------------|---------------|----------------|-------------|-----------|----------|-------------------------|-------------------------|------------------------------------------------|-----------------------------|--|
|                                                                                                                                         | Administration   |                |             | Programme     |                |             |           | Total    | Total inc.<br>virements | Total inc.<br>virements | Outturn vs<br>Estimate,<br>saving/<br>(excess) | Prior year<br>outturn total |  |
|                                                                                                                                         | Gross<br>£000    | Income<br>£000 | Net<br>£000 | Gross<br>£000 | Income<br>£000 | Net<br>£000 |           |          |                         |                         |                                                |                             |  |
|                                                                                                                                         |                  |                |             |               |                |             |           |          |                         |                         |                                                |                             |  |
| Spending in Annually Managed Expenditure (AME)                                                                                          |                  |                |             |               |                |             |           |          |                         |                         |                                                |                             |  |
| Voted<br>expenditure<br>C DBT –<br>Department for<br>Business and<br>Trade (AME)<br>D DBT – Arm’s<br>Length Bodies<br>(ALB) (Net) (AME) | -                | -              | -           | (303,938)     | (71,356)       | (375,294)   | 439,783   | -        | 439,783                 | 815,077                 | (171,462)                                      |                             |  |
|                                                                                                                                         | -                | -              | -           | (310,600)     | -              | (310,600)   | (22,675)  | -        | (22,675)                | 287,925                 | (71,370)                                       |                             |  |
|                                                                                                                                         | -                | -              | -           | (614,538)     | (71,356)       | (685,894)   | 417,108   | -        | 417,108                 | 1,103,002               | (242,832)                                      |                             |  |
|                                                                                                                                         | -                | -              | -           | 508,957       | (63,377)       | 445,580     | 480,000   | -        | 480,000                 | 34,420                  | 453,453                                        |                             |  |
| Total non-voted<br>AME                                                                                                                  | -                | -              | -           | 508,957       | (63,377)       | 445,580     | 480,000   | -        | 480,000                 | 34,420                  | 453,453                                        |                             |  |
| Total spending<br>in AME                                                                                                                | -                | -              | -           | (105,581)     | (134,733)      | (240,314)   | 897,108   | -        | 897,108                 | 1,137,422               | 210,621                                        |                             |  |
| Total Resource                                                                                                                          | 481,684          | (7,944)        | 473,740     | 2,005,109     | (507,257)      | 1,497,852   | 3,292,308 | -        | 3,292,308               | 1,320,716               | 1,843,011                                      |                             |  |



## SOPS 1.2 Analysis of capital outturn by estimate line

| Type of spend<br>(Capital)                               | Outturn          |                  |                  | Estimate         |                                 | 2025-26<br>£000                                     | 2024-25<br>£000                     |
|----------------------------------------------------------|------------------|------------------|------------------|------------------|---------------------------------|-----------------------------------------------------|-------------------------------------|
|                                                          | Gross<br>£000    | Income<br>£000   | Net<br>£000      | Total<br>£000    | Total inc.<br>virements<br>£000 | Outturn vs<br>Estimate: saving/<br>(excess)<br>£000 | Prior year outturn<br>total<br>£000 |
| <b>Spending in Departmental Expenditure Limits (DEL)</b> |                  |                  |                  |                  |                                 |                                                     |                                     |
| <b>Voted expenditure</b>                                 |                  |                  |                  |                  |                                 |                                                     |                                     |
| A DBT – Department for Business and Trade (DEL)          | 1,485,919        | (146,844)        | <b>1,339,075</b> | 1,558,484        | <b>1,558,484</b>                | 219,409                                             | 492,483                             |
| B DBT – Arm's Length Bodies (ALB) (Net) (DEL)            | 540,264          | -                | <b>540,264</b>   | 595,769          | <b>595,769</b>                  | 55,505                                              | 459,183                             |
| Total voted DEL                                          | 2,026,183        | (146,844)        | <b>1,879,339</b> | 2,154,253        | <b>2,154,253</b>                | 274,914                                             | 951,666                             |
| <b>Total spending in DEL</b>                             | <b>2,026,183</b> | <b>(146,844)</b> | <b>1,879,339</b> | <b>2,154,253</b> | <b>2,154,253</b>                | <b>274,914</b>                                      | <b>951,666</b>                      |
| <b>Spending in Annually Managed Expenditure (AME)</b>    |                  |                  |                  |                  |                                 |                                                     |                                     |
| <b>Voted expenditure</b>                                 |                  |                  |                  |                  |                                 |                                                     |                                     |
| C DBT – Department for Business and Trade (AME)          | (130,843)        | -                | <b>(130,843)</b> | 1,023,099        | <b>1,023,099</b>                | 1,153,942                                           | (288,061)                           |
| D DBT – Arm's Length Bodies (ALB) (Net) (AME)            | 154              | -                | <b>154</b>       | 895              | <b>895</b>                      | 741                                                 | 1,164                               |
| Total voted AME                                          | (130,689)        | -                | <b>(130,689)</b> | 1,023,994        | <b>1,023,994</b>                | 1,154,683                                           | (286,897)                           |
| <b>Total spending in AME</b>                             | <b>(130,689)</b> | <b>-</b>         | <b>(130,689)</b> | <b>1,023,994</b> | <b>1,023,994</b>                | <b>1,154,683</b>                                    | <b>(286,897)</b>                    |
| <b>Total capital</b>                                     | <b>1,895,494</b> | <b>(146,844)</b> | <b>1,748,650</b> | <b>3,178,247</b> | <b>3,178,247</b>                | <b>1,429,597</b>                                    | <b>664,769</b>                      |

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

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

Significant variances between outturn and estimate are explained in the Financial Review.

## SOPS 2: Reconciliation of outturn to net operating expenditure

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

|                                                                                                            | SOPS<br>note | 2025-26                  | 2024-25                  |
|------------------------------------------------------------------------------------------------------------|--------------|--------------------------|--------------------------|
|                                                                                                            |              | Outturn<br>total<br>£000 | Outturn<br>total<br>£000 |
| <b>Total resource outturn</b>                                                                              | <b>1.1</b>   | <b>1,971,592</b>         | <b>1,843,011</b>         |
| <b>Add:</b>                                                                                                |              |                          |                          |
| Capital expenditure – Grants and subsidies                                                                 |              | 738,763                  | 452,536                  |
| Capital income                                                                                             |              | (31,514)                 | (500)                    |
| Capital expenditure (net) – Research and development                                                       |              | 33,089                   | 12,021                   |
| Capital expenditure (net) – Financial guarantees                                                           |              | (655,358)                | (817,393)                |
| Non-budget income payable to Consolidated Fund                                                             |              | (14,193)                 | (7,311)                  |
| Total                                                                                                      |              | 70,787                   | (360,647)                |
| <b>Less:</b>                                                                                               |              |                          |                          |
| Resource credits-Financial guarantee utilisation (calls)                                                   |              | 2,358                    | 9,174                    |
| Resource credits-Provisions with Capital utilisation                                                       |              | 637,937                  | 660,593                  |
| Total                                                                                                      |              | 640,295                  | 669,767                  |
| <b>Net operating expenditure for the period in Consolidated Statement of Comprehensive Net Expenditure</b> |              | <b>2,682,674</b>         | <b>2,152,131</b>         |

Capital and non-budget items under ‘Add’ are not included in the resource budget outturn but are reported in the SOCNE.

Resource credits under ‘Less’ are budget-only amounts, not included in the SOCNE. These are for items which had been scored to the resource budget as AME in prior reporting periods and have been reversed in the resource budget in the current reporting period to reflect the reduction in the

associated liability arising from utilisation which is also scored to budgets. They relate to liabilities where the AME reversal is not offset in the resource budget by a resource debit from utilisation, for those provision and financial guarantee liabilities where utilisation scores to capital.

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

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

|                                                             | SOPS<br>note | Outturn<br>total | Estimate         | Outturn vs<br>Estimate:<br>saving /<br>(excess) |
|-------------------------------------------------------------|--------------|------------------|------------------|-------------------------------------------------|
|                                                             |              | £000             | £000             | £000                                            |
| <b>Total Resource Outturn</b>                               | 1.1          | 1,971,592        | 3,292,308        | 1,320,716                                       |
| <b>Total Capital Outturn</b>                                | 1.2          | 1,748,650        | 3,178,247        | 1,429,597                                       |
| <b>Adjustments for ALBs</b>                                 |              |                  |                  |                                                 |
| Remove voted resource and capital                           |              | (326,234)        | (689,200)        | (362,966)                                       |
| Removal of intra-group transactions                         |              | 54,328           | -                | (54,328)                                        |
| Grant in aid                                                |              | 101,875          | 803,554          | 701,679                                         |
| Other funding to ALBs (share purchase and loans)            |              | 482,882          | -                | (482,882)                                       |
| Interest income from ALBs                                   |              | (21,229)         | -                | 21,229                                          |
| Asset depreciation and revaluation charges                  |              | (484,051)        | (225,831)        | 258,220                                         |
| New provisions and adjustments to previous provisions       |              | (230,989)        | (798,502)        | (567,513)                                       |
| Financial guarantee expense                                 |              | 497,206          | -                | (497,206)                                       |
| Other non-cash items                                        |              | 5,331            | (153,188)        | (158,519)                                       |
| <b>Adjustments to add non-budget cash items</b>             |              |                  |                  |                                                 |
| Financial guarantee calls                                   |              | 1,228,144        | -                | (1,228,144)                                     |
| Other non-budget cash items                                 |              | (12,903)         | -                | 12,903                                          |
| <b>Adjustments to reflect movements in working balances</b> |              |                  |                  |                                                 |
| Increase / (decrease) in receivables                        |              | 42,235           | 1,075,354        | 1,033,119                                       |
| (Increase) / decrease in payables                           |              | (143,294)        | 1,526,000        | 1,669,294                                       |
| Use of provisions                                           |              | 814,280          | 780,147          | (34,133)                                        |
| <b>Total</b>                                                |              | <b>5,727,823</b> | <b>8,788,889</b> | <b>3,061,066</b>                                |
| <b>Removal of non-voted budget items</b>                    |              |                  |                  |                                                 |
| Other adjustments                                           |              | (469,756)        | (480,000)        | (10,244)                                        |
| <b>Total</b>                                                |              | <b>(469,756)</b> | <b>(480,000)</b> | <b>(10,244)</b>                                 |
| <b>Net cash requirement</b>                                 |              | <b>5,258,067</b> | <b>8,308,889</b> | <b>3,050,822</b>                                |

The difference of £3,051 million between the net cash requirement of £8,309 million authorised in the Estimate and outturn of £5,258 million arises from:

- ▶ Underspends against budget as described in the Financial Review in the Performance Analysis report in the Annual Report and
- ▶ Over-estimation by £1,474 million of the cash requirement relating to movements in receivables and payables, including in relation to 'Financial guarantee calls'.

# SOPS 4: Amounts of income to the Consolidated Fund

## SOPS 4.1 – Analysis of income payable to the Consolidated Fund

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

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

|                                               | 2025-26       |            | 2024-25             |                       |
|-----------------------------------------------|---------------|------------|---------------------|-----------------------|
|                                               | Outturn total |            | Outturn total       |                       |
|                                               | Accruals      | Cash basis | Accruals (restated) | Cash basis (restated) |
|                                               | £000          | £000       | £000                | £000                  |
| Cash surrenderable to the Consolidated Fund   | 54,633        | 55,680     | 87,351              | 78,119                |
| Total amount payable to the Consolidated Fund | 54,633        | 55,680     | 87,351              | 78,119                |



## SOPS 4.2 – Consolidated Fund Income

Consolidated Fund income shown in note SOPS 4.1 above does not include amounts collected by the Group where it was acting as agent for the Consolidated Fund rather than as principal. Total amounts collected as agent for the Consolidated Fund are shown in the table below.

The amounts comprise:

- ▶ Penalties levied by the Department on employers for non-payment of employment tribunal awards, ACAS mediation settlements, and ‘aggravated breach’ amounts levied by Employment Tribunals on employers and
- ▶ The proceeds of financial sanctions imposed under the Financial Reporting Council’s Audit Enforcement Procedure.

|                                                      | 2025-26       | 2024-25       |
|------------------------------------------------------|---------------|---------------|
|                                                      | Outturn total | Outturn total |
|                                                      | £000          | £000          |
| Fines and penalties                                  | 2,164         | 9,790         |
| <b>Total amount payable to the Consolidated Fund</b> | <b>2,164</b>  | <b>9,790</b>  |
| Balance held at the start of the year                | 9,790         | 36,197        |
| Payments into the Consolidated Fund                  | (9,790)       | (36,197)      |
| <b>Balance held on trust at the end of the year</b>  | <b>2,164</b>  | <b>9,790</b>  |

# Other Parliamentary disclosures (audited information)

## Losses statement

|                                                              | 2025-26                            |                       | 2024-25                                          |                                     |
|--------------------------------------------------------------|------------------------------------|-----------------------|--------------------------------------------------|-------------------------------------|
|                                                              | Core<br>Department<br>and agencies | Departmental<br>Group | Core<br>Department<br>and agencies<br>(restated) | Departmental<br>Group<br>(restated) |
| <b>Total number of losses</b>                                | <b>11,182</b>                      | <b>12,748</b>         | <b>9,439</b>                                     | <b>10,749</b>                       |
| Redundancy Payments Service (RPS) receivable impairment - £m | 442                                | 442                   | 452                                              | 452                                 |
| COVID-19 loan guarantee schemes - £m                         | 23                                 | 23                    | 27                                               | 27                                  |
| Future Fund scheme - £m                                      | -                                  | -                     | 26                                               | 26                                  |
| Other losses - £m                                            | 4                                  | 14                    | 15                                               | 23                                  |
| <b>Total value of losses - £m</b>                            | <b>469</b>                         | <b>479</b>            | <b>520</b>                                       | <b>528</b>                          |

## Losses over £300,000 – Core Department

### COVID-19 loan guarantee schemes

Losses in relation to 811 facilities (2024-25: (restated): 772) relate to the fraud related settled claims for various COVID-19 schemes (Coronavirus Business Interruption Scheme (CBILS), Recovery Loan Scheme (RLS), Bounce Back Loan Scheme (BBLs)). The total value of the losses is £23 million (2024-25: (restated): £27 million).

The volume and value of losses originally reported in the 2024-25 Annual Report and Accounts have been restated. The number of losses reported in 2024-25 was 734 and has been revised to 772. The value of losses reported in 2024-25 was £28 million and has been revised to £27 million.

## **Unsupported Ledger balance write-off**

In 2025-26: Aged balances were transferred to the Department's accounting ledger as part of the 2023-24 Machinery of Government change that created the Department. Through the regular processes the Department completes to review such balances, accounting adjustments were required to write off £1.3 million of these balances during 2025-26. The amount of loss was nil in 2024-25.

## **Losses over £300,000 – Agencies**

### **Insolvency Service - RPS receivable impairment**

9,723 losses relate to the RPS receivable impairment: The total value of the RPS receivable impairment for 2025-26 is £442 million (2024-25: £452 million). The RPS receivable loss relates to the impairment loss on Redundancy Payments Service included during the year. Most of the redundancy payments made from the NIF are in respect of employees of insolvent companies. Repayment of debt is recovered from the sale of the assets of the insolvent company, and as such most of the debt is irrecoverable. HMRC records the impairment of the RPS receivable in NIF accounts. Dividends from insolvencies can take many years to come to fruition, hence it is difficult to evaluate individual debtor losses within

a given financial year. However, work is being performed to enable the value of all those debts which reached final loss stage to be estimated in the future.

## **Insolvency Service - Claims Abandoned**

Claims abandoned write-offs of £0.6 million (2024-25: £0.7 million) relate to 16 separate Cost Collections cases. The Insolvency Service had been awarded their costs by the courts in each case; however, recovery subsequently proved unsuccessful and the amounts were written off and recognised as losses.

## **Companies House - Impairment of assets under construction**

Three Companies House losses relate to constructive losses arising from impairments of assets under construction.

Following formal approval in January 2024, Companies House discontinued development of a digital service for Certified Certificates and Certified Copies, as resources were redirected to deliverables related to the Economic Crime and Corporate Transparency Act 2023. A review in 2026 identified that the solution no longer met security requirements, resulting in a constructive loss of £0.6 million.

In December 2024, Companies House commenced a project to re-platform the Director Secure Register when the data was classified as Official Sensitive. In December 2025, the project was ceased after the data was reclassified

to Secret, meaning the work undertaken no longer met security requirements. This resulted in a constructive loss of £0.6 million.

In July 2025, Companies House developed a digital journey for customers to submit historical information relating to the Register of Overseas Entities. The project was formally cancelled in March 2026 as the requirement was no longer needed, resulting in a constructive loss of £0.5 million.

## **Losses over £300,000 - Departmental Group**

### **BBB - Start Up Loans Company (SULCo)**

SULCo statute-barred loan write-offs of £10 million (2024-25: £8 million) relate to 1,489 loans. Start Up Loans support early-stage businesses, specifically those trading for up to two years at the point of application. Due to the risk profile of the scheme and its policy objectives, a proportion of loans are expected to result in losses. The losses disclosed relate to loans that became statute barred following six years with no payment or acknowledgement of the debt and were subsequently written off in accordance with the loan recovery process.

# Special payments

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

|                                      | 2025-26                      |                    | 2024-25                      |                    |
|--------------------------------------|------------------------------|--------------------|------------------------------|--------------------|
|                                      | Core Department and agencies | Departmental Group | Core Department and agencies | Departmental Group |
| Total number of special payments     | 81                           | 87                 | 43                           | 52                 |
| Total value of special payments - £m | <£1 million                  | <£1 million        | <£1 million                  | <£1 million        |

## Special payments over £300,000

The total special payments incurred by the Departmental Group at 31 March 2026 were £278,043 (2024-25: £306,000). There were no individual special payments above £300,000.

## Gifts

Managing Public Money requires departments to disclose gifts in their ARA if the total value exceeds £300,000. Individual gifts with a value of more than £300,000 should be disclosed separately. During 2025-26, the Core Department did not give any reportable gifts above £300,000.

## Fees and charges

### Agencies

An analysis of income from services provided to external and public sector customers is as follows:

| Income stream                                | 2025-26 |           |                       | 2024-25 |           |                       |
|----------------------------------------------|---------|-----------|-----------------------|---------|-----------|-----------------------|
|                                              | Income  | Full Cost | Surplus/<br>(deficit) | Income  | Full Cost | Surplus/<br>(deficit) |
|                                              | £000    | £000      | £000                  | £000    | £000      | £000                  |
| Companies house:<br>Registration activities  | 236,528 | 230,117   | 6,411                 | 217,450 | 189,891   | 27,559                |
| Insolvency service:<br>Administration income | 64,506  | 66,850    | (2,344)               | 53,588  | 61,491    | (7,903)               |

### Companies House registration activities

Companies House charge a range of fees for services which are calculated on a cost recovery basis. Operating on a cost recovery basis is the policy objective. The objective of this approach was widened to provide Companies House and the Insolvency Service with sufficient resources to enable them to raise increased funding enabling increases in compliance and enforcement activity.

The £6.4m surplus is mainly driven by two drivers; higher than forecast volumes of fee bearing documents and an underspend across Companies House. The underspend mainly reflects recruitment difficulties and delays in several projects, resulting in running costs not materialising.



## **Insolvency Service administration income**

The objective of the fees is to cover the cost of the work carried out by the Official Receiver teams. Measurement of the objective is based on the portfolio of cases received in each financial year, with any excess receipts treated as excess income due to the Consolidated Fund. During 2025-26 this objective was not achieved, as the income recognised, excluding the excess income recognised in relation to historical cases, was insufficient to cover the cost of the Official Receiver service.

## **Remote contingent liabilities (audited information)**

---

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

## Quantifiable Remote Contingent Liabilities – Core Department

| Description                 | Amount | Nature of liability / basis of estimate                                                                                                                                                                                                                                                                                                                                               |
|-----------------------------|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| British Steel               | 27,800 | A guarantee has been provided in relation to counterparties of British Steel Limited, in accordance with the Steel Industry (Special Measures) Act 2025, to support British Steel Limited and secure the continued and safe operation of the blast furnaces at Scunthorpe. The amount disclosed is the Department's best estimate of the potential exposure and is considered remote. |
| Common Fund for Commodities | 2,240  | Paid-in capital subscription for the Common Fund for Commodities (CFC). The Government is committed to the payment of a subscription of £2.24 million, in the form of promissory notes to be redeemed on request by the Fund.                                                                                                                                                         |
| Common Fund for Commodities | 1,960  | Callable capital subscription for the Common Fund for Commodities (CFC). The Government is committed to the payment of a subscription of £1.96 million to the Fund.                                                                                                                                                                                                                   |

## Unquantifiable Remote Contingent Liabilities – Core Department and Group

### British Steel

The Department has provided indemnities to certain parties in connection with measures taken under the Steel Industry (Special Measures) Act 2025 in respect of the administration of distressed businesses, including to support the continued and safe operation of British Steel Limited's Scunthorpe steelworks.

### Financial Reporting Council funding

A guarantee has been provided to the Financial Reporting Council stating that, if the Council's general voluntary funding from external sources falls sufficiently for the Core Department to have to consider making legislation, to activate the statutory levy under section 17 of the Companies

(Audit, Investigations and Community Enterprise) Act 2004, the Core Department will make such a grant to cover the Council's cost as is sufficient to meet the preconditions in those levy raising powers provided the requisite funding has not been made available through another grant.

## **Statutory indemnities**

- ▶ Indemnities have been given to bankers of the Insolvency Service against certain liabilities arising in respect of non-transferable 'account payee' cheques due to insolvent estates and paid into the Insolvency Service's account.
- ▶ Indemnities have been provided by the Insolvency Service to the Official Receiver in relation to actions undertaken in respect of the administration of specified companies.
- ▶ Indemnities have been provided to the Official Receiver in relation to actions undertaken in respect of the administration of specified companies.

## **Legal costs**

- ▶ A remote contingent liability exists in relation to various ongoing legal cases, both within the Core Department and wider Departmental Group, including legal challenges brought by third parties in relation to matters concerning International Trade or the discharge of the Department's statutory obligations. These cases range from bankruptcy and insolvency matters to judicial reviews. Any associated

costs, including compensation and legal costs where applicable, are dependent on the outcome of proceedings and cannot currently be reliably estimated.

- ▶ Under an agreement with the Financial Reporting Council, if the amount held in the Council's legal costs fund falls below £1 million in any year, an additional grant will be made to cover legal costs subsequently incurred in that year.

## **Indemnities against personal liability**

- ▶ Indemnities have been given to the directors appointed by the Core Department to wholly owned subsidiaries. These indemnities are against personal liability following any legal action against the companies.
- ▶ An indemnity has been provided to the Chair of the Post Office Horizon IT Inquiry in respect of any liabilities he may incur as a result of holding, or having held, this position.
- ▶ An indemnity has been provided to a UK Government Investments (UKGI) Non-Executive Director appointed to the Post Office Limited Board in respect of any liabilities they may incur as a result of holding, or having held, this position.
- ▶ An indemnity has been issued in respect of the Independent Reviewer of the Postmasters Horizon Group Litigation Order Scheme to cover any liabilities that may be incurred as a result of holding that position.

# Reconciliation of contingent liabilities included in the Supply Estimate to the accounts (unaudited)

A reconciliation of differences between contingency liabilities reported in the Supply Estimates and those report in the ARA are set out below. Further detail on the contingent liabilities can found be in note 19 and in the Supplementary Estimates 2025-26.

## Quantifiable Contingent Liabilities

| Description                                                     | Amount per supply estimate £000s | Amount disclosed in ARA £000s | Variance £000s                                                                                                                                                                                                                                                                                                                     |
|-----------------------------------------------------------------|----------------------------------|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Financial guarantees issued in respect of distressed businesses | 105,800                          |                               | 105,800<br>The variance arises because of two factors. First these accounts recognise a financial guarantee contract than a contingent liability, which accounts for £78 million of the difference. Second £27.8 million is disclosed in the Parliamentary Accountability Report under Quantifiable Remote Contingent Liabilities. |

| Description                                                                                                                                                            | Amount<br>per<br>supply<br>estimate<br>£000s | Amount<br>disclosed in<br>ARA £000s | Variance<br>£000s                                                                                              |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|-------------------------------------|----------------------------------------------------------------------------------------------------------------|
| Paid in capital subscription for CFC – Government is committed to the payment of a subscription in the form of Promissory Notes to be redeemed on request by the Fund. | 2,240                                        |                                     | 2,240<br>Disclosed in the Parliamentary Accountability Report under Quantifiable Remote Contingent Liabilities |
| Callable capital subscription for CFC – Government is committed to the payment of a subscription to the Fund.                                                          | 1,960                                        |                                     | 1,960<br>Disclosed in the Parliamentary Accountability Report under Quantifiable Remote Contingent Liabilities |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |  |                                                                                                                                                                |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Dilapidation liability for leased property – The Department is obligated to reimburse the GPA for any dilapidations incurred during the Department’s tenure on property leased through the GPA when the underlying lease agreements between GPA and its landlords expire. The Department also has a possible obligation to pay for any dilapidations which arose before the former DIT’s lease agreements with GPA came into effect. The amount disclosed is the reasonable worst-case scenario.</p> |  | <p>3,800</p> <p>2,110 is disclosed as a provision in note 15. The remaining variance reflects updated information from which the provision was calculated.</p> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------|



| Description                                                                                                                        | Amount<br>per<br>supply<br>estimate<br>£000s | Amount<br>disclosed in<br>ARA £000s | Variance<br>£000s                                                                                                                                                                                                                                                                                                                                                                                     |
|------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|-------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Indemnity has been provided to the Official Receiver relating to actions undertaken in respect of administration of Liberty Steel. | 10,000                                       |                                     | 10,000<br><br>The indemnity provided to the Official Receiver in respect of Liberty Steel is disclosed as a contingent liability within the Supplementary Estimates (Note K). In the ARA, this indemnity is not included within the contingent liabilities note. It is disclosed under Statutory Indemnities in the Remote Contingent Liabilities section of the Parliamentary Accountability Report. |

## Unquantifiable Contingent Liabilities

|                                                                                                                                                                                                                                           |                |                |   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|---|
|                                                                                                                                                                                                                                           |                |                |   |
| Indemnities have been given to bankers of the Insolvency Service against certain liabilities arising in respect of non-transferable “account payee” cheques due to insolvent estates and paid into the Insolvency Service’s account.      | Unquantifiable | Unquantifiable | - |
| A contingent liability exists in relation to ongoing legal cases. The cost is dependent on the outcome of cases which currently cannot be reliably estimated.                                                                             |                |                |   |
| Under an agreement with the Financial Reporting Council (FRC), if the amount held in their legal costs fund falls below £1 million in any year, an additional grant will be made to cover legal costs subsequently incurred in that year. | Unquantifiable | Unquantifiable | - |
| Indemnities have been given to the directors appointed by the Core Department to wholly owned subsidiaries. These indemnities are against personal liability following any legal action against the companies.                            | Unquantifiable | Unquantifiable | - |

| Description                                                                                                                                                                         | Included in the supply estimate | Disclosed in ARA | Variance |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|------------------|----------|
| Indemnities have been provided to the Official Receiver relating to actions undertaken in respect of administration of specified companies.                                         | Unquantifiable                  | Unquantifiable   | -        |
| An indemnity has been provided to the Chair of the Post Office Horizon IT Inquiry in respect of any liabilities he may incur as a result of holding, or having held, this position. | Unquantifiable                  | Unquantifiable   | -        |

| Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Included in the supply estimate | Disclosed in ARA                        | Variance |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-----------------------------------------|----------|
| <p>The Department has historically strongly supported Post Office Limited (POL) and the Post Office network as it provides vital public services to millions of customers across the United Kingdom. Significant funding has already been provided and committed to POL to ensure its policy objectives have been met, including mitigating risks arising from certain legacy claims connected with the Horizon IT system. While working with POL to transition to a self-funded model, the Department intends to continue to develop solutions to support POL in settling its liabilities as they fall due, subject to HM Treasury consent and subject to the application of the Subsidy Control Act 2022, where such liabilities threaten the ability of POL to continue to provide its vital public services. As such there is a possible likelihood that, should unexpected liabilities arise within POL that threatens its ability to function as a going concern, the Department would provide funding to settle some or all of these theoretical liabilities.</p> | Unquantifiable                  | Unquantifiable<br>Disclosed in note 19. | -        |

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

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

| Description                                                                                                                                                                                                                                                                                                                           | Included in the supply estimate | Disclosed in ARA | Variance |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|------------------|----------|
| Legal costs: A remote contingent liability exists in relation to various ongoing legal cases, both within the Core Department and wider Departmental Group. The cases range from bankruptcy and insolvency matters to judicial reviews. The costs are dependent on the outcome of cases which currently cannot be reliably estimated. | Unquantifiable                  | Unquantifiable   | -        |
| An indemnity has been issued to cover the Independent Reviewer of the Postmasters Horizon Group Litigation Order Scheme in respect of any liabilities he may incur as a result of holding that position.                                                                                                                              | Unquantifiable                  | Unquantifiable   | -        |



# Regularity of expenditure (audited information)

The Department ensures that the concept of regularity is understood and complied with in all its operational activities. The Department ensures compliance with HM Treasury's Managing Public Money (MPM).

Further to the below references to significant transactions relating to the regularity of the Department's expenditure, the Losses and Special Payment tables and associated narrative disclosed earlier in this report, provides additional content in this regard, alongside demonstrating the Department's compliance with MPM.

## **Regularity of expenditure (audited information)**

### **COVID-19 loan guarantees**

The Department's work on recovering funds due to fraud is provided in the fraud and error section in the performance report.

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

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

Key information relating to the estimations and analysis of fraud and loss regarding these schemes is detailed the performance analysis section of this report.

## **Detection and disclosure of Future Fund suspected fraud**

The Future Fund was set up in May 2020 as an emergency measure to support early-stage, equity-backed UK businesses that were facing difficulties due to a significant reduction in the availability of equity finance during the COVID-19 pandemic. It was deployed at pace by the British Business Bank on behalf of the Core Department. It was open to applications from May 2020 and has had no new capital investment since January 2021. The scheme was subject to Ministerial Direction, due to the Department's Accounting Officer and the British Business Bank having concerns about value for money.

The Department has several fraud prevention measures in place. At inception of the loans, 'Know Your Customer' checks and anti-impersonation checks were undertaken, with ongoing monitoring reviews conducted at intervals proportionate to the risks associated with the portfolio companies. It also undertakes an annual fraud risk assessment, which considers risks in a comprehensive manner and with actions taken to mitigate the risks. No further fraud has been identified in 2025-26.

The Department continues monitoring portfolio companies using several pre-defined detection sources that indicate irregularities or red flags within the operations and in the communications received from investee companies and investors. Data is reviewed on a regular basis and any suspicious activity is followed up and reviewed internally through a three-lines-of-defence framework.

Where concerns are substantiated, the Department applies a robust enforcement strategy. This includes measures such as demanding repayment in the event of default, engaging with insolvency practitioners, and referring cases to law enforcement agencies.

The work undertaken across the life of the scheme to identify and manage the levels of suspected fraud is detailed in the fraud and error section of the Performance Report. The level of fair value adjustments made to investments categorised as suspected fraud in the current and previous financial year is detailed in the Department's losses note.

For each financial year for which the fund has existed an assessment has been completed to detail the actions taken regarding fraud risk, enabling the Department to conclude that there are not material levels of suspected fraud in the Future Fund portfolio not already identified. Prior to 2025, adjustments made to investment carrying values relating to suspected fraud in Future Fund had not been reported in the ARA previously having not constituted material amounts for the Department or its predecessor.

Future Fund in-year fair value adjustments related to potential fraud loss from cases where there is suspicion of fraud are detailed in the below table for the current and prior year.

In the below table it can be seen no additional suspected fraud was identified in 2025/26:

|                                           | 31 March 2026 | 31 March 2025 |
|-------------------------------------------|---------------|---------------|
| Instances of suspected fraud              | 0             | 18            |
| Fair value adjustment for suspected fraud | £nil          | £25.9m        |

Following internal enquiries the Department can take one or more of a number of steps arising from loans made to companies which have been flagged as suspected fraud including:

- ▶ Issuing an Event of Default, where appropriate, and pursuing repayment including, where necessary, via compulsory winding up and the appointment of an Insolvency Practitioner.

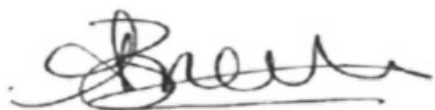
- ▶ Pursuing a claim for damages in the civil courts.
- ▶ Referring the company/individuals to enforcement authorities.

Recoverability of losses would be dependent on a number of factors including the availability of assets which can be realised for the benefit of creditors and the cost of any recovery activities.

## **Obtaining appropriate approvals**

Regularity of expenditure also relates to obtaining approvals at the right time and in the appropriate manner. Along with the matters detailed in the Governance Statement relating to the Department's British Steel intervention, it has been identified during the audit that a single existing commercial contract, which had appropriate approvals at the outset, was modified during 2025-26 for additional spend of up to £20 million. This modification arose in the context of a delay by the Crown Commercial Service in releasing its new Framework Agreement, necessitating a short-term extension to maintain continuity of service. While this was driven by external factors rather than departmental action, it should nevertheless have prompted the Department to revisit the approvals in place with the Cabinet Office. On retrospectively revisiting this with the Cabinet Office, it was confirmed that a short-term extension via the Crown Commercial Service framework would almost certainly have been given 'assure'

status and not subject to further review. Notwithstanding this, the position remains that the correct approvals were not in place in respect of the contract extension.

A handwritten signature in dark ink, appearing to read 'Amanda Brooks', with a horizontal line underneath.

**Amanda Brooks CB CBE**

Interim Permanent Secretary and Principal Accounting Officer

9 July 2026

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

## Qualified opinion on financial statements

---

I certify that I have audited the financial statements of the Department for Business and Trade and of its Departmental Group for the year ended 31 March 2026 under the Government Resources and Accounts Act 2000. The Department comprises the core Department and its agencies. The Departmental Group consists of the Department and the bodies designated for inclusion under the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2025. The financial statements comprise: the Department's and the Departmental Group's:

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



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

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

- ▶ give a true and fair view of the state of the Department and the Departmental Group's affairs as at 31 March 2026 and their comprehensive net expenditure for the year then ended; and
- ▶ have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

## Opinion on regularity

---

In my opinion, in all material respects:

- ▶ the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals for the year ended 31 March 2026 and shows that those totals have not been exceeded; and
- ▶ the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## Basis for qualified opinion on the financial statements

---

I qualified my opinion last year on the Department for Business and Trade's 2024-25 accounts. I did this because I was unable to obtain sufficient appropriate evidence over the Horizon Shortfall Scheme provision value of £743 million at 31 March 2025, the corresponding value at 1 April 2024, nor for the related in-year transactions.

During 2025-26 the Department provided sufficient appropriate evidence to support the carrying value at 31 March 2026 and the utilisation of the provision in 2025-26. My opinion is not modified in relation to the carrying value at 31 March 2026.

However, additional evidence has not been provided in 2025-26 in respect of the prior year balances and transactions subject to qualification in 2024-25. Consequently, my opinion on the 2025-26 accounts is modified because of the possible effect of this matter on the current period's figures, and the comparability of the current period's figures and the corresponding figures.

As I do not have assurance over the opening position, the scope of my audit opinion is limited in respect of in year transactions related to the Horizon Shortfall Scheme in 2025-26, with the exception of the utilisation of the provision in 2025-26 where I obtained sufficient evidence over compensation payments made. The scope of my opinion

is also limited in respect of the Horizon Shortfall Scheme Provision at 31 March 2025 and the balances and in year transactions related to 2024-25.

## My assessment of the matters giving rise to qualified opinion

| Provision Measurement – Horizon Shortfall Scheme |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Matter giving rise to qualification              | <p>The Department recognised a provision of £743 million at 31 March 2025 in respect of the commitment to fund Post Office Limited’s Horizon Shortfall Scheme (as disclosed in Note 15 Provisions to the financial statements).</p> <p>I qualified my opinion on the Department’s financial statements prepared for the year ended 31 March 2025 because I was unable to obtain sufficient appropriate audit evidence in relation to the provision estimates made for the Horizon Shortfall Scheme to support an unmodified opinion.</p> <p>At 31 March 2025, the Department’s provision was based on estimates made by Post Office Limited of the number of potential additional claims expected under the Horizon Shortfall Scheme and the value at which those claims will be settled. I was not provided with sufficient and appropriate audit evidence to support those estimates.</p> <p>No further evidence has been provided by DBT to support the estimate made in 2024-25, and therefore there remains insufficient evidence to determine whether material adjustments were required at 31 March 2025.</p> |

## Provision Measurement – Horizon Shortfall Scheme

Within the Horizon Shortfall Scheme as at 31 March 2026, whilst it is now officially closed to new entrants, there remains uncertainty in respect of the remaining expected claimants accepting the fixed sum offer. The Department expects that across the life of the scheme, fixed sum offers will account for almost 90% of the eligible applications to HSS. By 26 June 2026, 14,196 claims for financial redress had been received via HSS, of which 11,772 have been settled.

### Scope of my work

In assessing the 1 April 2025 opening balance and related SOCNE impacts, I enquired as to how management had reviewed the estimate as at 31 March 2025, and performed a retrospective review over the estimate.

Management were unable to provide evidence of any substantial review of the 31 March 2025 estimate.

The scope of my work over the HSS provision balance as at 31 March 2026 included:

- Evaluation of the design and implementation of controls over the valuation of the provision;
- Consideration of the appropriateness of the Department's methodology in calculating the liability;
- Evaluation of the reliability of management's assumptions, including estimates of the number of additional claims expected and the value at which open and future claims will settle by reference to current scheme rules and scheme administration practices;
- Testing a sample of case input data used within the provisions model to ensure that amounts claimed, offers made, and amounts paid were accurately recorded;
- Testing a sample of the balances utilised in year;
- Assessing the operation and mathematical integrity of the provision model; and
- Evaluation of management's related disclosures including estimation uncertainty disclosures.

Provision Measurement – Horizon Shortfall Scheme

|                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Why I was unable to obtain sufficient appropriate evidence | <p>I am of the view that management should have sought better justification from Post Office Limited for its assumptions in the Horizon Shortfall Scheme provision, in particular its claim volume and value estimates prior to using them in the Department’s financial statements at 31 March 2025.</p> <p>Insufficient analysis was provided for my review for the 2024-25 accounts, or to subsequently support the opening position at 1 April 2025.</p> <p>The key assumptions have a material impact on the provision and therefore I have limited the scope of my audit opinion in relation to the closing balance at 31 March 2025, the opening balance at 1 April 2025 and in year transactions in both 2024-25 and 2025-26 (excluding utilisation in 2025-26).</p> |
|------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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 Department and its Group in accordance with the ethical requirements that are relevant to

my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

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

## Conclusions relating to going concern

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

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



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

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

## Overview of my audit approach

---

### Key audit matters

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

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



This is not a complete list of all risks identified through the course of my audit but only those areas that had the greatest effect on my overall audit strategy, allocation of resources and direction of effort. I have not, for example, included information relating to the work I have performed around the following areas because they did not have a significant effect on the overall audit strategy or allocation of resources in the audit and because my work has not identified any matters to report: Post Office related liabilities (other than those relating to the redress schemes); Repayable Launch Investments; the British Shipbuilders Provision; or financial instrument disclosures. Except as it relates to the key audit matters that I have otherwise reported, I also have no matters to report nor included information relating to the work I have performed in response to the presumed risk of management override of controls in the Department and Department Group, which I identified as a significant risk in accordance with the requirements of ISA (UK) 240 *The Auditor's Responsibility Relating to Fraud in an Audit of Financial Statements*.

Consideration of the key audit matters in relation to the Horizon Shortfall Scheme have been included in the *Basis for qualified opinion on the financial statements* section.

The key audit matters were discussed with the Audit and Risk Assurance Committee; their report on matters that they considered to be significant to the financial statements is set out on pages 127-129.

In this year's report the following changes to the risks identified have been made compared to my prior year report:

In my prior year report I included measurement of fraud and error within financial guarantees in the ‘measurement of financial guarantees’ key audit matter. I no longer consider this to be a part of this key audit matter, as I am content with management’s judgement that the impact of fraud and error on the estimate is adequately covered by the credit risk modelled, and does not require a separate calculation.

I also included the measurement of Post Office Redress Schemes relating to Overturned Convictions and the Group Litigation Order in my prior year report in the ‘provision measurement’ key audit matter. I no longer consider these schemes to be part of this key audit matter, as the judgements around their measurement have become less sensitive as the schemes mature.

### **Provision Measurement – Post Office Redress Schemes**

Refer to Note 15 Provisions

#### **Description of risk**

As at 31 March 2026 the Department has recognised a number of Provisions in Note 15 of which amounts totalling £413 million for future settlements under postmaster redress schemes form a key audit matter. These schemes were all delivered by DBT at the date of reporting; £210 million relates to the Horizon Conviction Redress Scheme, £31 million relates to the Capture Redress Scheme and £172 million relates to the Horizon Shortfall Scheme Appeals.

The amounts recognised as provisions are additional to the £7 million of future scheme settlements that have been recognised as accruals because the Department considers the settlement value more certain.

For each of these provisions, significant audit effort is involved in assessing the reasonableness of input data and assumptions used by management, performing reviews of the models to ensure calculation is appropriate and in reviewing management’s assessment of estimation uncertainty and the related disclosures.

## **Provision Measurement – Post Office Redress Schemes**

Additionally, the Department applied significant judgement in 2025-26 in determining whether a new provision should be recognised for the Horizon Family Member Redress scheme, and review of this judgement also formed part of my key audit matter.

### **The Horizon Shortfall Scheme Appeals (HSSA)**

This scheme has been newly introduced by the Department in 2025-26. The provision only includes values for appeals made by individuals who have appealed under the fully assessed element. Given the scheme's infancy there is uncertainty in its assumptions around the amount of future appeals and the value of future redress payouts. As of 26 June 2026, 571 registrations for appeal were received by the Department, of which 524 had passed eligibility checks. The fixed sum offer element of HSSA is not included in the provision as at 31 March 2026; this scheme is not yet open and management's assessment of this is disclosed on pages 55-56.

### **The Horizon Conviction Redress Scheme**

Within the provision for the Horizon Conviction Redress Scheme there remains uncertainty in respect of the potential number of claimants, the proportion of claimants that will choose the £600,000 Fixed Sum Offer, the value of claims that will be submitted by those expected to request a detailed assessment, and the amount at which these claims will be settled. By 26 June 2026, 529 individuals had applied under the Horizon Conviction Redress Scheme, of which 501 had accepted a full and final claim.

### **The Capture Redress Scheme**

This scheme has been newly introduced by the Department in 2025-26. There is uncertainty in the provision around claimant volume assumptions and value of average payouts, with most uncertainty being attached to claim volume assumptions.

### **Horizon Family Member Redress**

This scheme was announced in March 2026 with a planned launch in Summer 2026. This has not been recognised as a provision in the accounts as at 31 March 2026; scheme design will be finalised ahead of its launch.

| Provision Measurement – Post Office Redress Schemes                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| How the scope of my audit responded to the risk                                                                                                                                                                                                                                                                      | <p>In relation to the risk of material misstatement in the Department’s provisions for funding Post Office redress schemes I have performed the following procedures:</p> <ul style="list-style-type: none"><li>• I evaluated the design and implementation of controls by the Department over the valuation of the provision;</li><li>• I considered the appropriateness of the Department’s methodology in calculating the liability;</li><li>• I evaluated the reasonableness of management’s assumptions, including estimates of the number of additional claims expected and the value at which open and future claims will settle by reference to current scheme rules and scheme administration practices;</li><li>• I tested a sample of case input data used within the provisions model to ensure that amounts claimed, offers made, and amounts paid were accurately recorded;</li><li>• I tested a sample of the balances utilised in year;</li><li>• I have assessed the operation and mathematical integrity of the provision model; and</li><li>• I have evaluated management’s related disclosures including disclosures around estimation uncertainty.</li><li>• For Horizon Family Member Redress, I considered management’s proposed accounting treatment around the recognition of the obligation.</li><li>• For Horizon Shortfall Scheme Appeals, I considered management’s proposed accounting treatment around the recognition of the obligation for claimants who have received Fixed Sum Offers.</li></ul> |
| <b>Key observations</b> <p>For all Post Office redress schemes other than the matters referenced in the <i>Basis for qualified opinions on the financial statements</i>, the outcomes of the procedures I performed in response to this risk were satisfactory. I noted no material issues arising from my work.</p> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

## Measurement of financial guarantees

Refer to Note 16 Financial guarantee and loan commitment liabilities as at 31 March 2026 £1.7 billion (2024-25: £3.4 billion)

### Description of risk

The Department provides financial guarantees under a number of schemes. The majority of these were launched in response to the COVID-19 pandemic (Bounce Back Loans Scheme (BBLS), Coronavirus Business Interruption Loan Scheme (CBILS) Coronavirus Large Business Interruption Loan Scheme (CLBILS) and Recovery Loan Scheme (RLS)). Another scheme (Growth Guarantee Scheme, GGS) was launched after the pandemic, to replace the legacy Enterprise Financial Guarantee Scheme. I consider there to be a significant risk to the measurement of the liability in relation to these five schemes. The Department measures the guarantee schemes at the Lifetime Expected Credit Loss (ECL) for each facility.

The Department's estimated liability for future claims by lenders under the terms of the guarantee schemes continues to be material to the financial statements. Liability measurement is underpinned by significant estimation and judgements by management and its experts. The modelling of ECLs on underlying loans in the schemes is complex due to the large number of data inputs and calculations required to forecast the expected credit loss. Lenders keep key data up to date within the lender portal, this forms the core data used in the model. Some of the other inputs into the ECL are driven by macroeconomic assumptions which are inherently difficult to accurately predict.

In the prior year management considered that the heightened risk of fraud and error within BBLS required a separate calculation overlaid on the estimate, to reflect the increased loss expected. As at 31 March 2026 management have removed this additional element, as the residual fraud within the open loan book is adequately covered by the standard credit risk scorecard.

Where the model has limitations, management include a post model adjustment (PMA) to take into account these limitations. Management do not consider any PMAs to be necessary as at 31 March 2026. This is a key judgement given the complexity of the model.

## Measurement of financial guarantees

How the scope of my audit responded to the risk

I performed the following procedures to address the significant risk in the valuation of the Financial Guarantees ECL and the risk of fraud and error within the schemes:

- I evaluated the design and implementation of controls applied over the liability estimate. This included attendance at key meetings at the British Business Bank where I observed challenge of management's estimate including the assumptions used;
- Using the work of an auditor's expert I reviewed the model methodology and assumptions underpinning the five schemes, and the appropriateness of having no PMAs;
- With the support of the NAO's Modelling Team, I assessed the model used by management and whether this appropriately implemented the methodology;
- I assessed management's accounting treatment of the financial guarantees ECL;
- I assessed management's judgement that the loss due to fraud within the BBLS scheme was adequately covered by the methodology, without the need for an additional overlay;
- I completed substantive testing on the lender portal to ensure data reconciles with data provided by commercial lenders via lender circularisations; and
- I have evaluated management's related disclosures, including their accuracy, completeness and compliance with accounting standards

### Key observations

The results of my testing of the valuation of the financial guarantees liability were satisfactory. I did not identify any material misstatements.



## **Future Fund – fair value of unlisted equities**

Refer to Note 10 Investments and loans in the private sector – Future Fund investments as at 31 March 2026: £529 million (2024-25: £610 million)

### **Description of risk**

The Future Fund was launched in May 2020 to provide support to companies facing financial difficulties due to the COVID-19 pandemic in the form of convertible loan notes (CLNs). At 31 March 2026, the Department held 34 CLNs and 648 post-conversion equity holdings under the scheme. All scheme assets are classified and held by the Department as fair value through profit and loss financial assets. The post-conversion equity, which has an estimated fair value of £524 million, is material to the financial statements.

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



| Future Fund – fair value of unlisted equities                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| How the scope of my audit responded to the risk                                                                                                                                                                                                                           | <p>In relation to the risk of material misstatement in the fair value measurement of Future Fund investments, I performed the following procedures:</p> <ul style="list-style-type: none"><li>• I evaluated the design and implementation of processes and controls relevant to the valuation and disclosure of scheme assets. This includes checks undertaken on the information submitted by investee companies, and quality review of the judgements applied in the valuation of asset;</li><li>• Using the work of an auditor’s expert I reviewed the Department’s approach to valuing its post-conversion equity investments and assessed the reasonableness of valuation inputs and assumptions it had applied. This included a detailed review of the calibration adjustments applied by the Department for a sample of equities;</li><li>• For a sample of converted equity positions, I tested the accuracy of the data used by the Department in its valuation; and</li><li>• I have evaluated management’s related disclosures, including their accuracy, completeness and compliance with accounting standards.</li></ul> |
| <b>Key observations</b> <p>I consider the inputs, assumptions and methods used by the Department to estimate the fair value of its post-conversion equity investments within the Future Fund Scheme to be appropriate. I did not identify any material misstatements.</p> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

## Group fair value measurement of investments in funds

Refer to Note 10 Investments and loans in the private sector as at 31 March 2026 – investment funds: £5.3 billion (31 March 2025: £4.4 billion).

### Description of risk

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

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

## Group fair value measurement of investments in funds

How the scope of my audit responded to the risk

In relation to the risk of material misstatement in the valuation of the investments held in the BBB Group and Regional Funds I have performed the following procedures:

- I have evaluated the design and implementation of the controls applied by BBB over the valuation processes for financial assets. This included attendance at key internal meetings where I observed management's review and challenge of valuations provided by fund managers;
- I have considered the governance arrangements in place and the process undertaken by management to review and challenge the valuations prior to their inclusion in the accounts;
- I have performed detailed procedures to enable me to gain assurance from the work of the fund managers. This has included comparison of the most recent audited accounts of the fund against the fund manager valuation report for the same period and consideration of additional evidence where the accounting period of the fund and BBB are not coterminous. I considered the overall competence, capability and objectivity of the fund managers, as well as the scope of their work and its relevance to the accounts and my opinion;
- I have confirmed the consolidation of balances and transactions into the Group financial statements; and
- I have evaluated management's related disclosures, including their accuracy, completeness and compliance with accounting standards.

### Key observations

Based on the evidence I obtained, I found that the investment valuations provided by fund managers are a reliable basis for estimating the fair value of the BBB Group and regional funds investments in funds. While completing my work, I did not identify any material misstatements.

# Application of materiality

## Materiality

I applied the concept of materiality in both planning and performing my audit, and in evaluating the effect of misstatements on my audit and on the financial statements. This approach recognises that financial statements are rarely absolutely correct, and that an audit is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement or irregularity. A matter is material if its omission or misstatement would, in the judgement of the auditor, reasonably influence the decisions of users of the financial statements.

Based on my professional judgement, I determined overall materiality for the Department and its Group’s financial statements as a whole as follows:

|                                   | Departmental group                                              | Department parent                                                                                                                                                                                    |
|-----------------------------------|-----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Materiality                       | £90 million                                                     | £38.5 million                                                                                                                                                                                        |
| Basis for determining materiality | Approximately 1.1% of Group investment assets of £8,368 million | Approximately 1.0% of gross operating expenditure of the Core Department and Executive Agencies (adjusted for the remeasurement of provisions and financial guarantee liabilities) of £4,021 million |

|                                            | Departmental group                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Department parent                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Rationale for the benchmark applied</b> | <p>The Department is responsible for supporting business to create jobs, opportunities and prosperity across the country.</p> <p>Whilst the form of support to business is varied, the making of investments is the most significant financial intervention at the Departmental Group level. This includes the activities of British Business Bank plc in developing and managing finance programmes which enhance the working of financial markets and improve access to finance for smaller businesses.</p> <p>Overall, due to the public interest in these investments as they are a key policy objective of the Departmental Group, I have judged investment assets to be the area of most interest to users of the Group financial statements.</p> | <p>The Core Department's main activity is the provision of grant expenditure which, alongside Other Operating Expenditure within the Core Department and its Executive Agencies, is spent to meet stated policy objectives.</p> <p>I have judged that gross operating expenditure is therefore the area of most interest to users of the financial statements.</p> <p>Volatile expenditure relating to provisions and the valuation movement associated with financial guarantees has been removed from the materiality base. This is because this expenditure relates to redress for historic issues and historic business interventions respectively, rather than expenditure incurred in order to deliver against current Departmental policy objectives.</p> |

## Performance Materiality

I set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality of the financial statements as a whole. Group performance materiality was set at 75% of Group materiality for the 2025-26 audit (2024-25: 75%).

## Other Materiality Considerations

Apart from matters that are material by value (quantitative materiality), there are certain matters that are material by their very nature and would influence the decisions of users if not corrected. Such an example is any errors reported in the Related Parties note in the financial statements. Assessment of such matters needs to have regard to the nature of the misstatement and the applicable legal and reporting framework, as well as the size of the misstatement.

I applied the same concept of materiality to my audit of regularity. In planning and performing my audit work to support my opinion on regularity and in evaluating the impact of any irregular transactions, I considered both quantitative and qualitative aspects that would reasonably influence the decisions of users of the financial statements.

## Error Reporting Threshold

I agreed with the Audit and Risk Assurance Committee that I would report to it all uncorrected misstatements identified through my audit in excess of £300,000, as well as

differences below this threshold that in my view warranted reporting on qualitative grounds. I also report to the Audit and Risk Assurance Committee on disclosure matters that I identified when assessing the overall presentation of the financial statements.

Total unadjusted audit differences reported to the Audit and Risk Assurance Committee have increased net expenditure by £11.2m.

## Audit scope

---

The scope of my Group audit was determined by obtaining an understanding of the Department and its Group and their environments, including Group-wide controls, and assessing the risks of material misstatement at the Group level.

The Department for Business and Trade has total group operating expenditure of £3.5bn, total assets of £11bn, and total liabilities of £5.8bn. The Group's largest components are the Core Department and the British Business Bank. The Core Department is responsible for the majority of grant spend in 2025-26. It also holds most of the Group's liabilities, including financial guarantee liabilities and provisions for Post Office compensation schemes. The British Business Bank, together with the Regional Funds it administers, hold most of the Group's investment assets.

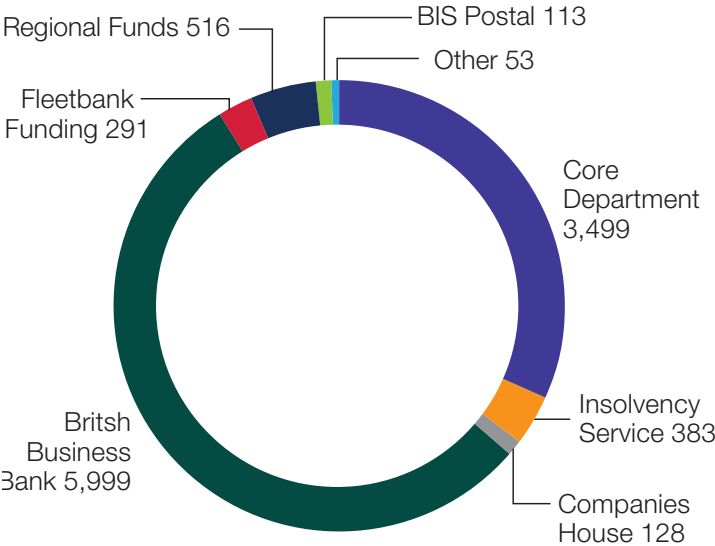
In applying ISA 600 revised Special Considerations – *Audits of Group Financial Statements (including the Work of Component Auditors)* I have deemed that some classes of transactions,



balances and disclosures at the British Business Bank, Midlands Engine Investments Limited, Northern Powerhouse Investments Limited, Insolvency Service, Companies House, the Advisory, Conciliation and Arbitration Service, Fleetbank Funding Limited, BIS (Postal Services Act 2011) Company Limited and the Financial Reporting Council are relevant to my group audit. Consequently, I have used the work of the relevant component auditors to obtain the necessary assurances to support my group audit opinion.

I have audited the full financial information of the Core Department, as well as the Group consolidation. As group auditor, I have gained assurance from the auditors of the components in scope of my review and engaged regularly on the group significant risks, such as the valuation of investments in funds. This work covered substantially all of the Group’s assets and net expenditure, and together with the procedures performed at group level, gave me the evidence I needed for my opinion on the group financial statements as a whole.

**Gross assets of individual components of the DBT group  
(as at 31 March 2026)**



## Other Information

---

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

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

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

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

I have nothing to report in this regard.

## Opinion on other matters

---

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

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

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

## Matters on which I report by exception

---

In the light of the knowledge and understanding of the Department and its Group and their environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report.

Arising solely from the matters referenced in the Basis for qualified opinion on the financial statements section of my certificate:

- ▶ I have not received all the information and explanations that I require for my audit; and
- ▶ Adequate accounting records have not been kept by the Department and its Group or returns adequate for my audit have not been received from branches not visited by my staff.

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

- ▶ the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- ▶ certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- ▶ the Governance Statement does not reflect compliance with HM Treasury's guidance.

## **Responsibilities of the Accounting Officer for the financial statements**

---

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

- ▶ maintaining proper accounting records;

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

## Auditor's responsibilities for the audit of the financial statements

---

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

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

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

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



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

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

- ▶ considered the nature of the sector, control environment and operational performance including the design of the Department and its Group's accounting policies, key performance indicators and performance incentives.
- ▶ inquired of management, the Department's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Department and its Group's policies and procedures on:
  - ▶ identifying, evaluating and complying with laws and regulations;
  - ▶ detecting and responding to the risks of fraud; and
  - ▶ the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Department and its Group's controls relating to the Department's compliance with the Government Resources and Accounts Act 2000, Managing Public Money;



- ▶ inquired of management, the Department's head of internal audit and those charged with governance whether:
  - ▶ they were aware of any instances of non-compliance with laws and regulations;
  - ▶ they had knowledge of any actual, suspected, or alleged fraud,
- ▶ discussed with the engagement team 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 Department and its Group 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 (including the valuation of the Department's liability for loan guarantee schemes, and the Post Office compensation schemes) and external fraud against the Future Fund. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Department and Group's framework of authority and other legal and regulatory frameworks in which the Department and Group operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental

effect on the operations of the Department and its Group. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2025, employment law, tax and pensions legislation, the Industrial Development Act 1982, and the Coronavirus Act 2020.

I considered the Department's assessment of the level of fraud and error and the regularity of expenditure in: the financial guarantee schemes; the Future Fund; the Post Office compensation schemes; and the Department's grant schemes.

## **Audit response to identified risk**

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

- ▶ I reviewed the financial statement disclosures and agreed them to supporting documentation to assess compliance with the provisions of the relevant laws and regulations that have a direct effect on the financial statements;
- ▶ I enquired of management, the Audit and Risk Assurance Committee and legal counsel concerning actual and potential litigation and claims;
- ▶ I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;

- ▶ I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

## **Other auditor's responsibilities**

I am required to obtain appropriate evidence sufficient to give reasonable assurance that the Statement of Outturn against Parliamentary Supply properly presents the outturn against voted Parliamentary control totals and that those totals have not been exceeded. The voted Parliamentary control totals are Departmental Expenditure Limits (Resource and Capital), Annually Managed Expenditure (Resource and Capital), Non-Budget (Resource) and Net Cash Requirement.

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

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

## **Report**

I have no observations to make on these financial statements.

**Gareth Davies**  
**Comptroller and Auditor General**

13 July 2026

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

# Financial Statements

## Consolidated Statement of Comprehensive Net Expenditure

for the period ended 31 March 2026

|                                                                      | Note | 2025-26                      |                    | 2024-25                      |                               |
|----------------------------------------------------------------------|------|------------------------------|--------------------|------------------------------|-------------------------------|
|                                                                      |      | Core Department and agencies | Departmental Group | Core Department and agencies | Departmental Group (restated) |
|                                                                      |      | £m                           | £m                 | £m                           | £m                            |
| Revenue from contracts with customers                                | 6    | (528)                        | (618)              | (471)                        | (572)                         |
| Loan interest                                                        | 6    | (51)                         | (144)              | (39)                         | (122)                         |
| <b>Total operating income</b>                                        |      | <b>(579)</b>                 | <b>(762)</b>       | <b>(510)</b>                 | <b>(694)</b>                  |
| Staff costs                                                          | 3    | 853                          | 1,051              | 733                          | 913                           |
| Grants and subsidies                                                 | 4.1  | 1,461                        | 1,359              | 1,093                        | 999                           |
| Other operating expenditure                                          | 4.4  | 1,223                        | 1,354              | 1,173                        | 1,270                         |
| Provision expense                                                    | 4.2  | 171                          | 190                | 280                          | 229                           |
| Financial Guarantees expense                                         | 4.2  | (641)                        | (641)              | (814)                        | (814)                         |
| Net remeasurement of financial assets not held at fair value         | 4.3  | 6                            | 60                 | 21                           | 63                            |
| Net remeasurement of financial assets held at fair value             | 4.3  | (17)                         | (492)              | 146                          | 56                            |
| Fair value adjustments on initial recognition of British Steel loans |      | 452                          | 452                | -                            | -                             |
| Other depreciation, impairment and revaluation expense               | 4.3  | 43                           | 50                 | 41                           | 50                            |
| <b>Total operating expenditure</b>                                   |      | <b>3,551</b>                 | <b>3,383</b>       | <b>2,673</b>                 | <b>2,766</b>                  |

|                                                   | Note | 2025-26                      |                    | 2024-25                      |                               |
|---------------------------------------------------|------|------------------------------|--------------------|------------------------------|-------------------------------|
|                                                   |      | Core Department and agencies | Departmental Group | Core Department and agencies | Departmental Group (restated) |
|                                                   |      | £m                           | £m                 | £m                           | £m                            |
| <b>Net operating expenditure</b>                  | 5    | <b>2,972</b>                 | <b>2,621</b>       | <b>2,163</b>                 | <b>2,072</b>                  |
| Finance expense                                   |      | 62                           | 62                 | 79                           | 80                            |
| <b>Comprehensive net expenditure for the year</b> |      | <b>3,034</b>                 | <b>2,683</b>       | <b>2,242</b>                 | <b>2,152</b>                  |

‘Core Department and agencies’ comprise: the Core Department, Companies House and Insolvency Service.

‘Departmental Group’ comprises: the Core Department and agencies and the bodies listed within note 21 ‘Entities within the Departmental boundary’.

All operations are continuing.

Note 2 provides detail regarding the re-presentation of specific prior year line items.

Further analysis of staff costs can be found in the Staff Report in the accountability report on page 167. The notes on pages 299 to 469 form part of these accounts.

# Consolidated Statement of Financial Position

at 31 March 2026

|                                                                    | Note | 31 March 2026                |                    | 31 March 2025                |                    |
|--------------------------------------------------------------------|------|------------------------------|--------------------|------------------------------|--------------------|
|                                                                    |      | Core Department and agencies | Departmental Group | Core Department and agencies | Departmental Group |
|                                                                    |      | £m                           | £m                 | £m                           | £m                 |
| <b>Non-current assets</b>                                          |      |                              |                    |                              |                    |
| PPE and ROU assets                                                 | 7    | 116                          | 136                | 130                          | 152                |
| Intangibles                                                        | 8    | 111                          | 112                | 98                           | 99                 |
| Investments and loans in the public sector                         | 9    | 5,322                        | -                  | 4,713                        | 31                 |
| Investments and loans in the private sector                        | 10   | 1,112                        | 7,596              | 1,166                        | 6,567              |
| Trade and other receivables                                        | 11   | 129                          | 130                | 77                           | 78                 |
| <b>Total non-current assets</b>                                    |      | <b>6,790</b>                 | <b>7,974</b>       | <b>6,184</b>                 | <b>6,927</b>       |
| <b>Current assets</b>                                              |      |                              |                    |                              |                    |
| Trade and other receivables                                        | 11   | 284                          | 254                | 294                          | 273                |
| Investments and loans in the public sector                         | 9    | 705                          | 705                | 779                          | 679                |
| Investments and loans in the private sector                        | 10   | 55                           | 67                 | 52                           | 191                |
| Cash and cash equivalents                                          | 12   | 1,594                        | 2,007              | 1,313                        | 1,715              |
| <b>Total current assets</b>                                        |      | <b>2,638</b>                 | <b>3,033</b>       | <b>2,438</b>                 | <b>2,858</b>       |
| <b>Total assets</b>                                                |      | <b>9,428</b>                 | <b>11,007</b>      | <b>8,622</b>                 | <b>9,785</b>       |
| <b>Current liabilities</b>                                         |      |                              |                    |                              |                    |
| Trade and other payables                                           | 13   | (2,564)                      | (2,630)            | (2,082)                      | (2,140)            |
| Financial guarantee and loan commitment liabilities                | 16   | (1,664)                      | (1,703)            | (3,394)                      | (3,433)            |
| Provisions for liabilities and charges                             | 15   | (668)                        | (669)              | (1,222)                      | (1,223)            |
| Lease liabilities                                                  | 14   | (14)                         | (19)               | (18)                         | (22)               |
| <b>Total current liabilities</b>                                   |      | <b>(4,910)</b>               | <b>(5,021)</b>     | <b>(6,716)</b>               | <b>(6,818)</b>     |
| <b>Non-current assets plus/less net current assets/liabilities</b> |      | <b>4,518</b>                 | <b>5,986</b>       | <b>1,906</b>                 | <b>2,967</b>       |

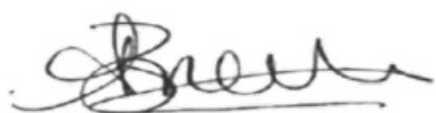


|                                                     | Note | 31 March 2026                |                    | 31 March 2025                |                    |
|-----------------------------------------------------|------|------------------------------|--------------------|------------------------------|--------------------|
|                                                     |      | Core Department and agencies | Departmental Group | Core Department and agencies | Departmental Group |
|                                                     |      | £m                           | £m                 | £m                           | £m                 |
| <b>Non-current liabilities</b>                      |      |                              |                    |                              |                    |
| Trade and other payables                            | 13   | -                            | (15)               | -                            | (17)               |
| Provisions for liabilities and charges              | 15   | (234)                        | (236)              | (262)                        | (264)              |
| Financial guarantee and loan commitment liabilities | 16   | -                            | (158)              | -                            | (140)              |
| Deferred tax liability                              | 13.1 | -                            | (208)              | -                            | (153)              |
| Lease liabilities                                   | 14   | (87)                         | (100)              | (98)                         | (115)              |
| <b>Total non-current liabilities</b>                |      | <b>(321)</b>                 | <b>(717)</b>       | <b>(360)</b>                 | <b>(689)</b>       |
| <b>Total assets less liabilities</b>                |      | <b>4,197</b>                 | <b>5,269</b>       | <b>1,546</b>                 | <b>2,278</b>       |
| <b>Taxpayers' equity and other reserves</b>         |      |                              |                    |                              |                    |
| General fund                                        |      | 4,322                        | 5,394              | 1,670                        | 2,402              |
| Revaluation reserve                                 |      | (125)                        | (125)              | (124)                        | (124)              |
| <b>Total equity</b>                                 |      | <b>4,197</b>                 | <b>5,269</b>       | <b>1,546</b>                 | <b>2,278</b>       |

Core Department and agencies' comprise: the Core Department, Companies House and Insolvency Service.

'Departmental Group' comprises: the Core Department and agencies, and the bodies listed within Note 21 'Entities within the Departmental boundary'.

The notes on pages 299 to 469 form part of these accounts.



**Amanda Brooks CB CBE**

Interim Permanent Secretary and Principal Accounting Officer

9 July 2026

# Consolidated Statement of Cash Flows

for the period ended 31 March 2026

|                                                                      |       | 2025-26                      |                    | 2024-25                      |                               |
|----------------------------------------------------------------------|-------|------------------------------|--------------------|------------------------------|-------------------------------|
|                                                                      |       | Core Department and agencies | Departmental Group | Core Department and agencies | Departmental Group (restated) |
|                                                                      | Note  | £m                           | £m                 | £m                           | £m                            |
| <b>Cash flows from operating activities</b>                          |       |                              |                    |                              |                               |
| Net expenditure                                                      |       | (3,034)                      | (2,683)            | (2,242)                      | (2,152)                       |
| Adjustments for non-cash transactions                                |       | (435)                        | (549)              | (480)                        | (698)                         |
| Asset depreciation and revaluation charges                           | 4.3   | 484                          | 70                 | 208                          | 169                           |
| (Increase) / decrease in trade and other receivables                 | 11    | (42)                         | (33)               | 215                          | 252                           |
| Movements in receivables relating to items not passing through SOCNE |       | (3)                          | (3)                | -                            | -                             |
| Increase / (decrease) in trade and other payables                    | 13    | 482                          | 488                | (1,353)                      | (1,383)                       |
| Movements in payables relating to items not passing through SOCNE    |       | (324)                        | (335)              | 1,161                        | 1,119                         |
| Increase / (decrease) in deferred tax liability                      | 13.1  | -                            | 55                 | -                            | 19                            |
| Cash outflow on provision settlement                                 | 15    | (766)                        | (766)              | (618)                        | (618)                         |
| Cash outflow on financial guarantee claims                           | 16    | (1,231)                      | (1,231)            | (2,282)                      | (2,282)                       |
| Cash receipts relating to dividend and interest income               | 6     | 49                           | 170                | 37                           | 155                           |
| Purchase of financial assets                                         | 9, 10 | (1,170)                      | (2,236)            | (731)                        | (1,666)                       |
| Realisation of financial assets                                      | 9, 10 | 318                          | 1,398              | 366                          | 1,358                         |
| <b>Net cash outflow from operating activities</b>                    |       | <b>(5,672)</b>               | <b>(5,655)</b>     | <b>(5,719)</b>               | <b>(5,727)</b>                |

|                                                                                                                                                | Note | Core<br>Department<br>and<br>agencies | Departmental<br>Group | Core<br>Department<br>and<br>agencies | Departmental<br>Group<br>(restated) |
|------------------------------------------------------------------------------------------------------------------------------------------------|------|---------------------------------------|-----------------------|---------------------------------------|-------------------------------------|
|                                                                                                                                                |      | £m                                    | £m                    | £m                                    | £m                                  |
| <b>Cash flows from investing activities</b>                                                                                                    |      |                                       |                       |                                       |                                     |
| Purchase of property, plant and equipment                                                                                                      | 7    | (8)                                   | (9)                   | (6)                                   | (7)                                 |
| Disposal of property, plant and equipment                                                                                                      | 7    | -                                     | -                     | -                                     | 2                                   |
| Purchase of intangible assets                                                                                                                  | 8    | (32)                                  | (33)                  | (29)                                  | (29)                                |
| <b>Net cash outflow from investing activities</b>                                                                                              |      | <b>(40)</b>                           | <b>(42)</b>           | <b>(35)</b>                           | <b>(34)</b>                         |
| <b>Cash flows from financing activities</b>                                                                                                    |      |                                       |                       |                                       |                                     |
| Financing from the Consolidated Fund (supply)                                                                                                  | 12.1 | 5,569                                 | 5,569                 | 4,089                                 | 4,089                               |
| Net funding from the National Insurance Fund (RPS)                                                                                             | 12.1 | 472                                   | 472                   | 458                                   | 458                                 |
| Repayment of lease liabilities                                                                                                                 | 12.1 | (17)                                  | (21)                  | (14)                                  | (18)                                |
| <b>Net financing</b>                                                                                                                           |      | <b>6,024</b>                          | <b>6,020</b>          | <b>4,533</b>                          | <b>4,529</b>                        |
| <b>Net increase/(decrease) in cash and cash equivalents in the period before adjustment for receipts and payments to the Consolidated Fund</b> |      | <b>312</b>                            | <b>333</b>            | <b>(1,221)</b>                        |                                     |
| Receipts payable to the Consolidated Fund                                                                                                      |      | 57                                    | 57                    | 88                                    | 88                                  |
| Payment of amounts due to the Consolidated Fund                                                                                                |      | (88)                                  | (88)                  | (73)                                  | (73)                                |
| <b>Net increase/(decrease) in cash and cash equivalents in the period after adjustment for receipts and payments to the Consolidated Fund</b>  |      | <b>281</b>                            | <b>292</b>            | <b>(1,206)</b>                        | <b>(1,217)</b>                      |
| <b>Cash and cash equivalents at the beginning of the period</b>                                                                                |      | <b>1,313</b>                          | <b>1,715</b>          | <b>2,519</b>                          | <b>2,932</b>                        |
| <b>Cash and cash equivalents at the end of the period</b>                                                                                      |      | <b>1,594</b>                          | <b>2,007</b>          | <b>1,313</b>                          | <b>1,715</b>                        |

The notes on pages 299 to 469 form part of these accounts.

Note 2 provides detail regarding the re-presentation of specific prior year line items.

# Consolidated Statement of Changes in Taxpayers' Equity

for the period ended 31 March 2026

|                                                    | Note | Core Department and agencies |                     |                | Departmental Group |                     |                |
|----------------------------------------------------|------|------------------------------|---------------------|----------------|--------------------|---------------------|----------------|
|                                                    |      | General fund                 | Revaluation reserve | Total          | General fund       | Revaluation reserve | Total          |
|                                                    |      | £m                           | £m                  | £m             | £m                 | £m                  | £m             |
| <b>Balance at 1 April 2024</b>                     |      | (1,813)                      | (123)               | <b>(1,936)</b> | (1,129)            | (123)               | <b>(1,252)</b> |
| Net parliamentary funding – drawn down             |      | 4,089                        | -                   | <b>4,089</b>   | 4,089              | -                   | <b>4,089</b>   |
| Net parliamentary funding – deemed                 |      | 2,446                        | -                   | <b>2,446</b>   | 2,446              | -                   | <b>2,446</b>   |
| Funding from the National Insurance Fund (RPS)     |      | 458                          | -                   | <b>458</b>     | 458                | -                   | <b>458</b>     |
| Net parliamentary funding – surplus cash repayable |      | (1,225)                      | -                   | <b>(1,225)</b> | (1,225)            | -                   | <b>(1,225)</b> |
| Income payable to the Consolidated Fund            |      | (45)                         | -                   | <b>(45)</b>    | (87)               | -                   | <b>(87)</b>    |
| Comprehensive net expenditure for the year         |      | (2,242)                      | -                   | <b>(2,242)</b> | (2,152)            | -                   | <b>(2,152)</b> |
| Auditors' remuneration                             | 4.4  | 1                            | -                   | <b>1</b>       | 1                  | -                   | <b>1</b>       |
| Transfers between reserves                         |      | 1                            | (1)                 | <b>-</b>       | 1                  | (1)                 | <b>-</b>       |
| <b>Balance at 31 March 2025</b>                    |      | <b>1,670</b>                 | <b>(124)</b>        | <b>1,546</b>   | <b>2,402</b>       | <b>(124)</b>        | <b>2,278</b>   |
| <b>Balance at 1 April 2025</b>                     |      | <b>1,670</b>                 | <b>(124)</b>        | <b>1,546</b>   | <b>2,402</b>       | <b>(124)</b>        | <b>2,278</b>   |
| Net parliamentary funding – drawn down             |      | 5,569                        | -                   | <b>5,569</b>   | 5,569              | -                   | <b>5,569</b>   |
| Net parliamentary funding – deemed                 |      | 1,225                        | -                   | <b>1,225</b>   | 1,225              | -                   | <b>1,225</b>   |
| Funding from the National Insurance Fund (RPS)     |      | 470                          | -                   | <b>470</b>     | 470                | -                   | <b>470</b>     |
| Net Parliamentary funding – surplus cash repayable |      | (1,536)                      | -                   | <b>(1,536)</b> | (1,536)            | -                   | <b>(1,536)</b> |

|                                            | Note | Core Department and agencies |                     |         | Departmental Group |                     |         |
|--------------------------------------------|------|------------------------------|---------------------|---------|--------------------|---------------------|---------|
|                                            |      | General fund                 | Revaluation reserve | Total   | General fund       | Revaluation reserve | Total   |
|                                            |      | £m                           | £m                  | £m      | £m                 | £m                  | £m      |
| Income payable to the Consolidated Fund    |      | (44)                         | -                   | (44)    | (55)               | -                   | (55)    |
| Comprehensive net expenditure for the year |      | (3,034)                      | -                   | (3,034) | (2,683)            | -                   | (2,683) |
| Auditors' remuneration                     | 4.4  | 1                            | -                   | 1       | 1                  | -                   | 1       |
| Transfers between reserves                 |      | 1                            | (1)                 | -       | 1                  | (1)                 | -       |
|                                            |      | 4,322                        | (125)               | 4,197   | 5,394              | (125)               | 5,269   |

The notes on pages 299 to 469 form part of these accounts.

# Notes to the Accounts

## 1. Accounting policies, judgments, and estimates

### 1.1 Basis of accounting

---

These Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adapted and interpreted by the FReM and as set out in the Accounts Direction to the Department pursuant to section 5(2) of the Government Resources and Accounts Act 2000. Where the FReM permits a choice of accounting policy, the policy selected is that judged to be most appropriate to the circumstances of the Core Department and its consolidated bodies (the Departmental Group) for the purpose of giving a true and fair view. The policies adopted by the Departmental Group are described below. The policies have been applied consistently to items considered material to the Financial Statements.

### 1.2 Going concern

---

In common with other government departments, the financing of the Departmental Group's future service provision and liabilities are to be met by future grants of Supply and the application of future income, approved annually by Parliament. There is no reason to believe the resources



required to settle the Department's liabilities will not be forthcoming. It has therefore been considered appropriate to adopt a going concern basis for the preparation of these Financial Statements.

## 1.3 Accounting convention

---

These Financial Statements have been prepared on an accruals basis under the historical cost convention, modified to measure property, plant and equipment (PPE) and financial instruments at fair value as determined by the relevant accounting standards as interpreted and adapted by the FReM. Shares in consolidated bodies held by the Core Department are carried at historical cost less any impairment.

## 1.4 Presentational currency

---

These Financial Statements are presented in pounds sterling, the functional currency of the Departmental Group. Transactions denominated in other currencies are translated into sterling at the rate of exchange on the date of the transaction. Monetary assets and liabilities denominated in other currencies are translated at the rates prevailing at the reporting date. Values are rounded to the nearest million pounds (£m) unless the FReM requires a lower threshold.

## 1.5 Basis of consolidation

---

The Departmental Group's Financial Statements consolidate the balances of the Core Department and bodies designated for consolidation as listed in note 21, eliminating transactions and balances between them.

The consolidated bodies prepare accounts in accordance with either the FReM or the Companies Act 2006 (for limited companies). For those bodies that do not prepare accounts in accordance with the FReM, adjustments are made upon consolidation if necessary where differences would have a significant effect on the accounts.

The Core Department and its consolidated bodies are all domiciled in the UK. The Core Department's principal place of business is Old Admiralty Building, London, SW1A 2BL.

## 1.6 New accounting standards adopted in the year and FReM changes

---

These Financial Statements for the year ended 31 March 2026 are prepared in accordance with IFRS as adapted or interpreted by the 2025-26 FReM, where the requirements are appropriate and do not contradict the Companies Act 2006.

## HM Treasury non-investment asset thematic review conclusions

As of 1 April 2025, the requirements in the FReM in respect of classification and revaluations of PPE have changed.

The FReM has introduced the category of assets held for their operational capacity – assets held for their primary objective of delivering front line services or back-office functions, rather than making reference to service potential. This change has not had a material impact on the Department's accounts.

The FReM now mandates the employment of the most appropriate of the following valuation processes:

- ▶ A quinquennial valuation supplemented by annual indexation.
- ▶ A rolling programme of valuations over a 5-year cycle, with annual indexation applied to assets during the 4 intervening years.
- ▶ For non-property assets only, appropriate indices.
- ▶ In rare cases where an index is not available, entities shall revalue the given asset using a quinquennial revaluation supplemented by a desktop revaluation in year 3.
- ▶ Entities may elect to adopt a depreciated historical cost basis as a proxy for current value in existing use or fair value for assets that have short useful lives or low values (or both).

This change has not had a material impact on the Department's accounts.

As of 1 April 2025, the requirements in the FReM in respect of the valuation basis for intangible assets have changed.

The option to measure intangible assets using the revaluation model has been withdrawn, with the cost model employed prospectively for the measurement of intangible assets. The Department will no longer index intangible assets as a result. The carrying values of intangible assets measured by the previously prescribed revaluation basis per the FReM up to 1 April 2025, are now considered deemed historical cost on transition to this revised valuation basis and have no further indexation applied.

This change has not had a material impact on the Department's accounts.

## **IFRS 17, Insurance Contracts**

IFRS 17 replaces IFRS 4, Insurance Contracts, and requires entities to identify insurance contracts and, for those contracts, recognise an insurance contract liability. The insurance contract liability is calculated as the present value of future insurance cashflows (the fulfilment cash flows) plus a subsequent risk adjustment. The new standard is generally effective from 1 January 2023 and was adopted in the UK public sector from 1 April 2025.

The Department has assessed the impact of the standard on its current contracts and contingent liabilities and does not assess IFRS 17 to have had an impact on the Department's accounts.

## **1.7 Applicable accounting standards issued but not yet adopted**

---

### **IFRS 18, 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 the 1 January 2027 in the private sector. The UK Endorsement Board adopted IFRS 18 for the UK in December 2025. 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.

### **IFRS 19, Subsidiaries without Public Accountability: Disclosures**

IFRS 19 allows eligible subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements and is effective for annual reporting periods beginning on or after the 1 January 2027 in the private sector. The UK Endorsement Board adopted IFRS 19 for the UK in May 2026<sup>5</sup>. The impact of IFRS 19 on the public sector is still being assessed and a decision has not yet been taken on an implementation date.

## 1.8 Operating income

---

Operating income relates directly to the operating activities of the Departmental Group and includes income from contracts with customers and grants.

### Revenue from contracts with customers

The Departmental Group recognises income in accordance with IFRS 15, Revenue from Contracts with Customers. Income is measured at the fair value of the consideration received or receivable and is recognised in the SOCNE following the performance of contractual obligations, where amounts can be reliably measured and it is probable that economic benefits will flow to the Departmental Group.

Where consideration is received prior to the transfer of goods and services, the amounts are recorded as contract liabilities. Where goods or services have been transferred to a customer but the right to the associated consideration is conditional on something other than the passage of time, the amount is recorded as a contract asset. An unconditional right to consideration is reported as a receivable. Standard payment terms apply to the majority of contracts with non-variable payments due in 30-60 days.

### RPS income

RPS income represents the Insolvency Service's recovery of payments to claimants (ex-employees) made under section 182 of the Employment Rights Act 1996. The Insolvency



Service's performance obligation is to make payments to the claimants following completion of substantive processes to validate each claim against HMRC rules. As soon as the performance obligation is satisfied through making such a payment, the Insolvency Service can recover this amount from the employer under section 189 of the Act and immediately charges the employer. The amount recoverable from the insolvent employer is variable and dependent on insolvency proceedings, which may take several years. The amount recoverable is therefore estimated in line with historical recovery rates over time and reassessed at each year end.

## **Case administration fee income**

Administration fees represent the largest stream within case administration income recognised by Insolvency Service. Administration fees are charged to the insolvent estate at the date of insolvency based on the type of case and the cost of service. The performance obligation is the delivery of Official Receiver duties. As recoveries are dependent on assets within each insolvent estate, a variable transaction price is determined and allocated to the performance obligation, which is satisfied over time. Accordingly, revenue is recognised progressively in line with the cost of resources applied to the processing of cases by the Official Receiver. The period of performance of the Official Receiver's duties on cases, i.e. the satisfaction of performance obligations, can vary between less than 1 month and more than 3 years for more complex cases. The Insolvency Service uses reasonable estimates of activity across a 3-year period



based on historical case data to recognise administration fee income. Other streams within case administration fee income are recognised in line with the accounting policies set out within the Insolvency Service's accounts.

## Regulatory income

Companies House recognises revenue from regulatory services in accordance with IFRS 15. A contract is established when a company submits a statutory filing along with the required fee, with the fixed transaction price per legislation allocated to each filing. The performance obligation is fulfilled at the point of filing. Revenue is recognised at a point in time when the transaction is registered, which is materially the same time as filing. Regulatory income is primarily driven by company filings, including confirmation statements, incorporations and dissolutions.

## 1.9 Grants payable

---

Grants payable are recognised when the grant recipient has performed the activity that creates an entitlement to the grant under the terms of the scheme and include estimates for claims not yet received. Where an intermediary acts as agent in distributing the grant on behalf of the Department, grants payable are recognised when the grant recipient becomes entitled to the grant.

## 1.10 Grant-in-aid and intra group transactions

---

Financing to the Department's consolidated bodies through grant-in-aid payments is reported on a cash basis in the period in which payments are made.

All grant-in-aid transactions between the Core Department and its consolidated bodies are fully eliminated within the Departmental Group position.

The Core Department also supplies services to the Trade Remedies Authority under several MoUs. The intra-group revenues and costs arising from the service provision under these MoUs are eliminated on consolidation.

## 1.11 Staff costs

---

Staff costs are recognised as expenses when the Departmental Group becomes obligated to pay them, including the cost of any untaken leave entitlement.

## 1.12 Taxation

---

The Core Department and its agencies are not liable for corporation tax by way of Crown exemption. Some consolidated bodies are subject to corporation tax on taxable profits. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to HMRC, based on tax rates and laws that are enacted or substantively enacted by the reporting date.

## Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits in future years will be available against which deductible temporary differences can be utilised.

## Value Added Tax (VAT)

The net amount due from HMRC in respect of VAT is included within receivables in the SOFP

Income and expenditure are shown net of VAT where output tax is charged, or input tax is recoverable.

Irrecoverable VAT is charged to the SOCNE and included under the relevant expenditure category. Irrecoverable VAT on the purchase of an asset is included in additions.

## 1.13 Cash and cash equivalents

---

Cash and cash equivalents comprise cash in hand and other short term highly liquid investments that are readily convertible to known amounts of cash, are subject to insignificant risk of changes in value and have an original maturity of three months or less.

## 1.14 Property, plant, and equipment

---

The cost of a tangible item is recognised as a PPE asset if all the following apply:

- ▶ It is expected to be used during more than one reporting period.
- ▶ It is probable that future economic benefits associated with the item will flow to the Departmental Group.
- ▶ The cost of the item can be measured reliably.
- ▶ The value of the asset at initial recognition, on an individual or asset pool basis, exceeds a threshold which ranges from £100 to £10,000 across the Departmental Group.

Subsequently, assets which are held for their operational capacity are held at current value in existing use, as defined in the RICS Red Book. Assets under construction are held at cost less impairment. Assets that have short useful lives or are of low value are carried at depreciated historical cost less impairment as a proxy for fair value.

Further information on the treatment of right of use (ROU) assets is given in note 1.17.

## Depreciation of PPE

PPE assets are depreciated to estimated residual values. This is done on a straight-line basis over their estimated useful lives, given in the table below. Residual values and useful lives are reviewed and adjusted if appropriate at each reporting date. Freehold and long leasehold land are not depreciated.

| PPE                                                                                  | Estimated useful life                                                          |
|--------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| Freehold buildings                                                                   | 10 – 60 years                                                                  |
| Leasehold improvements                                                               | 10 – 25 years or shorter of remaining useful life or outstanding term of lease |
| Computer equipment                                                                   | 2 – 5 years                                                                    |
| Plant and machinery                                                                  | Up to 50 years                                                                 |
| Office machinery (included in plant and machinery), furniture, fixtures and fittings | 2 – 11 years                                                                   |

## 1.15 Intangible non-current assets

An identifiable non-monetary asset without physical substance is capitalised under IAS 38, Intangible Assets, if all the following apply:

- ▶ it is expected to be used during more than one reporting period.
- ▶ it is probable that the expected future economic benefits attributable to the item will flow to the Departmental Group.
- ▶ the cost of the item can be measured reliably.
- ▶ the value of the asset at initial recognition, on an individual or asset pool basis, exceeds a threshold which ranges from £100 to £10,000 across the Departmental Group.

The Departmental Group’s intangible non-current assets are valued at deemed historical cost.

### Amortisation of intangible non-current assets

Amortisation of intangible assets is charged to the SOCNE on a straight-line basis when the assets are available for use.

Intangible assets are depreciated on a straight-line basis over the following periods:

| Intangible non-current asset | Estimated Useful Life |
|------------------------------|-----------------------|
| Software licences            | 1 – 10 years          |
| Information technology       | Up to 18 years        |
| Website development costs    | 2 – 5 years           |

## 1.16 Impairment of PPE and intangible non-current assets

---

The Department reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such an indication exists, the recoverable amount of the asset (the higher of fair value less costs to sell and value in use) is estimated to determine the extent of any impairment loss. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

## 1.17 Leases

---

### Recognition and measurement

Where a contract is, or contains, a lease of an identifiable and tangible underlying asset, the right to use that asset over the term of the lease is capitalised as a ROU asset together with a lease liability for the payments to be made in exchange for that right. The definition of a lease in IFRS 16, Leases, as a contract that conveys the right to control the use of an identified asset for a period in exchange for consideration is expanded by the FReM to include agreements between central government entities that are not legally enforceable and those with below market price or nil consideration (so called peppercorn leases).



As mandated by the FReM, leases are not capitalised where the underlying asset, when new, had a value of less than £10,000, or the lease term is 12 months or less.

## Measurement of ROU assets

### Initial recognition

Measurement of the ROU asset at initial recognition is at cost, which comprises:

- ▶ The amount of the initial measurement of the lease liability.
- ▶ Any lease payments made at or before the lease commencement date less any lease incentives received.
- ▶ Any initial direct costs.
- ▶ An estimate of restoration costs that will be incurred at the end of the lease term.

### Subsequent measurement

ROU assets are subsequently measured in line with the class of asset to which the lease relates. The cost model for IFRS 16 is used as a proxy for valuation except where:

- ▶ The lease term is long and the contract does not include provision for updates for market conditions (rent reviews) or there is a long period of time between those updates.
- ▶ The valuation of the underlying asset is likely to fluctuate significantly due to changes in market prices.

## Depreciation of ROU assets

ROU assets are depreciated on a straight-line basis from commencement date to the earlier of either:

- ▶ The end of the useful life of the ROU asset, assessed as the same as the class of PPE asset to which the lease relates.
- ▶ The end of the lease term.

## Impairment of ROU assets

The Departmental Group applies IAS 36, Impairment of Assets, to determine whether a ROU asset is impaired and to account for any impairment loss identified.

## Measurement of lease liabilities

### Initial measurement

At the commencement date, the Departmental Group measures the lease liability at the present value of the lease payments that are not paid at that date. Lease payments are discounted using either:

- ▶ The interest rate implicit in the lease.
- ▶ HM Treasury discount rate where interest rates implicit in the lease cannot be readily determined.
- ▶ Another discount rate where the Departmental Group determines it more accurately represents the interest rate.

At the commencement date, lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the term not paid at the commencement date:

- ▶ Fixed payments, including any in-substance fixed payments less any lease incentives receivable.
- ▶ Variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date, for example, payments linked to a consumer price index or a benchmark interest rate.
- ▶ Amounts expected to be payable by the Departmental Group under residual value guarantees.
- ▶ The exercise price of a purchase option if the Departmental Group is reasonably certain to exercise that option.
- ▶ Payments of penalties for terminating the lease if the lease term reflects the Departmental Group exercising the option to terminate the lease and the Departmental Group is reasonably certain to exercise this option.

## 1.18 Financial instruments

---

Financial assets and financial liabilities are recognised in the SOFP when the Department becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are measured initially at fair value plus transaction

costs unless measured at fair value through profit or loss (FVTPL) in which case transaction costs are charged to net expenditure for the year.

Fair value is determined by reference to quoted prices where an active market exists for the instrument. Otherwise, fair value is determined using generally accepted valuation techniques including discounted estimated cash flows. While the best evidence of fair value at initial recognition is normally transaction price, this may not be the case where the Departmental Group enters arrangements to achieve policy objectives. An assessment is made at initial recognition as to whether transaction price is indicative of the fair value of the instrument or whether fair value needs to be otherwise estimated.

Other than for financial guarantees, where the fair value of an instrument differs from transaction price at initial recognition, fair value is determined using generally accepted valuation techniques, including discounted estimated cash flows. The instrument is recognised at the determined fair value, provided this would not result in a gain or profit, in accordance with an adaptation to IFRS 9, Financial Instruments, specified by the FReM. The difference between transaction price and fair value is recognised in the SOCNE. This adaptation has been applied to Start Up Loans issued by the British Business Bank. Further information is given in note 1.19 and note 1.26.

In the 2025-26 financial year the Department provided loans to British Steel Limited. See note 9 for further information.

The Core Department and its consolidated bodies enter into financial instrument contracts in furtherance of policy objectives rather than specifically to generate future income and cash flows and these contracts are treated as part of operating activities and not investing activities.

## Financial assets

### Classification and measurement of financial assets

The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

Under IFRS 9, the requirement for classifying and measuring financial assets is that:

- ▶ Loans and other debt instruments are classified as either amortised cost, fair value through other comprehensive income (FVTOCI) or FVTPL, dependent on the business model and cash flow characteristics of the financial assets.
- ▶ Investments in equity instruments of entities outside the departmental boundary are classified as FVTPL, unless an irrevocable election is made on initial recognition to recognise subsequent changes in FVTOCI – the election is only available to equity instruments that are not held for trading.

- ▶ Investments in equity instruments of entities within the departmental boundary are accounted for in line with IAS 27, Separate Financial Statements, at historical cost less any provision for impairment.

## Categories of financial asset

Financial assets are categorised in the following ways.

Financial assets categorised as amortised cost are financial assets whose contractual cash flows are solely payments of principal and interest and the objective of the business model is to hold financial assets to collect contractual cash flows only. They are initially recognised at fair value and thereafter at amortised cost using the effective interest method less any impairment – the effective interest rate method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period.

Financial assets categorised as FVTOCI are either:

- ▶ Debt instruments whose cash flows are solely payments of principal and interest and the business model of which is to hold for both collecting contractual cash flows and selling.
- ▶ Equity instruments that are neither held for trading nor contingent consideration recognised in a business combination, as the Departmental Group has made an irrevocable election at initial recognition.



After initial recognition, FVTOCI assets are subsequently measured at fair value. Gains and losses in fair value are recognised directly in equity. On de-recognition, the cumulative gain or loss previously recognised in equity is recognised in net expenditure for the year for debt instruments and transferred to the general fund for equity instruments.

All financial assets that do not meet the criteria for classification to be recognised and measured at amortised cost and FVTOCI are recognised and measured at FVTPL. Transaction costs and any subsequent movements in the valuation of the asset are recognised in net expenditure for the year.

## **Impairment of financial assets**

Financial assets other than equity instruments and other instruments held at FVTPL are assessed for impairment at each reporting date using the IFRS 9 expected credit loss (ECL) model. This 3-stage model is based on the level of credit risk as follows:

- ▶ Stage 1: For financial assets with low credit risk or assets that have not had a significant increase in credit risk since initial recognition, 12-month ECLs are recognised and interest revenue is calculated on the gross carrying amount of the asset without the reduction of credit allowance.



- ▶ Stage 2: For financial assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment, lifetime ECLs are recognised and interest revenue is calculated on the gross carrying amount of the asset.
- ▶ Stage 3: For financial assets that have objective evidence of impairment at the reporting date, lifetime ECLs are recognised and interest revenue is calculated on the carrying amount reduced by the credit allowance.

For long term trade receivables, contract assets which do not contain a significant financing component and lease receivables within the scope of IFRS 16, a simplified approach is applied and impairment is measured at lifetime ECL.

Impairment gains or losses, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised in accordance with the standard, are recognised in the SOCNE.

The impairment methodology is detailed in the financial instruments note 18.

## **Derecognition of financial assets**

Financial assets are derecognised when the rights to receive future cash flows have expired or are transferred and the risks and rewards of ownership have been substantially transferred, or when there is considered to be no reasonable expectation of recovering the contractual cash flows, in

accordance with the Departmental Group's credit risk policies. Gains and losses on derecognition of financial assets are recognised in the SOCNE.

## Financial liabilities

### Classification and measurement of financial liabilities

The Departmental Group's financial liabilities, excluding some financial guarantees (see 1.19), are initially recognised at fair value including directly attributable transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest rate method, except for:

- ▶ Financial liabilities at fair value through profit or loss, which is applied to other financial liabilities designated as such at initial recognition.
- ▶ Financial guarantee contracts and loan commitments (see note 1.19).

### Derecognition of financial liabilities

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires. Any gain or loss on derecognition is recognised in the SOCNE.

## 1.19 Financial guarantees and loan commitments

---

### Financial guarantee contract liabilities

A guarantee liability is recognised when a lender makes an offer of a loan facility to a borrower which meets the eligibility criteria of the relevant scheme. Eligible businesses apply to lenders accredited under the schemes for loans, with the Department assuming all or part of the credit risk incurred by lenders up to set limits per borrower and within specific allocations to each lender, which were set by British Business Bank. Guarantee liabilities are derecognised when the Department is no longer exposed to potential lender claim on the guarantee, which is when any of the following occur:

- ▶ When a lender claim has been approved by the Department for payment.
- ▶ On expiry of the guarantee without lender claim including where a loan facility has not been drawn down by the borrower within the offer period.
- ▶ If a guarantee is no longer considered to meet the eligibility criteria of the relevant scheme such that the guarantee is no longer effective.

Amounts due to the Department as recovered by lenders from defaulted borrowers following derecognition of the guarantee liability are recognised on an accruals basis and offset against financial guarantees expense in the SOCNE.

Other than as described below, guarantee liabilities are measured as required by IFRS, at fair value at initial recognition and subsequently remeasured at the higher of the amount of loss allowance determined in accordance with IFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

In accordance with a FReM adaption of IFRS 9, where the Department issues a financial guarantee below fair value and where no active market or observable equivalent exists such that an estimate of fair value can be made that would require recognition under IFRS 9, the guarantee is measured, at initial recognition and at the reporting date, at an amount equal to lifetime ECL, as measured in accordance with the requirements of IFRS 9. As the rate intrinsic to the financial guarantee cannot be reliably determined, the HM Treasury financial instrument rate has been used to calculate the present value of ECLs.

See note 16 for additional details on the measurement of ECLs for financial guarantees.

## **Loan commitments at below market rate**

Loan commitments are recognised when the Department is party to the contractual provisions. British Business Finance Limited (BBFL), an entity within the departmental boundary, accepts a lower than market rate of return from Enterprise Capital Fund investments to encourage private sector investors to invest alongside. Although a positive return is

expected from these investments, this return is less than that required by the private sector. BBFL has, at initial recognition, elected to irrevocably designate the liability related to these loan commitments as measured at fair value through profit or loss because the group of financial assets and financial liabilities is managed, and its performance is evaluated on a fair value basis, in accordance with a documented investment strategy, and information is provided internally on that basis to key BBFL management personnel. When a commitment is drawn, the loan commitment is released and a separate fair value adjustment on the resulting investment is recognised in the SOCNE, to reflect the difference between the fair value and the amount drawn.

## 1.20 Pensions

---

The accounting for each of the Departmental Group's pension plans is dependent on its nature.

### **Unfunded defined benefit pension schemes**

The Departmental Group contributes to two unfunded defined benefit pension schemes of which employees are members: the PCSPS and the CSOPS. The participating employers in these schemes are unable to identify their share of the underlying net liability; as such these schemes are accounted for as defined contribution pension schemes, with employers' contributions charged to the SOCNE in the period to which they relate. Further information regarding PCSPS and CSOPS is presented in the staff report.

## Defined contribution pension schemes

Contributions are charged to the SOCNE when they become payable. The Departmental Group has no further liabilities in respect of benefits to be paid to members.

More information about the Departmental Group's pension schemes can be found in the accounts of the consolidated entities, including in note 3 for the Core Department, and of the pension schemes themselves.

### 1.21 Provisions

---

A provision is recognised when it is probable that an outflow of economic benefits will be required to settle a present obligation (legal or constructive) that can be reliably measured, and which results from a past event. Where the time value of money is material, the provision is measured at present value using discount rates prescribed by HM Treasury. The discount rates used are set out in note 15.

Significant provisions for the Department relate to Post Office redress schemes and British Shipbuilders. These are discussed in more detail in note 1.26 and note 15. For the redress schemes, the provisions are recorded as utilised at the point that an offer is made, at which point the liability is recognised as an accrual.



## 1.22 Contingent liabilities

---

Where an outflow of economic benefits from a past event is possible but not probable, the Departmental Group discloses a contingent liability. In addition to contingent liabilities disclosed in these Financial Statements in accordance with IAS 37, Provisions, Contingent Liabilities and Contingent Assets, certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote are disclosed in the accountability report for parliamentary reporting and accountability purposes. Remote contingent liabilities reported in the accountability report are stated at the amounts reported to Parliament.

Estimates of the financial effects are disclosed where practicable. Where the time value of money is material, contingent liabilities are stated at discounted amounts and the amount reported to Parliament separately noted.

## 1.23 Third party assets

---

The Departmental Group holds certain cash balances belonging to third parties as custodian or trustee. These balances are not recognised in the Financial Statements since neither the Departmental Group nor government more generally has a direct beneficial interest in them.



## 1.24 Trade and other receivables

---

The receivables are held to collect contractual cash flows and do not contain significant financing components. They are held at amortised cost less an allowance for ECLs.

The loss allowance is determined by applying a simplified approach equalling the lifetime ECL. An allowance is made for potentially irrecoverable receivables based on regular reviews of all outstanding amounts.

See note 18 for additional details on the measurement of ECLs for trade and other receivables.

## 1.25 Trade and other payables

---

Trade and other payables are recognised at fair value, which represent liabilities for goods and services provided to the Department prior to the financial year end that are unpaid. Trade and other payables are non-interest bearing and the carrying value approximates their fair value.

## 1.26 Judgements, estimates and assumptions

---

Preparation of financial statements requires management to make judgements, estimates and assumptions based on experience and expected events that affect the reported amounts of assets and liabilities, income and expenditure. In accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, revisions to accounting estimates are recognised prospectively. Revisions of the

estimates and assumptions below could cause material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Key accounting judgements and estimates applied in these statements are described below.

## **Fair value of Future Fund (note 10)**

The value of each Future Fund equity investment is determined using the Adjusted Price Per Share (APPS) methodology, which is grounded in the Price of Recent Investment (PoRI) approach. APPS is calculated from observable market data such as recent funding rounds and conversion events.

While APPS provides the most reliable estimate at the time of a financing event, its accuracy may diminish as time passes without subsequent events. To reflect evolving market conditions and company performance, the APPS-based valuation is further adjusted based on factors including revenue generation, cash depletion, and broader market trends. These adjustments are triggered by predefined thresholds, informed by management judgment regarding the significance and impact of these indicators.

Together, the use of APPS under the PoRI framework, supported by structured review and oversight, ensures the fair value of each equity holding is updated to reflect both the most recent transaction and any material developments since that time. At 31 March 2026, the majority of the convertible loan notes had been converted to equity,

so significant judgements arise in the post-conversion unlisted equity holdings valuations. Further details of the fair value measurement of the Future Fund scheme are set out in note 10.

## **Fair value of Repayable Launch Investments (note 10, 18)**

The econometric model used to estimate future cash flows from Repayable Launch Investments (RLI) includes a number of forecasting assumptions to estimate future receipts of income in accordance with the condition of each specific RLI agreement. Further detail on the fair value measurement of the RLI are discussed in note 10.

## **Fair value of debt and equity funds included within FVTPL investment valuations (note 10, 18)**

The future returns from FVTPL fund investments are inherently uncertain and will depend on a range of factors including the manager's success in originating lending and investment opportunities, costs and fees, how the manager exercises discretion in trading off equity against debt components in loan structures, credit and warrant/equity performance, and prevailing market conditions.

The values of the Departmental Group's investments in FVTPL debt and equity funds are based on the fund net asset values (NAVs). In general, the funds' investments in underlying portfolio companies do not have observable market inputs which can be used for the purposes of

measuring fair value and are therefore valued using Level 3 inputs as defined by IFRS 13, Fair Value Measurement.

The managers of the funds apply valuation methodologies in compliance with IFRS or other recognised accounting standards such as UK GAAP. Most of the Departmental Group's investment funds apply IFRS valuation methodologies or apply the International Private Equity and Venture Capital (IPEV) Valuation Guidelines.

The British Business Bank is provided with NAVs on a quarterly basis from the managers of the funds. These NAVs are reviewed by British Business Bank and the Core Department, with particular scrutiny given to the valuation methodologies adopted by the fund managers, ensuring that they are appropriate and consistent with IFRS, IPEV or other relevant valuation guidelines, as well as taking into account known items in respect of the underlying portfolio companies.

## **RPS receivable (note 11)**

There is uncertainty in the estimate of the amount to be realised by the Insolvency Service from sale of assets of insolvent employers. The receivable is based on a calculation of historical recovery trends and current expenditure. Further detail on the RPS receivable is discussed in note 11.

## **Financial guarantees (note 16)**

The liability for each individual guarantee is measured using modelling techniques with overlay adjustments, based on management judgement, applied to the total model liability

estimates for each scheme if considered necessary to ensure reported liability values reflect all relevant reasonable and supportable information.

The liabilities for BBLS, CBILS, RLS and GGS are subject to significant estimation uncertainty relating primarily to estimates of probability of default of the underlying loans and recoveries from borrowers post claim, and uncertainty over forward macroeconomic conditions. When appropriate, post model adjustments are included in the measurement to account for aspects which the underlying models cannot model. Further information can be found in note 16.

## **Provisions (note 15)**

Provision discount rates set by HM Treasury are updated annually and have a material effect on liabilities. There are other significant uncertainties in relation to measurement of the liabilities reported in note 15, in particular in relation to the Post Office redress schemes, and British Shipbuilders. These are discussed further below.

## **Post Office redress schemes provisions (note 15)**

The Core Department has undertaken to provide funding to the Post Office to support payments made to individuals (postmasters and former postmasters) under the Horizon redress schemes. The valuation of these provisions is management's best estimate of the most likely outcome of potential future payments. The provisions require significant

estimates and assumptions to be made including the number of eventual claimants, distribution across heads of loss and assessments of loss of earnings.

In addition to funding the Post Office Limited redress scheme, which are HSS, the Suspension Remuneration Review Scheme (SRR) and the Post Office Process Review Scheme (PPR), the Department is delivering additional schemes to provide additional redress for other groups of victims affected by the Horizon scandal. This includes: the GLO, HCRS, CRS, HSSA, and as of 3 June 2025, the Overturned Convictions (OC) scheme (which transferred from the Post Office at that date). For these schemes and those administered by the Post Office, the Department considers that a provision should be de-recognised and an accrual recognised at the point an offer has been made to the claimant.

These provisions have a level of estimation uncertainty but represent the Department's best estimate of the future liability at the reporting date. Further detail on the Post Office redress scheme provisions are discussed in note 15.

Where the Department's commitments or obligations with the Post Office, such as those included in the Letter of Support provided by the Department, have been judged not to constitute a provision, the nature of the arrangement is disclosed in the relevant area of these accounts. There are unquantifiable contingent liabilities disclosed in note 19.



## British Shipbuilders provision (note 15)

The British Shipbuilders provision uses indicative future liabilities to the Department for future personal injury compensation claims. These future claims are judgemental and are based on an independent third-party actuarial forecast. The provision requires a number of estimates and assumptions to be made, including the long-term latency periods of the disease claims considered, the number of claims expected to be filed in the year, and the estimate of future inflation on the damages awarded. The latest actuarial report is as of 31 March 2024. Further information can be found in note 15.



## 2. Re-presentation of prior year line items in the Consolidated Statement of Cash Flows and Consolidated Statement of Comprehensive Net Expenditure

During the year, the Department reviewed the presentation of BBB financial assets measured at FVTPL, reflecting differences between BBB's and the Department's presentation in previous years. This note charts the changes in the presentation of 2024-25 figures in the relevant primary statements and cross references the notes to the accounts impacted by this re-presentation. The primary statements and relevant notes to the accounts cross refer to this note.

These changes reflect a reclassification in presentation, rather than a change in the underlying measurement of financial assets measured at FVTPL. In line with IAS 1.45-46, comparative figures have been restated to reflect the updated presentation. The changes have no impact on total comprehensive net expenditure or equity for any period presented. A third statement of financial position is not required, as the reclassification does not materially affect the opening financial position of the earliest comparative period. Overall, these changes improve clarity and align with IFRS disclosure principles.

## 2.1 Re-presentation of Consolidated Statement of Cash Flows

Prior year figures under 'Cash flows from operating activities' have been re-presented to reflect changes in presentation elsewhere in the accounts. These are detailed below.

|                                                                                                                                                                                                                                                                 | Core<br>Department<br>and agencies | Departmental<br>Group |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-----------------------|
|                                                                                                                                                                                                                                                                 | £m                                 | £m                    |
| <b>Adjustments for non-cash transactions</b>                                                                                                                                                                                                                    |                                    |                       |
| Value reported in 2024-25 accounts                                                                                                                                                                                                                              | (480)                              | (708)                 |
| Interest income receivable on BBB loans has been reclassified from 'Realisation of financial assets' to 'Adjustments for non-cash transactions', reflecting the revised presentation in note 10.                                                                | -                                  | (51)                  |
| Expenditure from foreign exchange movements on BBB financial assets held at FVTPL has been reclassified from 'Adjustments for non-cash transactions' to 'Asset depreciation and revaluation charges', in line with the revised presentation in notes 4.3 and 5. | -                                  | (21)                  |
| Interest income on BBB financial assets held at FVTPL is now reported gross under 'Asset depreciation and revaluation charges', rather than being offset against impairment expenses in 'Adjustments for non-cash transactions' (notes 4.3 and 6).              | -                                  | 41                    |
| Interest income on loans to delivery partners provided by Fleetbank Funding Limited (FFL) through its ENABLE programme are now presented within interest on investments net of the amount returnable to delivery partners.                                      | -                                  | 41                    |
| <b>Value reported in 2025-26 accounts</b>                                                                                                                                                                                                                       | <b>(480)</b>                       | <b>(698)</b>          |
| <b>Asset depreciation and revaluation charges</b>                                                                                                                                                                                                               |                                    |                       |
| Value reported in 2024-25 accounts                                                                                                                                                                                                                              | 208                                | 189                   |
| Expenditure from foreign exchange movements on BBB financial assets held at FVTPL has been reclassified from 'Adjustments for non-cash transactions' to 'Asset depreciation and revaluation charges', in line with the revised presentation in notes 4.3 and 5. | -                                  | 21                    |
| Interest income on BBB financial assets held at FVTPL is now reported gross under 'Asset depreciation and revaluation charges', rather than being offset against impairment expenses in 'Adjustments for non-cash transactions' (notes 4.3 and 6).              | -                                  | (41)                  |
| <b>Value reported in 2025-26 accounts</b>                                                                                                                                                                                                                       | <b>208</b>                         | <b>169</b>            |

|                                                                                                                                                                                                  | Core<br>Department<br>and agencies | Departmental<br>Group |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-----------------------|
|                                                                                                                                                                                                  | £m                                 | £m                    |
| <b>Realisation of financial assets</b>                                                                                                                                                           |                                    |                       |
| Value reported in 2024-25 accounts                                                                                                                                                               | 366                                | 1,307                 |
| Interest income receivable on BBB loans has been reclassified from 'Realisation of financial assets' to 'Adjustments for non-cash transactions', reflecting the revised presentation in note 10. | -                                  | 51                    |
| <b>Value reported in 2025-26 accounts</b>                                                                                                                                                        | <b>366</b>                         | <b>1,358</b>          |
| <b>Cash receipts relating to dividend and interest income</b>                                                                                                                                    |                                    |                       |
| Value reported in 2024-25 accounts                                                                                                                                                               | 37                                 | 196                   |
| Interest income on loans to delivery partners provided by FFL through its ENABLE programme are now presented within interest on investments net of the amount returnable to delivery partners.   | -                                  | (41)                  |
| <b>Value reported in 2025-26 accounts</b>                                                                                                                                                        | <b>37</b>                          | <b>155</b>            |

## 2.2 Re-presentation of Consolidated Statement of Comprehensive Net Expenditure

Comparative figures for the prior year have been restated to reflect presentation changes elsewhere in the accounts. These are detailed below.

|                                                                                                                                                                                                                                                         | Core<br>Department<br>and agencies<br>£m | Departmental<br>Group<br>£m |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|-----------------------------|
| <b>Loan interest</b>                                                                                                                                                                                                                                    |                                          |                             |
| Value reported in 2024-25 accounts                                                                                                                                                                                                                      | (39)                                     | (204)                       |
| Interest income on BBB investments held at FVTPL is now included within "Net remeasurement of financial assets held at fair value", reflecting updates in notes 4.3 and 6.                                                                              | -                                        | 41                          |
| Interest income on loans to delivery partners provided by FFL through its ENABLE programme is now re-presented net of amounts returnable to delivery partners.                                                                                          | -                                        | 41                          |
| <b>Value reported in 2025-26 accounts</b>                                                                                                                                                                                                               | <b>(39)</b>                              | <b>(122)</b>                |
| <b>Net remeasurement of financial assets held at fair value</b>                                                                                                                                                                                         |                                          |                             |
| Value reported in 2024-25 accounts                                                                                                                                                                                                                      | 146                                      | 76                          |
| Expenditure from foreign exchange movements on BBB financial assets held at FVTPL has been reclassified from 'Finance expense' to 'Net remeasurement of financial assets held at fair value', in line with the revised presentation in Notes 4.3 and 5. | -                                        | 21                          |
| Interest income on BBB investments held at FVTPL is now included within "Net remeasurement of financial assets held at fair value", reflecting updates in notes 4.3 and 6.                                                                              | -                                        | (41)                        |
| <b>Value reported in 2025-26 accounts</b>                                                                                                                                                                                                               | <b>146</b>                               | <b>56</b>                   |
| <b>Finance expense</b>                                                                                                                                                                                                                                  |                                          |                             |
| Value reported in 2024-25 accounts                                                                                                                                                                                                                      | 79                                       | 142                         |
| Expenditure from foreign exchange movements on BBB financial assets held at FVTPL has been reclassified from 'Finance expense' to 'Net remeasurement of financial assets held at fair value', in line with the revised presentation in Notes 4.3 and 5. | -                                        | (21)                        |
| Interest payable on loans to delivery partners provided by FFL through its ENABLE programme is now re-presented net of amounts payable to delivery partners.                                                                                            | -                                        | (41)                        |
| <b>Value reported in 2025-26 accounts</b>                                                                                                                                                                                                               | <b>79</b>                                | <b>80</b>                   |

### 3. Staff costs

|                                                   |                                  |           | 2025-26      | 2024-25    |
|---------------------------------------------------|----------------------------------|-----------|--------------|------------|
|                                                   | Permanently<br>employed<br>staff | Others    | Total        | Total      |
|                                                   | £m                               | £m        | £m           | £m         |
| Wages and salaries                                | 701                              | 53        | 754          | 702        |
| Social security costs                             | 90                               | -         | 90           | 64         |
| Other pension costs                               | 169                              | -         | 169          | 150        |
| Voluntary exit costs                              | 34                               | -         | 34           | -          |
| Compulsory Redundancies                           | 6                                | -         | 6            | -          |
| <b>Sub total</b>                                  | <b>1,000</b>                     | <b>53</b> | <b>1,053</b> | <b>916</b> |
| Less recoveries in respect of outward secondments | (2)                              | -         | (2)          | (3)        |
| <b>Total net costs</b>                            | <b>998</b>                       | <b>53</b> | <b>1,051</b> | <b>913</b> |
| Of which                                          |                                  |           |              |            |
| Core Department and agencies                      | 803                              | 50        | 853          | 733        |
| NDPBs and other designated bodies                 | 195                              | 3         | 198          | 180        |
| <b>Total net costs</b>                            | <b>998</b>                       | <b>53</b> | <b>1,051</b> | <b>913</b> |

See the Staff Report and Remuneration Report for further information on staff costs and numbers.

# 4. Operating Expenditure

## 4.1 Grants and subsidies

|                                                                                  | 2025-26                      |                    | 2024-25                      |                    |
|----------------------------------------------------------------------------------|------------------------------|--------------------|------------------------------|--------------------|
|                                                                                  | Core Department and agencies | Departmental Group | Core Department and agencies | Departmental Group |
|                                                                                  | £m                           | £m                 | £m                           | £m                 |
| Grant-in-aid                                                                     | 102                          | -                  | 96                           | -                  |
| <b>Capital Grants – large items</b>                                              |                              |                    |                              |                    |
| DRIVE35                                                                          | 182                          | 182                | 35                           | 35                 |
| Aerospace Technology Institute (ATI)                                             | 230                          | 230                | 180                          | 180                |
| Advanced Propulsion Centre (APC)                                                 | 97                           | 97                 | 69                           | 69                 |
| Centre for Connected and Autonomous Vehicles (CCAV)                              | 15                           | 15                 | 24                           | 24                 |
| Battery Innovation Programme (BIP)                                               | 47                           | 47                 | -                            | -                  |
| Exceptional Regional Growth Fund (eRGF)                                          | 26                           | 26                 | 42                           | 42                 |
| Steel infrastructure                                                             | 55                           | 55                 | 15                           | 15                 |
| <b>Revenue Grants – large items</b>                                              |                              |                    |                              |                    |
| DRIVE35                                                                          | 2                            | 2                  | 2                            | 2                  |
| Exceptional Regional Growth Fund (eRGF)                                          | 1                            | 1                  | 3                            | 3                  |
| Citizens Advice                                                                  | 48                           | 48                 | 42                           | 42                 |
| Help to Grow                                                                     | 20                           | 20                 | 21                           | 21                 |
| Consumer advocacy for Energy, Post and cross-sector                              | 36                           | 36                 | 20                           | 20                 |
| Other Local Government growth hubs                                               | 14                           | 14                 | 12                           | 12                 |
| National Trading Standards (NTS)                                                 | 13                           | 13                 | 13                           | 13                 |
| <b>Subsidies</b>                                                                 |                              |                    |                              |                    |
| Energy Intensive Industries (EII) Compensation Scheme                            | 148                          | 148                | 140                          | 140                |
| Exceptional Regional Growth Fund (eRGF)                                          | 29                           | 29                 | -                            | -                  |
| Subsidies to Post Office Limited in support of Horizon Inquiry & Redress Schemes | 50                           | 50                 | 138                          | 138                |

|                                                                                         | 2025-26                               |                       | 2024-25                            |                       |
|-----------------------------------------------------------------------------------------|---------------------------------------|-----------------------|------------------------------------|-----------------------|
|                                                                                         | Core<br>Department<br>and<br>agencies | Departmental<br>Group | Core<br>Department<br>and agencies | Departmental<br>Group |
|                                                                                         | £m                                    | £m                    | £m                                 | £m                    |
| Subsidies to Post Office Limited to support normal function                             | 83                                    | 83                    | 88                                 | 88                    |
| Subsidies to Post Office Limited to support Corporation Tax relating to redress schemes | -                                     | -                     | 32                                 | 32                    |
| Subsidies to Post Office Limited for Network Investment                                 | 28                                    | 28                    | 20                                 | 20                    |
| Subsidies to Post Office Limited to support New Branch IT                               | 99                                    | 99                    | 65                                 | 65                    |
| Subsidies to Post Office Limited for Transformation Programme                           | 105                                   | 105                   | 11                                 | 11                    |
| <b>Other Grants</b>                                                                     |                                       |                       |                                    |                       |
| Other grants                                                                            | 31                                    | 31                    | 25                                 | 27                    |
|                                                                                         | <b>1,461</b>                          | <b>1,359</b>          | <b>1,093</b>                       | <b>999</b>            |

## Aerospace Technology Institute (ATI)

The ATI Programme offers funding for research and technology development in the UK to maintain and grow the UK's competitive position in civil aerospace. During the year, grants of £230 million (2024-25: £180 million) were paid out under the scheme.

## DRIVE35

The Automotive Transformation Fund (ATF) was delivered by the Department in partnership with the Advanced Propulsion Centre (APC), Innovate UK and partners. It supported the creation of an internationally competitive electric vehicle supply chain in the UK. The ATF offered funding for capital and associated industrial research projects that support



the industrialisation of a high value, electrified automotive supply at scale in the UK. During the year, the Department provided £184 million (2024-25: £37 million) grant funding for the ATF, £97 million (2024-25: £69 million) for the APC and £15 million (2024-25: £24 million) for the Centre for Connected and Autonomous Vehicles (CCAV). The scheme closed on 9 July 2025, at which point it was replaced by the DRIVE35 scheme.

## **Battery Innovation Programme (BIP)**

This is a new programme aimed at strengthening the UK's battery innovation ecosystem, supporting industrialisation, and delivering economic benefits through research excellence, manufacturing capability and skills development. During the year, the Department provided £47 million grant funding under this scheme.

## **Steel Infrastructure**

This programme provides funding to facilitate transformational investment and decarbonisation in strategically important UK steel infrastructure. During the year, the Department provided £55 million (2024-25: £15 million) grant funding under the scheme.

## Energy Intensive Industries (EII) Compensation Scheme

The Department provides EII to support businesses who are at a significant disadvantage from the cost of renewable and low carbon policies, and increased energy costs. During the year, subsidies of £148 million (2024-25: £140 million) were paid.

### Post Office Limited

During 2025-26, the Department paid subsidies totalling £365 million (2024-25: £354 million) to Post Office Limited (other funding from the Department to Post Office Limited is set out in the relevant sections of the Financial Statements). Of this total, £28 million (2024-25: £20 million) was provided to enable Post Office Limited to maintain a network of outlets in order to meet the Network Access Criteria, and to provide the Services of Public Economic Interest (SPEI) Services across that network in accordance with the Postal Services Act 2000. £83 million (2024-25: £88 million) was provided to enable the Post Office to continue providing a National Network of Post Offices across the UK and to provide services of Public Economic Interest across the network. £99 million of additional subsidy (2024-25: £65 million) was provided to support the Horizon replacement Programme, and £50 million (2024-25: £138 million) was provided to support the Post Office remediation unit in delivering redress and responding to the statutory inquiry. A further £105 million (2024-25: £11 million) was provided to support Post Office Limited in their Transformation Programme.

Funding of £32 million was provided in 2024-25 for the additional corporation tax liabilities arising from funding provided by the Department for redress payments. A provision was made for this liability at 31 March 2025, so no corresponding funding is shown under subsidies in 2025-26. See note 15 for details.

## COVID-19 Grant Recoveries

Other grants include recoveries and expenditure from various COVID-19 grants. During the year, the Department recovered a net £6 million (2024-25: £9 million net expenditure) of COVID-19 grants that were paid in previous years.

## 4.2 Provisions and Financial Guarantees expense

|                                                                                 | 2025-26                      |                    | 2024-25                                 |                               |
|---------------------------------------------------------------------------------|------------------------------|--------------------|-----------------------------------------|-------------------------------|
|                                                                                 | Core Department and agencies | Departmental Group | Core Department and agencies (restated) | Departmental Group (restated) |
|                                                                                 | £m                           | £m                 | £m                                      | £m                            |
| Changes in price levels                                                         | -                            | 1                  | 2                                       | 2                             |
| Increase/(decrease) in provisions                                               | 171                          | 171                | 278                                     | 277                           |
| Increase/(decrease) in loan guarantees                                          | (497)                        | (497)              | (701)                                   | (701)                         |
| Amounts recovered post call                                                     | (144)                        | (144)              | (113)                                   | (113)                         |
| Increase/(decrease) in loan commitment liabilities                              | -                            | 18                 | -                                       | (50)                          |
| <b>Total increase/(decrease) in provisions and financial guarantees expense</b> | <b>(470)</b>                 | <b>(451)</b>       | <b>(534)</b>                            | <b>(585)</b>                  |

Movements in provisions are detailed within note 15.

Movements in loan guarantees are detailed within note 16.

## Amounts recovered subsequent to loan guarantee call

These are amounts recovered from borrowers and/or lenders of amounts that had previously been paid out in guarantee claims. Recoveries are from defaulted borrowers or from lenders where claims were later identified as invalid, as they were subsequently repaid by the borrower, or where claims have been paid on guarantees that were ineligible for cover.

In 2025-26, a total of £144 million was recovered after the loan guarantee call, compared to £113 million in 2024-25.

## 4.3 Depreciation, impairment and revaluation charges

|                                                                     | 2025-26                               |                       | 2024-25                               |                                     |
|---------------------------------------------------------------------|---------------------------------------|-----------------------|---------------------------------------|-------------------------------------|
|                                                                     | Core<br>Department<br>and<br>agencies | Departmental<br>Group | Core<br>Department<br>and<br>agencies | Departmental<br>Group<br>(restated) |
|                                                                     | £m                                    | £m                    | £m                                    | £m                                  |
| Depreciation of tangible assets                                     | 24                                    | 31                    | 24                                    | 32                                  |
| Amortisation of intangible assets                                   | 17                                    | 17                    | 15                                    | 16                                  |
| Impairment of tangibles and intangibles                             | 2                                     | 2                     | 2                                     | 2                                   |
| Fair value adjustment on initial recognition of British Steel loans | 452                                   | 452                   | -                                     | -                                   |
| Net remeasurement of financial assets not held at fair value        | 6                                     | 60                    | 21                                    | 63                                  |
| Net remeasurement of financial assets held at fair value            | (17)                                  | (492)                 | 146                                   | 56                                  |
| <b>Total</b>                                                        | <b>484</b>                            | <b>70</b>             | <b>208</b>                            | <b>169</b>                          |

## Depreciation

Depreciation charges relate to PPE, including ROU assets, and amortisation charges relate to intangible assets. More details on these assets are presented in note 7 and note 8.

## Net remeasurement of financial assets not held at fair value

The amount of £6 million for Core Department and agencies in 2025-26 represents impairment of the Core Department's equity investments in the regional funds (Midlands Engine Investments Limited, Northern Powerhouse Investments Limited and Cornwall and Isles of Scilly Investments Limited) (2024-25: £18 million).

Group remeasurements include an amount of £49 million (2024-25: £57 million) representing the difference at initial recognition between the transaction values of loans issued by The Start-Up Loans Company (SULCo) and the fair values at which they were recognised. Inclusion of these differences at initial recognition reflects the difference between the contractual interest rate of the loans of 6% and higher rates that would more closely reflect credit risk. Further details about the loans can be found in note 10.

## Net remeasurement of financial assets held at fair value

Net remeasurement of financial assets held at fair value represents net expenditure arising from the change in value of financial assets measured at fair value.

The amount of £17 million for Core Department and agencies in 2025-26 (2024-25: £146 million) is driven by investments held by the Core Department and relates primarily to:

- ▶ Fair value gains on Repayable Launch Investments assets of £51 million (2024-25: gains of £51 million).
- ▶ Fair value losses on Future Fund assets of £18 million (2024-25: losses of £159 million).
- ▶ Fair value losses on funding provided to British Business Bank for SULCo of £17 million (2024-25: loss of £32 million). This eliminates upon consolidation. The Department provides funding to British Business Bank for the purpose of extending loans at below market rates to entrepreneurs unable to obtain finance elsewhere. On expiry of the funding period (31 March 2027), SULCo will repay to the Department the amount of cash held in its bank accounts representing capital and interest repayments from their borrowers. The Department's investment will be reduced by any unrecovered amounts.

## Fair value adjustments on initial recognition of British Steel loans

The Core Department and agencies recognised a £452 million fair value loss on a loan made to British Steel Limited that was written down to nil on day one. See note 9 for further details.

## Unrealised Gains and Losses

The Core Department and agencies recognised a loss of £375 million (2024-25: £153 million loss), primarily relating to movements in the value of assets for which measurement is not based on observable market data (level 3 financial instruments, as per IFRS 13), and which has not been realised in cash.

For the Departmental Group a total unrealised gain of £49 million was recognised in 2025-26 (2024-25 restated: unrealised gain of £15 million) for level 3 financial instruments.

The unrealised gain or loss for level 3 assets has been restated as British Business Bank Group no longer distinguishes between realised and unrealised gains in their primary statements, instead presenting a single aggregated fair value movement. Comparative figures for 2024–25 have been restated on this basis, with no impact on total profit or net assets. As the realised gains British Business Bank historically recognised did not relate to proceeds of sales



of financial instrument, there is no inconsistency within the Department's Group accounts in the approach to realised gains and losses.

The Department has re-presented British Business Bank's foreign exchange movements on financial assets measured at FVTPL. Amounts previously disclosed within finance expense (note 5) are now presented within Net remeasurement of financial assets at fair value.

In addition, interest income arising on British Business Bank's financial assets measured at FVTPL, which was previously recognised within interest on investments (note 6), is now presented within Net remeasurement of financial assets at fair value.

Further information on the impact of the re-presentation can be found in note 2.2.

These re-presentations have been applied to the comparative figures for 2024-25 to ensure alignment and consistency with the presentation adopted in 2025-26.

The disclosure includes fair value movement on investment funds held across the Group.

Further details of these financial assets are detailed in notes 9 and 10.

## 4.4 Other Operating Expenditure

|                                                                    | 2025-26                               |                       | 2024-25                            |                       |
|--------------------------------------------------------------------|---------------------------------------|-----------------------|------------------------------------|-----------------------|
|                                                                    | Core<br>Department<br>and<br>agencies | Departmental<br>Group | Core<br>Department<br>and agencies | Departmental<br>Group |
|                                                                    | £m                                    | £m                    | £m                                 | £m                    |
| Funding Paternity, Adoption and Shared Parental Leave policy       | 141                                   | 141                   | 119                                | 119                   |
| Service charge to FCDO for services to support overseas activities | 24                                    | 24                    | 64                                 | 65                    |
| Redundancy Payments Service                                        | 496                                   | 496                   | 491                                | 491                   |
| Specialty Steel UK costs                                           | 74                                    | 74                    | -                                  | -                     |
| Enforcement costs of employment related policies                   | 37                                    | 37                    | 35                                 | 35                    |
| Advertising and publicity                                          | 38                                    | 41                    | 24                                 | 29                    |
| Events                                                             | 21                                    | 23                    | 51                                 | 52                    |
| Professional and international subscriptions                       | 10                                    | 11                    | 12                                 | 13                    |
| Finance, HR, IT and support costs                                  | 73                                    | 86                    | 79                                 | 90                    |
| Travel and subsistence costs                                       | 22                                    | 25                    | 22                                 | 24                    |
| Training and other staff costs                                     | 19                                    | 22                    | 14                                 | 19                    |
| Rentals and accommodation                                          | 38                                    | 45                    | 39                                 | 47                    |
| Legal and professional costs                                       | 129                                   | 138                   | 132                                | 141                   |
| Consultancy costs                                                  | 10                                    | 24                    | 23                                 | 44                    |
| Research and development                                           | 21                                    | 21                    | 14                                 | 15                    |
| Gain or loss on disposal of assets                                 | -                                     | -                     | -                                  | 1                     |
| Other purchase of goods and services cost                          | 41                                    | 61                    | 16                                 | 43                    |
| Other operating expenditure                                        | 29                                    | 85                    | 38                                 | 42                    |
| <b>Total</b>                                                       | <b>1,223</b>                          | <b>1,354</b>          | <b>1,173</b>                       | <b>1,270</b>          |

### Core Department

#### Speciality Steel UK costs

SSUK, formerly part of the Liberty group of companies, consists of steel sites in Rotherham, Stocksbridge, Brinsworth in South Yorkshire, as well as Wednesbury. The Rotherham site possesses two Electric Arc Furnaces (EAF)

and the Stocksbridge site, supplied with EAF-produced steel from the Rotherham site, produces high value speciality products for manufacturing, such as aerospace, oil and gas, and industrial engineering.

On 21 August 2025, SSUK was issued with a winding up order by the High Court due to longstanding financial issues and the Official Receiver was appointed to manage the liquidation. The government is providing funding to the Official Receiver to run a sales process for the sites and is engaging with interested parties to explore options for the future of the SSUK sites. The Department hopes the Official Receiver will be able to move to a commercial sale of SSUK. The cost of the Department's intervention during 2025-26 totalled £74 million.

## Departmental Group

### Redundancy Payments Service

Redundancy payments are made to employees whose employers have failed to make payments or who were insolvent. RPS claims are financed from the NIF. They are processed and approved by the Insolvency Service, an agency of the Department.

RPS expenditure in 2025-26 totalled £496 million (2024-25: £491 million). The increase in RPS expenditure in 2025-26 was primarily driven by the volume of redundancy claims. The number of claims submitted by individuals increased to c.70,633 (2024-25: c.70,000).

## Audit Fees

Audit fees are included under the heading ‘Legal and Professional costs’.

During the year the Core Department did not purchase any non-audit services from its auditor, the National Audit Office. The non-cash auditors’ remuneration for the period was £1,100,000.

|                                   | 31 March 2026    |                |                                 | 31 March 2025   |                |                                 |
|-----------------------------------|------------------|----------------|---------------------------------|-----------------|----------------|---------------------------------|
|                                   | Core Department  | Agencies       | Other POs in Departmental Group | Core Department | Agencies       | Other POs in Departmental Group |
|                                   | £                | £              | £                               | £               | £              | £                               |
| Core Department                   | 1,100,000        | -              | -                               | 990,000         | -              | -                               |
| Companies House <sup>(a)</sup>    | -                | 117,012        | -                               | -               | 82,900         | -                               |
| Insolvency Service <sup>(b)</sup> | -                | 279,000        | -                               | -               | 251,500        | -                               |
| Other POs in Departmental Group   | -                | -              | 1,275,400                       | -               | -              | 1,163,100                       |
| <b>Total NAO audit services</b>   | <b>1,100,000</b> | <b>396,012</b> | <b>1,275,400</b>                | <b>990,000</b>  | <b>334,400</b> | <b>1,163,100</b>                |
| <b>Non-NAO audit services</b>     | <b>-</b>         | <b>-</b>       | <b>31,817</b>                   | <b>-</b>        | <b>-</b>       | <b>31,737</b>                   |
| <b>Total audit services</b>       | <b>1,100,000</b> | <b>396,012</b> | <b>1,307,217</b>                | <b>990,000</b>  | <b>334,400</b> | <b>1,194,837</b>                |

Audit service fees are shown net of VAT.

(a) Included within the Companies House audit fee is £21,700 (2024-25: £20,725) for the year end external audit of the Companies House Trust Statement, and an agreed overrun of £23,000 on the actual fee charged in 2024-25.

(b) The £279,000 Insolvency Service audit fee includes £218,000 (2024-25: £206,000) for the year end external audit of their accounts, as well as £61,000 (2024-25: £46,000) to audit the White Paper Insolvency Services Account

## 5. Finance expense

|                                      | 2025-26                               |                       | 2024-25                            |                                     |
|--------------------------------------|---------------------------------------|-----------------------|------------------------------------|-------------------------------------|
|                                      | Core<br>Department<br>and<br>agencies | Departmental<br>Group | Core<br>Department<br>and agencies | Departmental<br>Group<br>(restated) |
|                                      | £m                                    | £m                    | £m                                 | £m                                  |
| Interest payable and similar charges | -                                     | -                     | -                                  | 1                                   |
| Unwinding of discount on provisions  | 60                                    | 60                    | 77                                 | 77                                  |
| Lease interest charge                | 2                                     | 2                     | 2                                  | 2                                   |
| <b>Total</b>                         | <b>62</b>                             | <b>62</b>             | <b>79</b>                          | <b>80</b>                           |

### Unwinding of discount on provisions

The unwinding of discount on provisions consists of £57 million (2024-25: £74 million) relating to Post Office redress schemes and HMRC liabilities, and £3 million relating to British Shipbuilders provisions (2024-25: £3 million). Further detail of the movements in provisions can be found in note 15.

### Changes in presentation

In 2025-26, the Department has changed the presentation of some items previously included in this note. These changes in presentation have had no impact on net expenditure. These re-presentations have been applied to the 2024-25 comparative figures to ensure alignment and consistency with the presentation adopted in 2025-26. See note 2 for further details.

## 6. Income

|                                                 | 2025-26                      |                    | 2024-25                      |                               |
|-------------------------------------------------|------------------------------|--------------------|------------------------------|-------------------------------|
|                                                 | Core Department and agencies | Departmental Group | Core Department and agencies | Departmental Group (restated) |
|                                                 | £m                           | £m                 | £m                           | £m                            |
| Fees and charges received                       | 388                          | 433                | 332                          | 378                           |
| Loan guarantee premiums                         | 76                           | 76                 | 101                          | 101                           |
| Levy income                                     | 36                           | 67                 | 20                           | 48                            |
| Income from other government departments        | 13                           | 17                 | 13                           | 17                            |
| Interest on investments                         | 2                            | 116                | 1                            | 110                           |
| Dividends from investments                      | -                            | 10                 | -                            | 22                            |
| Interest from loans to Post Office Limited      | 28                           | 28                 | 12                           | 12                            |
| Interest from loan to Fleetbank Funding Limited | 21                           | -                  | 26                           | -                             |
| Other income                                    | 15                           | 15                 | 5                            | 6                             |
| <b>Total income</b>                             | <b>579</b>                   | <b>762</b>         | <b>510</b>                   | <b>694</b>                    |

### Core Department and agencies

#### Fees and charges received

This includes fees and charges collected by the agencies Companies House of £237 million (2024-25: £202 million) and Insolvency Service of £131 million (2024-25: £103 million).



## Loan guarantee premiums

These are premiums on the guarantees issued by the Department. The balance is primarily driven by the loan guarantee income of £76 million (2024-25: £101 million). The performance obligation is met, and the premium becomes due on a daily basis for the guarantees the Department provides to lenders for loans. Payments for guarantee premiums are received quarterly from lenders.

The transaction price of premiums are between 0.25% and 2% of the loan amounts guaranteed annually, dependent on scheme, borrower profile, and maturity (no premiums are charged on BBLS).

Loan guarantees are below cost recovery as the objective of the scheme is for the Department to provide support to businesses seeking loans, not to fully recover costs. Further information can be found in note 16.

## Departmental Group

### Interest on investments

£114 million (2024-25: £110 million (restated)) of the Departmental Group's interest on investments relates to income from financial instruments measured at amortised cost, recognised using the effective interest rate (EIR) method. This method calculates the amortised cost of a financial asset and allocates interest income over the relevant period. Of this total, £90 million (2024-25: £82 million) relates to British Business Bank and £21 million (2024-25: £26 million (restated)) relates to FFL.

The Department has re-presented interest income on British Business Bank's financial assets measured at FVTPL. This was previously recognised within interest on investments and is now presented within Net remeasurement of financial assets at fair value (note 4.3).

In addition, interest income on loans to delivery partners provided by FFL through its ENABLE programme are now presented within interest on investments net of the amount returnable to delivery partners.

These re-presentations have been applied to the comparative figures for 2024-25 to ensure alignment and consistency with the presentation adopted in 2025-26.

## 7. Property, plant and equipment and right of use assets

| Departmental Group 2025-26              |                 |                                 |                                 |                              |                                              |             |
|-----------------------------------------|-----------------|---------------------------------|---------------------------------|------------------------------|----------------------------------------------|-------------|
|                                         | Buildings<br>£m | Leasehold<br>improvements<br>£m | Information<br>technology<br>£m | Plant and<br>machinery<br>£m | Furniture,<br>fixtures and<br>fittings<br>£m | Total<br>£m |
| <b>Cost or valuation</b>                |                 |                                 |                                 |                              |                                              |             |
| <b>Balance at 1 April 2025</b>          | 195             | 22                              | 51                              | 10                           | 10                                           | 288         |
| Additions                               | 1               | 1                               | 8                               | -                            | -                                            | 10          |
| Disposals                               | (5)             | (1)                             | (2)                             | (1)                          | (2)                                          | (11)        |
| Reclassifications                       | -               | 1                               | -                               | -                            | -                                            | 1           |
| Remeasurements                          | 2               | -                               | -                               | -                            | -                                            | 2           |
| <b>At 31 March 2026</b>                 | 193             | 23                              | 57                              | 9                            | 8                                            | 290         |
| <b>Depreciation</b>                     |                 |                                 |                                 |                              |                                              |             |
| <b>Balance at 1 April 2025</b>          | (70)            | (11)                            | (41)                            | (9)                          | (6)                                          | (137)       |
| Charged in year                         | (19)            | (3)                             | (6)                             | (2)                          | (1)                                          | (31)        |
| Disposals                               | 5               | -                               | 2                               | 1                            | 2                                            | 10          |
| Revaluations                            | 4               | -                               | -                               | -                            | -                                            | 4           |
| <b>At 31 March 2026</b>                 | (80)            | (14)                            | (45)                            | (10)                         | (5)                                          | (154)       |
| <b>Carrying amount at 31 March 2026</b> | 113             | 9                               | 12                              | (1)                          | 3                                            | 136         |
| <b>Carrying amount at 1 April 2025</b>  | 125             | 11                              | 10                              | 1                            | 4                                            | 151         |
| <b>Asset financing</b>                  |                 |                                 |                                 |                              |                                              |             |
| Owned                                   | -               | 9                               | 12                              | (1)                          | 3                                            | 23          |
| Leased                                  | 113             | -                               | -                               | -                            | -                                            | 113         |
| <b>Carrying amount at 31 March 2026</b> | 113             | 9                               | 12                              | (1)                          | 3                                            | 136         |
| <b>Of the total</b>                     |                 |                                 |                                 |                              |                                              |             |
| Core Department and agencies            | 95              | 7                               | 11                              | 1                            | 2                                            | 116         |
| NDPBs and other designated bodies       | 18              | 2                               | 1                               | (2)                          | 1                                            | 20          |
| <b>Carrying amount at 31 March 2026</b> | 113             | 9                               | 12                              | (1)                          | 3                                            | 136         |

| Departmental Group 2024-25              |             |                        |                        |                     |                                  |              |
|-----------------------------------------|-------------|------------------------|------------------------|---------------------|----------------------------------|--------------|
|                                         | Buildings   | Leasehold improvements | Information technology | Plant and machinery | Furniture, fixtures and fittings | Total        |
|                                         | £m          | £m                     | £m                     | £m                  | £m                               | £m           |
| <b>Cost or valuation</b>                |             |                        |                        |                     |                                  |              |
| <b>At 1 April 2024</b>                  | <b>197</b>  | <b>25</b>              | <b>48</b>              | <b>9</b>            | <b>12</b>                        | <b>291</b>   |
| Additions                               | 15          | -                      | 6                      | 1                   | -                                | 22           |
| Disposals                               | (15)        | (3)                    | (3)                    | -                   | (2)                              | (23)         |
| Remeasurements                          | (3)         | -                      | -                      | -                   | -                                | (3)          |
| Capitalised Provisions (Leased Non-PFI) | 1           | -                      | -                      | -                   | -                                | 1            |
| <b>At 31 March 2025</b>                 | <b>195</b>  | <b>22</b>              | <b>51</b>              | <b>10</b>           | <b>10</b>                        | <b>288</b>   |
| <b>Depreciation</b>                     |             |                        |                        |                     |                                  |              |
| <b>At 1 April 2024</b>                  | <b>(62)</b> | <b>(10)</b>            | <b>(40)</b>            | <b>(9)</b>          | <b>(6)</b>                       | <b>(127)</b> |
| Charged in year                         | (21)        | (4)                    | (4)                    | -                   | (2)                              | (31)         |
| Disposals                               | 13          | 3                      | 3                      | -                   | 2                                | 21           |
| <b>At 31 March 2025</b>                 | <b>(70)</b> | <b>(11)</b>            | <b>(41)</b>            | <b>(9)</b>          | <b>(6)</b>                       | <b>(137)</b> |
| <b>Carrying amount at 31 March 2025</b> | <b>125</b>  | <b>11</b>              | <b>10</b>              | <b>1</b>            | <b>4</b>                         | <b>151</b>   |
| <b>Carrying amount at 1 April 2024</b>  | <b>135</b>  | <b>15</b>              | <b>8</b>               | <b>-</b>            | <b>6</b>                         | <b>164</b>   |
| <b>Asset financing</b>                  |             |                        |                        |                     |                                  |              |
| Owned                                   | (1)         | 11                     | 10                     | 1                   | 4                                | 25           |
| Leased                                  | 126         | -                      | -                      | -                   | -                                | 126          |
| <b>Carrying amount at 31 March 2025</b> | <b>125</b>  | <b>11</b>              | <b>10</b>              | <b>1</b>            | <b>4</b>                         | <b>151</b>   |
| <b>Of the total</b>                     |             |                        |                        |                     |                                  |              |
| Core department and agencies            | 108         | 9                      | 9                      | 1                   | 3                                | 130          |
| NDPBs and other designated bodies       | 17          | 2                      | 1                      | -                   | 1                                | 21           |
| <b>Carrying amount at 31 March 2025</b> | <b>125</b>  | <b>11</b>              | <b>10</b>              | <b>1</b>            | <b>4</b>                         | <b>151</b>   |

ROU leased assets are presented as part of PPE in these accounts.

In accordance with the FReM the majority of leasehold improvements, information technology (IT), furniture, fixtures and fittings and plant and machinery are held at depreciated historical cost as a proxy for fair value as the assets have short useful lives or low values. Land, freehold buildings, dwellings and the remainder of plant and machinery are held at fair value based on professional valuations.

Buildings are ROU assets under lease agreements. The majority of the Core Department balance relates to a lease for Old Admiralty Building with a carrying amount of £72 million at 31 March 2026 (31 March 2025: £79 million).

## 8. Intangible Assets

|                                         | Departmental Group 2025-26 |                   |            |                           |              |
|-----------------------------------------|----------------------------|-------------------|------------|---------------------------|--------------|
|                                         | Information technology     | Software licences | Websites   | Assets under construction | Total        |
|                                         | £m                         | £m                | £m         | £m                        | £m           |
| <b>Cost or valuation</b>                |                            |                   |            |                           |              |
| <b>Balance at 1 April 2025</b>          | <b>163</b>                 | <b>1</b>          | <b>7</b>   | <b>60</b>                 | <b>231</b>   |
| Additions                               | 6                          | -                 | -          | 27                        | 33           |
| Disposals                               | (12)                       | -                 | -          | -                         | (12)         |
| Impairments                             | -                          | -                 | -          | (2)                       | (2)          |
| Reclassifications                       | 27                         | -                 | -          | (28)                      | (1)          |
| <b>At 31 March 2026</b>                 | <b>184</b>                 | <b>1</b>          | <b>7</b>   | <b>57</b>                 | <b>249</b>   |
| <b>Amortisation</b>                     |                            |                   |            |                           |              |
| <b>Balance at 1 April 2025</b>          | <b>(125)</b>               | <b>(1)</b>        | <b>(6)</b> | <b>-</b>                  | <b>(132)</b> |
| Charged in year                         | (16)                       | -                 | (1)        | -                         | (17)         |
| Disposals                               | 12                         | -                 | -          | -                         | 12           |
| <b>At 31 March 2026</b>                 | <b>(129)</b>               | <b>(1)</b>        | <b>(7)</b> | <b>-</b>                  | <b>(137)</b> |
| <b>Carrying amount at 31 March 2026</b> | <b>55</b>                  | <b>-</b>          | <b>-</b>   | <b>57</b>                 | <b>112</b>   |
| <b>Carrying amount at 31 March 2025</b> | <b>38</b>                  | <b>-</b>          | <b>1</b>   | <b>60</b>                 | <b>99</b>    |
| <b>Asset financing</b>                  |                            |                   |            |                           |              |
| Owned                                   | 55                         | -                 | -          | 57                        | 112          |
| <b>Carrying amount at 31 March 2026</b> | <b>55</b>                  | <b>-</b>          | <b>-</b>   | <b>57</b>                 | <b>112</b>   |
| <b>Of the total</b>                     |                            |                   |            |                           |              |
| Core Department and agencies            | 54                         | -                 | -          | 57                        | 111          |
| NDPBs and other designated bodies       | 1                          | -                 | -          | -                         | 1            |
| <b>Carrying amount at 31 March 2026</b> | <b>55</b>                  | <b>-</b>          | <b>-</b>   | <b>57</b>                 | <b>112</b>   |

|                                         | Departmental Group 2024-25 |                   |            |                           |              |
|-----------------------------------------|----------------------------|-------------------|------------|---------------------------|--------------|
|                                         | Information technology     | Software licences | Websites   | Assets under construction | Total        |
|                                         | £m                         | £m                | £m         | £m                        | £m           |
| <b>Cost or valuation</b>                |                            |                   |            |                           |              |
| <b>Balance at 1 April 2024</b>          | <b>149</b>                 | <b>1</b>          | <b>7</b>   | <b>48</b>                 | <b>205</b>   |
| Additions                               | 1                          | -                 | -          | 28                        | 29           |
| Disposals                               | (2)                        | -                 | -          | -                         | (2)          |
| Impairments                             | (1)                        | -                 | -          | (1)                       | (2)          |
| Reclassifications                       | 16                         | -                 | -          | (15)                      | 1            |
| <b>At 31 March 2025</b>                 | <b>163</b>                 | <b>1</b>          | <b>7</b>   | <b>60</b>                 | <b>231</b>   |
| <b>Balance at 1 April 2024</b>          | <b>(113)</b>               | <b>(1)</b>        | <b>(4)</b> | <b>-</b>                  | <b>(118)</b> |
| Charged in year                         | (14)                       | -                 | (2)        | -                         | (16)         |
| Disposals                               | 2                          | -                 | -          | -                         | 2            |
| <b>At 31 March 2025</b>                 | <b>(125)</b>               | <b>(1)</b>        | <b>(6)</b> | <b>-</b>                  | <b>(132)</b> |
| <b>Carrying amount at 31 March 2025</b> | <b>38</b>                  | <b>-</b>          | <b>1</b>   | <b>60</b>                 | <b>99</b>    |
| <b>Carrying amount at 1 April 2024</b>  | <b>36</b>                  | <b>-</b>          | <b>3</b>   | <b>48</b>                 | <b>87</b>    |
| <b>Asset financing</b>                  |                            |                   |            |                           |              |
| Owned                                   | 38                         | -                 | 1          | 60                        | 99           |
| <b>Carrying amount at 31 March 2025</b> | <b>38</b>                  | <b>-</b>          | <b>1</b>   | <b>60</b>                 | <b>99</b>    |
| <b>Of the total</b>                     |                            |                   |            |                           |              |
| Core Department and agencies            | 37                         | -                 | 1          | 60                        | 98           |
| NDPBs and other designated bodies       | 1                          | -                 | -          | -                         | 1            |
| <b>Carrying amount at 31 March 2025</b> | <b>38</b>                  | <b>-</b>          | <b>1</b>   | <b>60</b>                 | <b>99</b>    |

All software licences are acquired separately.

All assets in the Information technology category are internally generated. They are initially classified as assets under construction and are not amortised until they meet the recognition criteria under IAS 38, at which point they are reclassified as IT assets. More detail on amortisation charges relating to intangible assets are presented in note 4.3.



## 9. Investments and loans in the public sector

|                                                                     | Ordinary shares | Other investments and loans | Core Department and Agencies Total | Elimination of shares and other investments and loans held in NDPBs | Departmental Group Total |
|---------------------------------------------------------------------|-----------------|-----------------------------|------------------------------------|---------------------------------------------------------------------|--------------------------|
|                                                                     | £m              | £m                          | £m                                 | £m                                                                  | £m                       |
| <b>Balance at 1 April 2024</b>                                      | <b>3,066</b>    | <b>2,003</b>                | <b>5,069</b>                       | <b>(4,283)</b>                                                      | <b>786</b>               |
| Additions                                                           | 630             | 128                         | 758                                | (758)                                                               | -                        |
| Redemptions                                                         | -               | (285)                       | (285)                              | 209                                                                 | (76)                     |
| (Impairments) / Impairment reversal                                 | -               | (18)                        | (18)                               | 18                                                                  | -                        |
| Revaluations                                                        | -               | (32)                        | (32)                               | 32                                                                  | -                        |
| <b>Balance at 31 March 2025</b>                                     | <b>3,696</b>    | <b>1,796</b>                | <b>5,492</b>                       | <b>(4,782)</b>                                                      | <b>710</b>               |
| Additions                                                           | 690             | 531                         | 1,221                              | (766)                                                               | 455                      |
| Fair value adjustment on initial recognition of British Steel Loans | -               | (452)                       | (452)                              | -                                                                   | (452)                    |
| Redemptions                                                         | -               | (210)                       | (210)                              | 202                                                                 | (8)                      |
| (Impairments) / Impairment reversal                                 | -               | (7)                         | (7)                                | 7                                                                   | -                        |
| Revaluations                                                        | -               | (17)                        | (17)                               | 17                                                                  | -                        |
| <b>Balance at 31 March 2026</b>                                     | <b>4,386</b>    | <b>1,641</b>                | <b>6,027</b>                       | <b>(5,322)</b>                                                      | <b>705</b>               |
| <b>Of the totals:</b>                                               |                 |                             |                                    |                                                                     |                          |
| <b>At 31 March 2025</b>                                             |                 |                             |                                    |                                                                     |                          |
| Current                                                             | -               | 779                         | 779                                | (100)                                                               | 679                      |
| Non-Current                                                         | 3,696           | 1,017                       | 4,713                              | (4,682)                                                             | 31                       |
| <b>At 31 March 2025</b>                                             | <b>3,696</b>    | <b>1,796</b>                | <b>5,492</b>                       | <b>(4,782)</b>                                                      | <b>710</b>               |
| <b>At 31 March 2026</b>                                             |                 |                             |                                    |                                                                     |                          |
| Current                                                             | -               | 705                         | 705                                | -                                                                   | 705                      |
| Non-Current                                                         | 4,386           | 936                         | 5,322                              | (5,322)                                                             | -                        |
| <b>At 31 March 2026</b>                                             | <b>4,386</b>    | <b>1,641</b>                | <b>6,027</b>                       | <b>(5,322)</b>                                                      | <b>705</b>               |

## Ordinary Shares in the public sector

---

### Core Department and Agencies

#### Ordinary Shares held by the Core Department in bodies inside the departmental boundary

Ordinary Shares within the departmental boundary are accounted for in line with IAS 27 and are carried at historical cost less any provision for impairment and are eliminated on consolidation.

#### **British Business Bank plc**

The Secretary of State, who is the sole shareholder, holds 4,386,811,265 ordinary shares in British Business Bank (31 March 2025: 3,696,811,265), each with a nominal value of £1. The Core Department invested in additional share capital during the year of £690 million (31 March 2025: £630 million). The Core Department's holding had a cost of £4,386 million at 31 March 2026 (31 March 2025: £3,696 million).

British Business Bank's principal objective is to address long-standing, structural gaps in the supply of finance and bring together in one place government finance support for small and mid-sized businesses.

## **BIS (Postal Services Act 2011) Company Limited**

The Secretary of State holds one ordinary share in BIS (Postal Services Act 2011) Company Limited with a nominal value of £1. The Secretary of State is the sole shareholder.

The principal objective of the company is to dispose of the assets transferred to it from the Royal Mail Pension Plan (RMPP).

## **Postal Services Holding Company Limited (PSH)**

The Secretary of State holds 50,005 ordinary shares in PSH which is 100% of the issued share capital at a historical cost of £430 million at 31 March 2026 (31 March 2025: £430 million). The Core Department through the Secretary of State also owns one special share in PSH, relating to certain areas for which Special Shareholder's consent is required.

The Core Department's valuation of the holding in PSH after impairment was nil at 31 March 2026 (31 March 2025: nil). PSH is currently in the process of liquidation due to the cessation of its primary activities.

The principal objective of the company prior to cessation was to hold and manage its shares in the Post Office, which prior to cessation were transferred to the Core Department.

## Ordinary Shares held by the Core Department in bodies outside the departmental boundary

Shares in public sector bodies outside the departmental boundary are carried at FVTOCI.

### Post Office Limited (POL)

The Secretary of State holds 50,005 ordinary shares at a nominal value of £1 each, which is 100% of the issued share capital, and holds a special share with nominal value of £1. POL is reliant on financial support from the Department, and therefore the shareholding has been valued on a net asset basis. POL is currently in a negative equity position meaning the net value of the Department's shareholding at 31 March 2026 is nil (31 March 2025: nil). The Core Department invested no additional share capital during the year (31 March 2025: nil).

The principal objective of POL is to provide retail post office services through a national network of branches.

## Other investments in the public sector

---

### Regional fund loans

The Core Department has investments in Northern Powerhouse Investment Fund, Midlands Engine Investment Fund and Cornwall and Isles of Scilly Investment Fund. The funds provide commercially-focused finance to help small and medium-sized enterprises start up and grow.

The total carrying amount at 31 March 2026 is £510 million (31 March 2025: £514 million). These are equity investments held at cost less impairment under IAS 27.

The investments are in consolidated bodies and eliminated on consolidation.

### The Start-Up Loans Company

The Core Department provides funding to British Business Bank to fund loans made by SULCo at below market rates to entrepreneurs unable to obtain finance elsewhere. This funding is repayable to the Department to the extent that capital and interest payments have been received by the Company from its borrowers.

The total carrying amount at 31 March 2026 is £141 million (31 March 2025: £124 million), held at fair value through profit or loss.

The funding is to a consolidated body and eliminated on consolidation.

# Loans and investments in the public sector

|                                                                                 | Fleetbank<br>Senior<br>Loan Note | British<br>Steel<br>Limited | Post Office<br>Limited –<br>Term Loan | Post Office<br>Limited –<br>Working Capital<br>Facility Loan | Core<br>Department<br>investment<br>into BBB<br>(SULCo) | Core<br>Department<br>investment<br>into<br>Regional<br>Funds | Core<br>Department<br>and<br>agencies<br>Total | Departmental<br>Group Total |
|---------------------------------------------------------------------------------|----------------------------------|-----------------------------|---------------------------------------|--------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------------|------------------------------------------------|-----------------------------|
|                                                                                 | £m                               | £m                          | £m                                    | £m                                                           | £m                                                      | £m                                                            | £m                                             | £m                          |
| <b>At 31 March 2025</b>                                                         | <b>448</b>                       | <b>-</b>                    | <b>38</b>                             | <b>672</b>                                                   | <b>124</b>                                              | <b>514</b>                                                    | <b>1,796</b>                                   | <b>710</b>                  |
| Additions                                                                       | 39                               | 452                         | -                                     | 3                                                            | 34                                                      | 3                                                             | 531                                            | 455                         |
| Fair value<br>adjustment on<br>initial recognition<br>of British Steel<br>loans | -                                | (452)                       | -                                     | -                                                            | -                                                       | -                                                             | (452)                                          | (452)                       |
| Repayments                                                                      | (203)                            | -                           | (7)                                   | -                                                            | -                                                       | -                                                             | (210)                                          | (8)                         |
| Revaluations                                                                    | -                                | -                           | -                                     | -                                                            | (17)                                                    | -                                                             | (17)                                           | -                           |
| Impairments                                                                     | -                                | -                           | -                                     | -                                                            | -                                                       | (7)                                                           | (7)                                            | -                           |
| <b>At 31 March 2026</b>                                                         | <b>284</b>                       | <b>-</b>                    | <b>31</b>                             | <b>675</b>                                                   | <b>141</b>                                              | <b>510</b>                                                    | <b>1,641</b>                                   | <b>705</b>                  |

## Core Department and agencies

### **FFL Loan (Enable Funding programme)**

The Core Department's loan to FFL supports the Enable Funding programme, managed by British Business Bank. This was launched in November 2014 to improve the provision of asset and lease finance to smaller UK businesses.

At the Core Department's request £203 million was repaid early in the 2025-26 financial year (31 March 2025: £171.5 million).

The carrying amount at 31 March 2026 was £284 million (31 March 2025: £448 million). The loans are reported at amortised cost under IFRS 9. Collateral held by FFL to mitigate credit risk for the assets intended to fund repayment of the Core Department loan is judged to provide sufficient security that the Department has set the provision for credit losses at nil (31 March 2025: nil).

The loan is to a consolidated body and eliminated on consolidation.

### **Post Office Limited Loan**

The Core Department has made available to POL a revolving loan facility of up to £950 million. This is to help the company fund its daily in-branch working capital requirements to deliver services through the network such as social benefits payments and access to cash. An additional short-term



facility of up to £50 million to fund its same day liquidity requirements has been made available if required. A new agreement was signed on 4 December 2024 and has been implemented from 1 April 2025. These facilities will expire on 31 March 2028.

The amounts loaned and repaid in year are offset, and only the movement is presented in the table above. The loan is settled on a net basis meaning each week only the difference between how much POL newly borrows or repays is transferred in cash between the Department and POL.

The carrying amount of the revolving loan facility was at 31 March 2026: £675 million (31 March 2025: £672 million). The facility is reported at amortised cost under IFRS 9. Lending under the facility is secured by a first floating charge over all Post Office assets, with the exception of some defined exclusions, and prohibition of the creation by the Post Office of any other security over the charged assets. On the basis that the loans are fully collateralised against cash and cash equivalents, there is not expected to be any loss in the event of default, hence the expected credit loss on this loan is nil (31 March 2025: nil).

The Core Department has also provided a term loan to POL of £52 million on 1 April 2021. Repayments commenced in 2023-24 of £7 million per year. The carrying amount at 31 March 2026 was £31 million (31 March 2025: £38 million). The term loan is reported at amortised cost under IFRS 9. On the basis that the term loan has not missed any interest or principal repayments to date, and the loans are fully

collateralised, there is not expected to be any loss in the event of default, and hence the expected credit loss on this loan is nil (31 March 2025: nil).

These loans are to a non-consolidated body and not eliminated on consolidation.

## **British Steel Limited**

During the 2025-26 financial year, the Core Department provided loans totalling £452 million to British Steel Limited in support of the company's ongoing operations.

The loans have been classified as financial assets measured at FVTPL. This classification reflects the fact that the instruments do not meet the “solely payments of principal and interest” (SPPI) test under IFRS 9, as no contractual repayment schedule or enforceable terms are currently in place.

At initial recognition, the loans were assigned a fair value of nil. In determining the initial fair value, the Core Department considered the significant uncertainty surrounding British Steel Limited's financial position, its ability to generate sufficient future cash flows, and the absence of evidence that the company will be able to repay the loans in the foreseeable future.

The Core Department will continue to review the fair value of the loans at each reporting date, taking into account changes in British Steel Limited's financial condition, restructuring developments, and any future repayment arrangements that may be agreed.

## Special Shares

---

The Secretary of State holds one special share in each of the entities listed below. The list includes a summary of the significant terms of shareholding, and not a comprehensive record. Further details can be obtained from the annual report and financial statements of each body or their Articles of Association.

The Core Department does not recognise the special or 'golden' shares on its Statement of Financial Position in line with the FReM.

### **Postal Services Holding Company Limited – £1 Special Rights Preference Share**

- ▶ Created in January 2001 (formerly called Royal Mail Holdings plc).
- ▶ It may be redeemed at any time by the shareholder.

Note: The company is now in members' voluntary liquidation and control of its affairs has been passed to the Joint Liquidators.

## Post Office Limited (“POL”) – £1 Special Rights Redeemable Preference Share

- ▶ Created in April 2012.
- ▶ Special Shareholder is entitled to attend and speak at any general meeting or any meeting of any other class of shareholders of POL, but the Special Share does not carry voting rights or any other rights at any such meeting.
- ▶ It may be redeemed at any time by the Special Shareholder. POL cannot redeem the Special Share without prior consent of the Special Shareholder.

# 10. Investments and loans in the private sector

|                                                              | Launch Investments | Future Fund | Other equities | Loans (restated) | Investment funds | Departmental Group (restated) |
|--------------------------------------------------------------|--------------------|-------------|----------------|------------------|------------------|-------------------------------|
|                                                              | £m                 | £m          | £m             | £m               | £m               | £m                            |
| <b>Balance at 1 April 2024</b>                               | <b>457</b>         | <b>799</b>  | <b>204</b>     | <b>1,018</b>     | <b>3,930</b>     | <b>6,408</b>                  |
| Additions                                                    | -                  | -           | 83             | 595              | 932              | 1,610                         |
| Repayments                                                   | (44)               | (30)        | (3)            | (730)            | (475)            | (1,282)                       |
| Revaluations                                                 | 51                 | (159)       | (8)            | -                | 61               | (55)                          |
| Interest                                                     | -                  | -           | -              | 51               | -                | 51                            |
| Amortisation of fair value adjustment on initial recognition | -                  | -           | -              | 29               | -                | 29                            |
| Impairments                                                  | -                  | -           | -              | (3)              | -                | (3)                           |
| <b>Balance at 1 April 2025</b>                               | <b>464</b>         | <b>610</b>  | <b>276</b>     | <b>960</b>       | <b>4,448</b>     | <b>6,758</b>                  |
| Additions                                                    | -                  | -           | 170            | 468              | 1,093            | 1,731                         |
| Repayments                                                   | (49)               | (57)        | -              | (663)            | (621)            | (1,390)                       |
| Revaluations                                                 | 51                 | (24)        | 54             | -                | 406              | 487                           |
| Interest                                                     | -                  | -           | -              | 50               | -                | 50                            |
| Amortisation of fair value adjustment on initial recognition | -                  | -           | -              | 38               | -                | 38                            |
| Impairments                                                  | -                  | -           | -              | (11)             | -                | (11)                          |
| <b>Balance at 31 March 2026</b>                              | <b>466</b>         | <b>529</b>  | <b>500</b>     | <b>842</b>       | <b>5,326</b>     | <b>7,663</b>                  |
| <b>Of the totals:</b>                                        |                    |             |                |                  |                  |                               |
| <b>At 31 March 2025</b>                                      |                    |             |                |                  |                  |                               |
| Current                                                      | 52                 | -           | -              | 139              | -                | 191                           |
| Non-Current                                                  | 412                | 610         | 276            | 821              | 4,448            | 6,567                         |
| <b>At 31 March 2025</b>                                      | <b>464</b>         | <b>610</b>  | <b>276</b>     | <b>960</b>       | <b>4,448</b>     | <b>6,758</b>                  |
| <b>At 31 March 2026</b>                                      |                    |             |                |                  |                  |                               |
| Current                                                      | 55                 | -           | -              | 12               | -                | 67                            |
| Non-Current                                                  | 411                | 529         | 500            | 830              | 5,326            | 7,596                         |
| <b>At 31 March 2026</b>                                      | <b>466</b>         | <b>529</b>  | <b>500</b>     | <b>842</b>       | <b>5,326</b>     | <b>7,663</b>                  |
| Core Department and agencies                                 | 466                | 529         | -              | 22               | 150              | 1,167                         |
| NDPBs and other designated bodies                            | -                  | -           | 500            | 820              | 5,176            | 6,496                         |
| <b>Balance at 31 March 2026</b>                              | <b>466</b>         | <b>529</b>  | <b>500</b>     | <b>842</b>       | <b>5,326</b>     | <b>7,663</b>                  |

Please refer to Note 18 for detail of classification of investments and loans in the private sector between amortised costs and FVTPL and discussion of fair value hierarchies.

## **Core Department and agencies**

---

The most significant loans and investments are detailed below.

### **Future Fund: Convertible loan notes and equity holdings**

Future Fund investments are held by the Core Department. The scheme launched on 20 May 2020 as a COVID-19 business support scheme and was open to new applicants until 31 January 2021. The scheme is administered by the British Business Bank on behalf of the Core Department. The Department issued Convertible Loan Notes (CLNs) on commercial terms to eligible businesses, in amounts from £125,000 to £5 million, subject to at least equal match funding from private investors. The policy aim was to support the development trajectory of innovative, high-growth, UK-based businesses impacted by COVID-19.

CLNs matured on the third anniversary of issue, at which point the borrower had the options of:

a) Repaying the outstanding loan along with a redemption premium.

b) Converting it to an equity share to be held by the Department.

c) Extending the maturity date for a maximum of two further years, subject to specific criteria being met.

At inception Future Fund held 1,190 CLN positions of which 5 positions demerged in 2 separate entities creating a total portfolio of 1,195 positions. At 31 March 2026, the portfolio comprises 34 CLNs, which have been extended and 648 equity holdings, of which 612 are still held with the original future fund borrowing company and 36 are held on non-Future Fund company equities. 119 CLNs have been re-paid, and 394 positions have defaulted since the fund's inception.

|                                 | Convertible<br>Loan Notes | Equity: Future<br>Fund Original<br>Company | Equity given in<br>non-Future Fund<br>company for<br>Future Fund exit | Total      |
|---------------------------------|---------------------------|--------------------------------------------|-----------------------------------------------------------------------|------------|
|                                 | £m                        | £m                                         | £m                                                                    | £m         |
| <b>Balance at 1 Apr 2025</b>    | <b>11</b>                 | <b>573</b>                                 | <b>26</b>                                                             | <b>610</b> |
| Transfers                       | -                         | (4)                                        | 4                                                                     | -          |
| Conversions                     | (5)                       | 5                                          | -                                                                     | -          |
| Repayments                      | (13)                      | (42)                                       | (2)                                                                   | (57)       |
| Revaluations                    | 12                        | (35)                                       | (1)                                                                   | (24)       |
| <b>Balance at 31 March 2026</b> | <b>5</b>                  | <b>497</b>                                 | <b>27</b>                                                             | <b>529</b> |

Future Fund CLNs and equity shares are financial assets measured at FVTPL. Equity shares arise primarily as a result of CLNs being converted into shares following financing events. They can also arise following sales or initial public offerings of investee companies in which investors, including the Department, receive consideration in the form of shares in the acquiring entity.



Transfers are where Future Fund exited from the original CLN or converted equity and the investment is now with a new entity and not the original CLN Investee Company legal entity.

Conversions are where the investment in the CLN has been converted to an equity position with the same company during the year.

The Future Fund equity value has decreased by £75 million compared with the previous year. This can be attributed to a general adverse movement in portfolio equity valuations and the impact of fair value adjustments to specific high value positions in what is a highly concentrated portfolio.

## **Valuation of CLNs**

The Department values extended CLNs at 22.8% of the original loan value which reflects the expectation of the average recoverable percentage for these notes, except in circumstances where there are specific indicators of likely default, in which case the CLN is valued at nil.

## **Valuation of equity holdings**

For equity shares, conversion or transfers (i.e. shares issued in a new company in exchange for existing shares) are used as an equity value anchor point for each holding given that, at this point, the Department's equity amount is known, as are the contractual conversion mechanisms or agreed terms for shareholders. Equity values are reviewed quarterly on a triggered basis, subject to agreed thresholds relating to various factors (see below). Equity values from

transfers are also reviewed each quarter and updated based on information submitted by the investee companies or prevailing capital market pricing.

Factors that trigger valuation reviews include:

- ▶ Actual or potential events of default on company borrowing.
- ▶ Actual or potential further financing rounds of the companies and the pricing of these rounds.
- ▶ Market and sector movements, including movements in sector indices.
- ▶ Company-specific financial and non-financial information such as cash balances, revenue and EBITDA, employee growth and KPI improvement/deterioration.

The valuation of converted equity is determined using a valuation technique that incorporates recent transaction information, such as funding rounds and conversion events, as reference points. These inputs are adjusted as necessary to reflect the specific rights and characteristics of the equity holdings, and therefore the valuation is usually classified as Level 3 within the fair value hierarchy. However, for holdings with an active observable market with no price adjustment applied, the Department classifies them as Level 1 unless a further adjustment was deemed required in which case it is treated as Level 2. The valuation of the equity holding based on APPS is then overlaid with adjustments which are based on market movements, individual company performance, dilution adjustments, calibration based on comparable

company valuations, and an assessment of cash depletion (where the company's cash holding is less than the amount the Department estimates it will need to fund its operations over the next six months). Reviews are undertaken of valuations which are based on funding rounds or conversion events that occurred more than 12 months previously, to ensure that they continue to be current.

There are limitations to the data included in the valuation model. Valuations rely on company specific information being provided by investee companies on a quarterly basis. This information is taken from an online portal at the reporting date and contains data from the latest submission from each company. As the information is self-reported by the portfolio companies, the valuation may be subject to risks arising from inconsistent or incomplete data. A dedicated team within British Business Bank monitors data quality within the online portal to reduce this risk.

The fair value of the Future Fund at 31 March 2026 was £529 million (31 March 2025: £610 million).

## **Other price risk**

The Future Fund valuation includes £529 million in relation to debt and equity investments. The valuation of these debt and equity positions could fluctuate significantly. A 10 percent increase in prices would result in a fair value of £582 million, and a 30 percent fall would result in a fair value of £370 million.

## Repayable Launch Investment

Under the provisions of the Civil Aviation Act 1982, the Core Department has provided funding to companies for a proportion of non-recurring eligible design and development capital costs on civil aerospace development products. Each product supported is covered by separate contractual terms and conditions, with periodic repayments falling due when products are delivered or at other specific points.

The investments are reported at FVTPL. Fair value gains or losses are recognised directly in the SOCNE.

### Measurement

Contract valuations are based on estimated future receipt streams, discounted to present value. The receipt streams are estimated using external forecasts of the variables that drive them such as aircraft deliveries or engine flight hours.

### Sensitivity analysis

The receipt stream estimates on which the valuations are based are influenced by the interaction of key drivers such as aircraft deliveries or engine flight hours, as well as economic variables. A Monte-Carlo based approach has been developed which uses the software package @Risk to assess the level of uncertainty associated with the valuations. The valuation model is run thousands of times, applying random changes to the key model input parameters in each iteration within set ranges deemed by the Department to be

feasible. The key input parameters that are flexed include the externally provided delivery forecasts and economic variables used as inflation measures.

Each iteration of the model produces a valuation estimate for the portfolio consistent with the specific input parameter values applied to that iteration. 90% of these valuation estimates fell within the range of £413 million to £519 million at 31 March 2026 (31 March 2025: £410 million to £507 million).

## **Risk**

The investments are exposed to risks which could impact receipt streams, including future market downturns in the aircraft manufacturing sector which can impact product delivery volumes and the utilisation rates of aircraft.

Receipt streams are also exposed to risks relating to the timing of decisions in the sector to improve or replace aircraft or engines.

The impact to the aircraft manufacturing sector due to the ongoing conflict in the Middle East is not material in the current year, as demand remains high and income is still in line with expectations.

The total value of the investments at 31 March 2026 is estimated at £466 million (31 March 2025: £464 million).

## Investment Funds – Angel CoFund

Investment Funds includes a holding of £136 million (31 March 2025: £129 million) by the Core Department in Angel CoFund (ACF). The Core Department has determined that ACF investments are classified as financial assets held at FVTPL in accordance with IFRS 9, with fair value gains or losses recognised directly in the SOCNE. ACF makes equity investments of between £100,000 and £1 million in smaller businesses in the UK. It invests alongside strong syndicates of business angels to support business with strong growth potential.

### Measurement and carrying value

The ACF investments are recognised at FVTPL. The ACF Fund Manager produces quarterly net asset value fund valuations of the Department's claim which comprises:

- a) Valuations for each of the underlying portfolio companies in line with IPEV guidelines.
- b) Valuations for other assets or liabilities relating to the claim, for example tax liabilities or cash balances.

The carrying value of the ACF investments at 31 March 2026 was £136 million (31 March 2025: £129 million).



## Community Enable Funding

In the year, the Core Department acquired a £22 million loan note issued by a special purpose vehicle, Community Enable Funding Limited (CEF). This company is a body outside the Departmental Group and was established to provide debt finance to the social enterprise sector. The credit risk associated with the Core Department's loan is considered minimal. This is primarily because the loans to the social enterprises are originated under the GGS backed by guarantees provided by the Department, and the credit risk relating to the portion of lending not covered by GGS is mitigated through guarantees issued to CEF by community development finance institutions (CDFIs).

## Departmental Group

---

### Loans

BBB and FFL have entered into loan agreements with parties within the private sector. The loans are reported at amortised cost under IFRS 9. The amortised cost valuations include ECL provisions. Further information on ECL provisions is given in note 18.

At 31 March 2026, £820 million of loans were held by NDPBs and other designated bodies (31 March 2025: £960 million).



## Amortised cost loans and investments held by BBB

The value of loans and investments held by BBB to bodies outside the Departmental Group at 31 March 2026 was £566 million (31 March 2025: £546 million). The conditions attached to each investment vary depending on the details of the arrangement. Repayment schedules have been agreed for loans, and all loans are expected to be repaid at the end of the loan term. The first table in this note has been re-presented to show the gross amounts of repayments and interest for 2024-25 to ensure consistency with the reporting approach applied in 2025-26. There was no impact on the value of loans in the prior year.

| Loans and investments held by British Business Bank | 31 March 2026 | 31 March 2025 |
|-----------------------------------------------------|---------------|---------------|
|                                                     | £m            | £m            |
| Business Finance Partnership                        | 110           | 106           |
| Investment Programme                                | 261           | 268           |
| Start Up Loans                                      | 195           | 172           |
| <b>Total</b>                                        | <b>566</b>    | <b>546</b>    |

- ▶ British Business Investments Limited (BBI) manages the Business Finance Partnership (BFP) programme. The BFP programme invested in funds which lend to medium-sized businesses with turnover of up to £500 million. Under IFRS 9 the BFP portfolio was classified as FVTPL except for one fund that is classified as amortised cost.

- ▶ BBI manages the Investment Programme. It makes commercial investments that stimulate at least the same amount of private sector investment, encouraging new providers into the market and the growth of smaller lenders. BBI's investments in Limited Partnerships through the Investment Programme are classified as FVTPL. This programme has participated in peer-to-peer lending, invoice discount finance, asset finance and other credit facilities. This lending is classified as amortised cost under IFRS 9.
- ▶ SULCo lends to entrepreneurs via a number of delivery partners at an interest rate of 6%. Losses on these loans are expected to be between 30% and 40% of the total loans advanced, reflecting the non-commercial nature of the scheme. This lending is classified as amortised cost under IFRS 9. Additions to Start Up Loans are recognised at their fair value which is assessed to be less than the amount advanced.

Further information on the loans held by British Business Bank is included within note 12 of the British Business Bank annual report and accounts.

## **Loans held by FFL**

During 2025-26, FFL provided loans totalling £211 million (31 March 2025: £337 million) to private companies through the Enable Loan Programme scheme. In the prior year, the Department recognised the net position of loans additions and repayments within additions. The first table in this note has been re-presented to show the gross amounts of

additions and repayments for 2024-25 to ensure consistency with the reporting approach applied in 2025-26. There was no impact on the value of loans in the prior year.

The value of loans held by FFL at 31 March 2026 was £254 million (31 March 2025: £413 million).

## Other equities

At 31 March 2026, £500 million of private sector shares were held by NDPBs and other designated bodies (31 March 2025: £276 million). These are measured at FVTPL, with fair value movements going directly to the SOCNE.

Private sector shares held by BIS (Postal Services Act 2011) Company Limited amounted to £1 million (31 March 2025: £1.2 million). In addition, British Business Bank directly held unlisted shares totaling £499 million at 31 March 2026 (31 March 2025: £274 million) across the following portfolios.

## Co-Investment

Through Co-Investment, British Patient Capital (BPC) invests in late-stage UK scale-up companies. Currently, it co-invests alongside BPC fund General Partners into their existing portfolio companies. This allows BPC to increase its exposure to the best portfolio companies in its best funds.

## **Future Fund: Breakthrough**

Through the Future Fund: Breakthrough programme, BPC directly invests alongside private sector investors in growth-stage R&D intensive UK companies operating in breakthrough technology sectors.

The fair values are estimated based on a variety of valuation techniques, adopted by the investment managers that comply with the IPE Guidelines or the valuation guidelines produced by the British Venture Capital Association (BVCA). Valuation techniques used include earnings multiples and discounted cash flow analysis.

## **Investment funds**

British Business Bank, BIS (Postal Services Act 2011) Company Limited, Northern Powerhouse Investments Limited, Midlands Engine Investments Limited, and Cornwall and Isles of Scilly Investments Limited hold investment funds. The value invested by NDPBs and other designated bodies at 31 March 2026 was £5,176 million (31 March 2025: £4,304 million). In accordance with IFRS 9, the investments are measured at FVTPL with fair value movements going directly to the SOCNE.

## **BBB held investment funds at FVTPL**

BBB held investment funds valued at £4,690 million at 31 March 2026 (31 March 2025: £3,847 million).

|                                                    | 31 March 2026 | 31 March 2025 |
|----------------------------------------------------|---------------|---------------|
| <b>British Business Bank held investment funds</b> | <b>£m</b>     | <b>£m</b>     |
| British Patient Capital                            | 1,905         | 1,539         |
| Business Finance Partnership                       | 85            | 124           |
| Investment Programme                               | 846           | 679           |
| Enterprise Capital Funds                           | 671           | 597           |
| Managed Funds                                      | 448           | 326           |
| UK innovation Investment Fund                      | 140           | 170           |
| Regional Angels Programme                          | 223           | 168           |
| National & Regional Investment Ltd                 | 401           | 215           |
| Other BBB Funds                                    | 64            | 29            |
| <b>Total</b>                                       | <b>4,783</b>  | <b>3,847</b>  |

The value of the investments is predominantly based on the net asset values of the respective funds at the reporting date. The managers of the funds apply IFRS valuation methodologies or apply the IPEV valuation guidelines. The purpose of these investments is as follows:

- ▶ British Patient Capital invests in commercially viable venture and venture growth capital funds.
- ▶ Business Finance Partnership invests in funds which lend to medium-sized businesses.
- ▶ The Investment Programme makes commercial investments that stimulate at least the same amount of private sector investment and encourage new providers into the market and the growth of smaller lenders.

- ▶ Enterprise Capital Funds are commercially-focused funds that bring together private and public money to make equity investments in high-growth businesses.
- ▶ Managed Funds channels institutional capital to innovative, high-growth companies so they might meet their full growth potential.
- ▶ UK Innovation Investment Fund supports the creation of viable investment funds targeting UK high-growth technology-based businesses.
- ▶ The Regional Angels Programme is designed to address regional imbalances in the availability of angel finance, and to increase the amount of capital available to smaller businesses with high-growth potential.
- ▶ Other British Business Bank funds cover a variety of investment funds focusing on investing in commercially viable businesses.

## **Regional investment funds**

The total value of investments held by Northern Powerhouse Investments Limited, Midlands Engine Investments Limited, and Cornwall and Isles of Scilly Investments Limited was £332 million (31 March 2025: £386 million). The funds invest to promote growth in small and medium-sized entities.

## **BIS (Postal Services Act 2011) Company Limited investment funds**

The fair value of investments held by BIS (Postal Services Act 2011) Company Limited at 31 March 2026 was £61 million (31 March 2025: £73 million). These are primarily investments in European and North American unquoted shares.



# 11. Trade and other receivables

|                                                   | 31 March 2026                      |                       | 31 March 2025                      |                       |
|---------------------------------------------------|------------------------------------|-----------------------|------------------------------------|-----------------------|
|                                                   | Core<br>Department<br>and agencies | Departmental<br>Group | Core<br>Department<br>and agencies | Departmental<br>Group |
|                                                   | £m                                 | £m                    | £m                                 | £m                    |
| <b>Amounts falling due within 1 year</b>          |                                    |                       |                                    |                       |
| Trade Receivables                                 | 64                                 | 76                    | 50                                 | 64                    |
| VAT and other taxation                            | 12                                 | 37                    | 19                                 | 51                    |
| Redundancy payments service                       | 29                                 | 29                    | 36                                 | 36                    |
| Guarantee premium income                          | (1)                                | (1)                   | 2                                  | 2                     |
| Other receivables                                 | 101                                | 23                    | 100                                | 22                    |
| Accrued income                                    | 54                                 | 56                    | 70                                 | 73                    |
| Prepayments                                       | 25                                 | 34                    | 17                                 | 25                    |
| <b>Total</b>                                      | <b>284</b>                         | <b>254</b>            | <b>294</b>                         | <b>273</b>            |
| <b>Amounts falling due after more than 1 year</b> |                                    |                       |                                    |                       |
| Trade Receivables                                 | 24                                 | 24                    | 15                                 | 15                    |
| Prepayments                                       | 10                                 | 10                    | -                                  | -                     |
| Redundancy payments service                       | 90                                 | 90                    | 57                                 | 57                    |
| Guarantee premium income                          | 5                                  | 5                     | 5                                  | 5                     |
| Other receivables                                 | -                                  | 1                     | -                                  | 1                     |
| <b>Total</b>                                      | <b>129</b>                         | <b>130</b>            | <b>77</b>                          | <b>78</b>             |
| <b>Total receivables at 31 March</b>              | <b>413</b>                         | <b>384</b>            | <b>371</b>                         | <b>351</b>            |

## Core Department and agencies

---

### Trade receivables

Trade receivables primarily comprise case administration fees from the Insolvency Service, totalling £59 million (2024–25: £39 million). These represent amounts recoverable by the Agency for case administration work undertaken but not yet received when administering personal bankruptcies and company liquidations. During 2025-26, these receivables were reclassified from being measured at amortised cost to FVTPL, with no impact on their carrying value.

In practice, the Agency recovers its fees in part through the receipt of a deposit with the balance of fees applied to the case being met as assets are realised. Actual cash recoveries from asset realisations lag income recognised in the accounts and the difference between the two is therefore reported as a receivable. The Agency has sought to mitigate the risks of under-recovery through aligning fees charged, to realisable assets. However, not all cases have sufficient assets to cover the fees due, so the full cost of service cannot always be borne by the users of the service.

In addition, an ECL of £4 million (31 March 2025: £4 million) is provided for on trade receivables. ECL on trade receivables with bodies in the public sector, but outside the provisions of IFRS 9 as adapted by the FReM for which the raising of ECLs are prohibited, is set to nil as the Department is confident amounts owed by other public bodies will be paid in full.

## Other receivables

Other receivables due within one year held by the Core Department include £82 million (2024-25: £80 million) in relation to cash invested in British Business Bank Plc shareholdings for which the Core Department had not yet received a shareholdings certificate.

## Redundancy Payments Service

The RPS receivable of £119 million (31 March 2025: £93 million) is held at FVTPL and measured at its estimated recoverable value. The value of the receivable is determined using a model developed by the Insolvency Service, which takes account of historical recovery trends and current expenditure.

In line with IFRS 9, RPS debts have been grouped into four similar types: preferential or non-preferential debts against an insolvency, debts against solvent entities and debts for overpayments. Analysis of historical trends of recovery of these types of debts has revealed that the best estimate of recovery is 18.3% for preferential, 6.9% for non-preferential, 64.5% for solvent entities and 81.9% for overpayments. At 31 March 2025, RPS debts were grouped into two types – preferential or non-preferential – with the best estimates of recovery being 32.2% for preferential and 6.4% for non-preferential.

## 12. Cash and cash equivalents

|                                                 | 31 March 2026                         |                       | 31 March 2025                         |                       |
|-------------------------------------------------|---------------------------------------|-----------------------|---------------------------------------|-----------------------|
|                                                 | Core<br>Department<br>and<br>agencies | Departmental<br>Group | Core<br>Department<br>and<br>agencies | Departmental<br>Group |
|                                                 | £m                                    | £m                    | £m                                    | £m                    |
| <b>Balance at 1 April</b>                       | <b>1,313</b>                          | <b>1,715</b>          | <b>2,519</b>                          | <b>2,932</b>          |
| Net change in cash and cash equivalent balances | 281                                   | 292                   | (1,206)                               | (1,217)               |
| <b>Balance at 31 March</b>                      | <b>1,594</b>                          | <b>2,007</b>          | <b>1,313</b>                          | <b>1,715</b>          |
| <b>The following balances were held at</b>      |                                       |                       |                                       |                       |
| The Government Banking Service                  | 1,588                                 | 1,738                 | 1,312                                 | 1,494                 |
| Commercial banks and cash in hand               | 6                                     | 269                   | 1                                     | 221                   |
| <b>Balance at 31 March</b>                      | <b>1,594</b>                          | <b>2,007</b>          | <b>1,313</b>                          | <b>1,715</b>          |

Cash held in commercial banks by Partner Organisations is the cash held for funding the operating activities of these entities. Cash held in commercial banks includes £138 million (2024-25: £107 million) by Northern Powerhouse Investments Limited, £37 million (2024-25: £33 million) by Midlands Engine Investments Limited and £30 million (2024-25: £32 million) by FFL.

## 12.1 Reconciliation of liabilities arising from finance activities

|                         | Core Department and agencies        |                                      |                   |                | Departmental Group                  |                                      |                   |                |
|-------------------------|-------------------------------------|--------------------------------------|-------------------|----------------|-------------------------------------|--------------------------------------|-------------------|----------------|
|                         | Supply payable to Consolidated Fund | Funding from National Insurance Fund | Lease liabilities | Total          | Supply payable to Consolidated Fund | Funding from National Insurance Fund | Lease liabilities | Total          |
|                         | £m                                  | £m                                   | £m                | £m             | £m                                  | £m                                   | £m                | £m             |
| <b>At 1 April 2024</b>  | <b>(2,446)</b>                      | <b>4</b>                             | <b>(127)</b>      | <b>(2,569)</b> | <b>(2,446)</b>                      | <b>4</b>                             | <b>(144)</b>      | <b>(2,586)</b> |
| Cash flows              | (1,225)                             | (458)                                | 15                | (1,668)        | (1,225)                             | (458)                                | 21                | (1,662)        |
| <b>Non-cash changes</b> |                                     |                                      |                   |                |                                     |                                      |                   |                |
| Supply deemed           | 2,446                               | -                                    | -                 | 2,446          | 2,446                               | -                                    | -                 | 2,446          |
| Cash expended           | -                                   | 458                                  | -                 | 458            | -                                   | 458                                  | -                 | 458            |
| Interest charge         | -                                   | -                                    | (1)               | (1)            | -                                   | -                                    | (3)               | (3)            |
| Additions               | -                                   | -                                    | (5)               | (5)            | -                                   | -                                    | (14)              | (14)           |
| Remeasurement           | -                                   | -                                    | 2                 | 2              | -                                   | -                                    | 3                 | 3              |
| <b>At 31 March 2025</b> | <b>(1,225)</b>                      | <b>4</b>                             | <b>(116)</b>      | <b>(1,337)</b> | <b>(1,225)</b>                      | <b>4</b>                             | <b>(137)</b>      | <b>(1,358)</b> |
| Cash flows              | (1,536)                             | (472)                                | 19                | (1,989)        | (1,536)                             | (472)                                | 23                | (1,985)        |
| <b>Non-cash changes</b> |                                     |                                      |                   |                |                                     |                                      |                   |                |
| Supply deemed           | 1,225                               | -                                    | -                 | 1,225          | 1,225                               | -                                    | -                 | 1,225          |
| Cash expended           | -                                   | 470                                  | -                 | 470            | -                                   | 470                                  | -                 | 470            |
| Interest charge         | -                                   | -                                    | (2)               | (2)            | -                                   | -                                    | (2)               | (2)            |
| Additions               | -                                   | -                                    | (1)               | (1)            | -                                   | -                                    | (1)               | (1)            |
| Remeasurement           | -                                   | -                                    | (1)               | (1)            | -                                   | -                                    | (2)               | (2)            |
| <b>At 31 March 2026</b> | <b>(1,536)</b>                      | <b>2</b>                             | <b>(101)</b>      | <b>(1,635)</b> | <b>(1,536)</b>                      | <b>2</b>                             | <b>(119)</b>      | <b>(1,653)</b> |

The above table shows movement on liabilities relating to cash flows reported under 'Financing activities' in the Statement of Cash Flows. Supply cash drawn from the Consolidated Fund in excess of the amount needed to fund the Department's net cash requirement is repayable to the Fund (note 13). Repayment is usually effected by utilising the excess cash in the following year and deeming this to be Supply drawn down in that year. A liquidity analysis of lease liabilities is disclosed in note 14. Payments by the Redundancy Payments Service in excess of amounts recoverable from companies are funded by the National Insurance Fund rather than from Supply. INSS held a receivable from the Fund as at the reporting date.

# 13. Trade and other payables

|                                                                                      | 31 March 2026                         |                       | 31 March 2025                      |                       |
|--------------------------------------------------------------------------------------|---------------------------------------|-----------------------|------------------------------------|-----------------------|
|                                                                                      | Core<br>Department<br>and<br>agencies | Departmental<br>Group | Core<br>Department<br>and agencies | Departmental<br>Group |
|                                                                                      | £m                                    | £m                    | £m                                 | £m                    |
| <b>Amounts falling due within 1 year</b>                                             |                                       |                       |                                    |                       |
| VAT, social security and other taxation                                              | 13                                    | 18                    | 10                                 | 14                    |
| Trade payables                                                                       | 107                                   | 117                   | 26                                 | 34                    |
| Other payables                                                                       | 29                                    | 63                    | 43                                 | 68                    |
| Accruals                                                                             | 802                                   | 819                   | 668                                | 691                   |
| Deferred income                                                                      | 11                                    | 11                    | 12                                 | 10                    |
| Amounts issued from the Consolidated Fund for supply but not spent at year end       | 1,536                                 | 1,536                 | 1,225                              | 1,225                 |
| Consolidated Fund Extra Receipts due to be paid to the Consolidated Fund: Received   | 57                                    | 57                    | 88                                 | 88                    |
| Consolidated Fund Extra Receipts due to be paid to the Consolidated Fund: Receivable | 9                                     | 9                     | 10                                 | 10                    |
| <b>Total</b>                                                                         | <b>2,564</b>                          | <b>2,630</b>          | <b>2,082</b>                       | <b>2,140</b>          |
| <b>Amounts falling due after more than 1 year</b>                                    |                                       |                       |                                    |                       |
| Other payables                                                                       | -                                     | 15                    | -                                  | 17                    |
| <b>Total</b>                                                                         | <b>-</b>                              | <b>15</b>             | <b>-</b>                           | <b>17</b>             |
| <b>Total payables at 31 March</b>                                                    | <b>2,564</b>                          | <b>2,645</b>          | <b>2,082</b>                       | <b>2,157</b>          |



## Consolidated Fund

### **Amounts issued from the Consolidated Fund for Supply but not spent at year end**

This liability represents the amount drawn down from the Consolidated Fund in excess of the net cash requirement of the Core Department and agencies for the year and is repayable to the Fund.

### **Consolidated Fund extra receipts due to be paid to the Consolidated Fund**

Consolidated Fund extra receipts (CFERs) are funds that pass through a department's accounts but may not be retained by it and are surrendered to the Consolidated Fund.

## Accruals

Accruals contains £575 million in relation to grant funding which was payable by the Core Department at 31 March 2026 (31 March 2025: £440 million).

The balance also contains £47 million in relation to Post Office redress schemes which was payable at 31 March 2026 (31 March 2025: £78 million). This is broken down across the different schemes as follows:

|                  | GLO | HCRS | OC | Capture | HSS | HSS Appeals | SRR | Total |
|------------------|-----|------|----|---------|-----|-------------|-----|-------|
|                  | £m  | £m   | £m | £m      | £m  | £m          | £m  | £m    |
| At 31 March 2026 | 4   | -    | 2  | 1       | 31  | 6           | 3   | 47    |
| At 31 March 2025 | 17  | 13   | 3  | -       | 43  | -           | 2   | 78    |

## 13.1 Deferred tax liability

|                      | 31 March 2026                |                    | 31 March 2025                |                    |
|----------------------|------------------------------|--------------------|------------------------------|--------------------|
|                      | Core Department and agencies | Departmental Group | Core Department and agencies | Departmental Group |
|                      | £m                           | £m                 | £m                           | £m                 |
| Balance at 1 April   | -                            | 153                | -                            | 134                |
| Movement in the year | -                            | 55                 | -                            | 19                 |
| Balance at 31 March  | -                            | 208                | -                            | 153                |

The tax liability primarily relates to British Business Bank's deferred corporation tax of £208 million (2024-25: £153 million).

Further information about deferred tax recognition policy can be found in Note 1.

# 14. Lease liabilities

|                                                | 31 March 2026                         |                       | 31 March 2025                      |                       |
|------------------------------------------------|---------------------------------------|-----------------------|------------------------------------|-----------------------|
|                                                | Core<br>Department<br>and<br>agencies | Departmental<br>Group | Core<br>Department<br>and agencies | Departmental<br>Group |
|                                                | £m                                    | £m                    | £m                                 | £m                    |
| <b>Buildings</b>                               |                                       |                       |                                    |                       |
| Not later than one year                        | 15                                    | 21                    | 20                                 | 25                    |
| Later than one year and not later than 5 years | 46                                    | 55                    | 49                                 | 61                    |
| Later than 5 years                             | 47                                    | 53                    | 54                                 | 59                    |
| <b>Total</b>                                   | <b>108</b>                            | <b>129</b>            | <b>123</b>                         | <b>145</b>            |
| Less interest element                          | (7)                                   | (10)                  | (7)                                | (8)                   |
| <b>Total present value of obligations</b>      | <b>101</b>                            | <b>119</b>            | <b>116</b>                         | <b>137</b>            |
| Current                                        | 14                                    | 19                    | 18                                 | 22                    |
| Non-current                                    | 87                                    | 100                   | 98                                 | 115                   |

The most significant lease held by the Department relates to the Old Admiralty Building, for further information see note 7.

# 15. Provisions

|                                                  | Post Office Limited | Postmaster redress and POL HMRC liabilities | British Shipbuilders | Other     | Departmental Group |
|--------------------------------------------------|---------------------|---------------------------------------------|----------------------|-----------|--------------------|
|                                                  | £m                  | £m                                          | £m                   | £m        | £m                 |
| <b>Balance at 1 April 2024</b>                   | <b>840</b>          | <b>883</b>                                  | <b>67</b>            | <b>19</b> | <b>1,809</b>       |
| Change in discount rate                          | 1                   | 1                                           | -                    | -         | 2                  |
| Provided in year                                 | 303                 | 144                                         | 2                    | 3         | 452                |
| Written-back in year                             | (25)                | (143)                                       | (1)                  | (5)       | (174)              |
| Utilised in year                                 | (296)               | (374)                                       | (8)                  | (1)       | (679)              |
| Discount unwind                                  | 36                  | 38                                          | 3                    | -         | 77                 |
| <b>Balance at 31 March 2025</b>                  | <b>859</b>          | <b>549</b>                                  | <b>63</b>            | <b>16</b> | <b>1,487</b>       |
| <b>Balance at 1 April 2025</b>                   | <b>859</b>          | <b>549</b>                                  | <b>63</b>            | <b>16</b> | <b>1,487</b>       |
| Change in discount rate                          | -                   | -                                           | (1)                  | 1         | -                  |
| Provided in year                                 | -                   | 306                                         | -                    | 12        | 318                |
| Written-back in year                             | (27)                | (117)                                       | (1)                  | (1)       | (146)              |
| Utilised in year                                 | (473)               | (332)                                       | (6)                  | (3)       | (814)              |
| Discount unwind                                  | 35                  | 22                                          | 3                    | -         | 60                 |
| Reclassifications                                | (88)                | 88                                          | -                    | -         | -                  |
| <b>Balance at 31 March 2026</b>                  | <b>306</b>          | <b>516</b>                                  | <b>58</b>            | <b>25</b> | <b>905</b>         |
| <b>Of the total:</b>                             |                     |                                             |                      |           |                    |
| Not later than 1 year                            | 306                 | 353                                         | 6                    | 4         | 669                |
| Later than 1 year and not later than 5 years     | -                   | 163                                         | 21                   | 21        | 205                |
| Later than 5 years                               | -                   | -                                           | 31                   | -         | 31                 |
| <b>Total forward cash flows at 31 March 2026</b> | <b>306</b>          | <b>516</b>                                  | <b>58</b>            | <b>25</b> | <b>905</b>         |

## Departmental Group

Provisions have been presented at the Departmental Group level.

The provision liabilities have been discounted to present value using discount rates as provided annually by HM Treasury. Discounting at 31 March 2025 and 31 March 2026 has been applied to nominal cash flows which include allowance for future inflation where necessary, using either a forecast specific to the cash flows or forecast of consumer price inflation provided by HM Treasury. In most years, these rates will change and the impact of this is included in the “Change in discount rate” movement of provisions. Rates as provided by HM Treasury are set out in the table below.

|                            | 31 March 2026         |                                              | 31 March 2025         |                                              |
|----------------------------|-----------------------|----------------------------------------------|-----------------------|----------------------------------------------|
|                            | Nominal discount rate | Annual inflation rate (applied cumulatively) | Nominal discount rate | Annual inflation rate (applied cumulatively) |
| Within one year            | 3.64%                 | 2.50%                                        | 4.03%                 | 2.60%                                        |
| Between one and two years  | 3.64%                 | 2.00%                                        | 4.03%                 | 2.30%                                        |
| Between two and five years | 3.64%                 | 2.00%                                        | 4.03%                 | 2.00%                                        |
| Between five and ten years | 4.22%                 | 2.00%                                        | 4.07%                 | 2.00%                                        |
| After ten years            | 5.32%                 | 2.00%                                        | 4.81%                 | 2.00%                                        |

Allowances for future inflation and discounting can impact on reported liabilities significantly; uninflated, undiscounted equivalent values are provided in the descriptions of the provisions below to illustrate the effect.

## Post Office redress schemes

Provisions are measured as best estimates, based on information available to the Department at the time of authorisation of these accounts. The Department has provided for the full estimated costs of payments to claimants which comprise amounts for redress and for their legal expenses. No allowance has been made for contributions that may be received from external parties. The provisions do not therefore include any potential recoveries.

Measurement of the provisions includes assumptions with respect to numbers of claimants and average amounts likely to be paid to claimants. Detail on these assumptions has not been disclosed in these accounts to avoid prejudice to settlement discussions which are undertaken on a case-by-case basis.

## Post Office Limited

Post Office Limited continues to make payments under the following three redress schemes to individuals (postmasters and former postmasters):

- a) those who were affected by financial discrepancies in relation to previous versions of Post Office Limited's Horizon IT system (HSS)
- b) those who were not previously paid during a period of suspension (SRR), and

c) those who were impacted by operational and policy issues separate to the Horizon schemes (PPR).

During the year payments were also made in relation to a fourth scheme, relating to individuals who had been wrongly convicted of fraud, theft and false accounting, later overturned through the courts (OC). The Department took over the provision of redress through this scheme on 3 June 2025.

Post Office Limited will be unable to fund the full amount estimated to be payable and still continue to maintain levels of public service provision deemed necessary by the Department.



As the sole shareholder in Post Office Limited, the Secretary of State has undertaken to provide an amount of funding to Post Office Limited to support payments for approved claims to the extent that Post Office Limited is unable to fund them without adverse impact on its services to the public. The Department is expecting to fully fund all future redress payments associated with the HSS, SRR, and PPR schemes.

| Post Office Schemes     | OC        | HSS        | SRR       | PPR       | Total      |
|-------------------------|-----------|------------|-----------|-----------|------------|
|                         | £m        | £m         | £m        | £m        | £m         |
| <b>Opening balance</b>  | <b>83</b> | <b>743</b> | <b>15</b> | <b>18</b> | <b>859</b> |
| Change in discount rate | -         | -          | -         | -         | -          |
| Provided in year        | -         | -          | -         | -         | -          |
| Written-back in year    | -         | (17)       | -         | (10)      | (27)       |
| Utilised in year        | 2         | (468)      | (4)       | (3)       | (473)      |
| Discount unwind         | 3         | 30         | 1         | 1         | 35         |
| Reclassifications       | (88)      | -          | -         | -         | (88)       |
| <b>At 31 March 2026</b> | <b>-</b>  | <b>288</b> | <b>12</b> | <b>6</b>  | <b>306</b> |
| Undiscounted provision  | -         | 299        | 12        | 6         | 317        |

These liabilities are uncertain both in relation to total amount and timing of payments. The estimate is based on information provided by the Post Office which is reviewed and discounted by the Department.

## Horizon Shortfall Scheme

HSS closed for new applications on 31 January 2026, thus removing a significant element of uncertainty within the provision relating to the number of claimants. Across the life of the scheme it is expected that fixed sum offers will account for almost 90% of the eligible applications to HSS.

Adjusting the proportion of the remaining expected claims accepting the fixed offer would impact the provision as follows:

- ▶ Reducing acceptance of the fixed offer by 10%, while keeping the total number of claimants consistent, would increase the redress liability by c£43 million on an undiscounted basis.
- ▶ Increasing acceptance of the fixed offer by 10%, while keeping the total number of claims consistent, would reduce the redress liability by c£43 million on an undiscounted basis.

## Department administered redress schemes and HMRC liabilities

| Postmaster Redress Schemes and POL HMRC Liabilities | GLO       | HCRS       | HSS Appeals | OC        | Capture   | IR35     | Corporation tax | Total      |
|-----------------------------------------------------|-----------|------------|-------------|-----------|-----------|----------|-----------------|------------|
|                                                     | £m        | £m         | £m          | £m        | £m        | £m       | £m              | £m         |
| Opening balance                                     | 37        | 368        | -           | -         | -         | 103      | 41              | 549        |
| Change in discount rate                             | -         | -          | -           | -         | -         | -        | -               | -          |
| Provided in year                                    | 37        | -          | 190         | -         | 37        | -        | 42              | 306        |
| Written-back in year                                | -         | (102)      | -           | (7)       | -         | (8)      | -               | (117)      |
| Utilised in year                                    | (64)      | (71)       | (18)        | (12)      | (6)       | (99)     | (62)            | (332)      |
| Discount unwind                                     | 1         | 15         | -           | -         | -         | 4        | 2               | 22         |
| Reclassifications                                   | -         | -          | -           | 88        | -         | -        | -               | 88         |
| <b>At 31 March 2026</b>                             | <b>11</b> | <b>210</b> | <b>172</b>  | <b>69</b> | <b>31</b> | <b>-</b> | <b>23</b>       | <b>516</b> |
| Undiscounted provision                              | 11        | 220        | 182         | 72        | 33        | -        | 24              | 542        |

## Post Office Group Litigation Order (GLO)

The GLO scheme is providing additional payments to members of the group litigation ‘Alan Bates and others v Post Office Limited’ given the extent to which court-awarded payments were consumed by the claimants’ legal costs.

## Horizon Convictions Redress Scheme (HCRS)

HCRS was announced on 13 March 2024 and is being administered directly by the Department. The Post Office (Horizon System) Offences Act 2024 and Post Office (Horizon System) Offences (Scotland) Act 2024 quash Horizon-related

convictions where they meet the criteria set out in the Acts. HCRS allows those whose convictions have been quashed to more quickly and efficiently seek fair and full redress to help rebuild their lives. Subject to safeguards to mitigate the risk of fraud, these individuals will be eligible for redress. This includes the upfront offer of £600,000 or the option to potentially claim more via the full individual claim assessment process. This represents a potential liability for the Department direct to postmasters.

There is uncertainty associated with the provision estimate, related primarily to the proportion of claimants who will choose to accept the fixed sum offer and the expected settlement per claimant for fully assessed claims.

The provision estimate takes into account uptake of the fixed sum offer at the balance sheet date and expected average settlement outside the fixed sum option. High and low scenarios have been detailed to provide a range of potential outflow. To achieve this, comparisons to other schemes such as overturned convictions and evidence provided by experts on potential uptake, are taken into account, as well as the highest and lowest potential cohort positions provided by the relevant justice authorities.

As an indication of uncertainty in relation to the provision estimate, the Department considers the value to likely fall within the following range of potential outcomes:

Maintaining all other assumptions and:

- ▶ increasing the number of fixed offer acceptances within the remaining cases to be settled by 25% would reduce the undiscounted provision by £47 million.
- ▶ reducing the value of the average settlement for fully assessed claims by 25% would reduce the undiscounted provision by £37 million.
- ▶ reducing the number of fixed offer acceptances within the remaining cases to be settled by 25% would increase the undiscounted provision by £47 million.
- ▶ increasing the value of the average settlement for fully assessed claims by 25% would increase the undiscounted provision by £37 million.

## Overtured Convictions

Individuals whose convictions were overturned prior to the Post Office (Horizon System) Offences Act 2024 or the Post Office (Horizon System) Offences (Scotland) Act 2024 are eligible to receive payments in redress from the Post Office through the OC scheme. Individuals who were not postmasters and were prosecuted but not convicted could seek redress via the OC scheme. All those whose convictions were quashed by the Acts are entitled to apply for redress directly from the Department via HCRS rather than the OC scheme (see above).

The Department's latest and best estimate is that there will be no additional claimants to the OC scheme outside of the existing cohort of convictions that were overturned via the relevant appeals court before the Acts were passed. The provision also includes an immaterial amount for individuals who were prosecuted but not convicted.

The main uncertainty with respect to provision measurement relates to potential settlement values outside of the fixed sum offer of £600,000. The majority of the remaining claimants are not expected to take up the fixed sum offer, and at 31 March 2026 there have not been more than 10 full and final settlements beyond the fixed sum offers. The Department's provision estimate takes into account settlements made to date and ongoing discussions with those whose claims are currently being assessed as part of the OC process. As an indication of the sensitivity of the provision estimate to this assumption:

- ▶ A 25% reduction in the average payout could reduce the undiscounted provision by £17 million.
- ▶ A 25% increase in the average payout would increase the undiscounted provision by £17 million.

## **HSS Appeals (HSSA) Process**

In September 2024, the government announced that it would be introducing an independent HSSA process. This is to ensure that HSS claimants have the full opportunity to receive fair redress and reflects a recommendation from the Horizon Compensation Advisory Board.

The Department delivers the appeals process, the central goal and the overarching principle of which is to deliver compensation to eligible postmasters that is full and fair, restoring them to the position they would have been in had it not been for the Horizon-related actions of the Post Office.

There is uncertainty associated with the provision estimate related primarily to the expected average payout for appeals. As an indication of uncertainty in relation to the provision estimate, the Department considers the value to likely fall within the following range of potential outcomes:

- ▶ Reducing the value of the average payout for appeals by 20% and maintaining all other assumptions would reduce the redress liability by c£36 million on an undiscounted basis.
- ▶ Increasing the value of the average payout for appeals by 20% and maintaining all other assumptions would increase the redress liability by c£36 million on an undiscounted basis.

## Capture

The Capture Redress Scheme ('Capture') was opened for applications on 29 October 2025. The scheme is open to postmasters who experienced a financial shortfall as a result of using the Capture software, which is the system that preceded the Horizon IT system.



There is uncertainty associated with the provision estimate, related primarily to the potential number of claimants and how the claim values fall between the different payment bands across the whole scheme. Different assumptions on these points would impact the provision as follows:

- ▶ Reducing the amount of expected claims to be made by 10% and maintaining all other assumptions would reduce the redress liability by c£4 million on an undiscounted basis.
- ▶ Using the low estimate for the distribution of the banding mix for claim values and maintaining all other assumptions would reduce the redress liability by c£1 million on an undiscounted basis.
- ▶ Increasing the amount of expected claims to be made by 10% and maintaining all other assumptions would increase the redress liability by c£4 million on an undiscounted basis.
- ▶ Using the high estimate for the distribution of the banding mix for claim values and maintaining all other assumptions would increase the redress liability by c£15 million on an undiscounted basis.

## **HMRC liability for off-payroll engagements – IR35**

The Department held a provision at 31 March 2025 in relation to penalties Post Office Limited may have been liable to pay in respect of employment legislation IR35. The provision

has crystallised in year, and has been settled with HMRC by 31 March 2026. No further obligation exists on behalf of the Department.

## **HMRC liability for corporation tax**

The Department has agreed to provide funds to Post Office Limited to specifically fund corporation tax liabilities relating to its receipt of funds received and payouts made in relation to Horizon redress. The Department has committed to funding up to £24 million (undiscounted) to meet its corporation tax liability related to the delivery of Horizon redress.

## **British Shipbuilders**

The provision is an estimate of the cost to the Department of future personal injury compensation claims for former employees of British Shipbuilders and its subsidiaries arising primarily from exposure to asbestos. The government assumed responsibility for the liabilities of the former Corporation on its abolition in March 2013 under The Public Bodies (Abolition of British Shipbuilders) Order 2013. The discounted liability at 31 March 2026 is £58 million (31 March 2025: £63 million); the undiscounted liability, including allowance for future inflation, at 31 March 2026, is £88 million (31 March 2025: £94 million). The estimated liability is based on an actuarial review as of 31 March 2024 and includes allowance for future inflation judged appropriate by the actuary. The current estimate is that liabilities will extend up to 2063.

The long-term latency periods of disease claims considered means there is uncertainty in estimating the reserve. The uncertainty is particularly in relation to predicting the future number of claims and the costs associated with such claims due to external factors such as medical advances, court rulings and inflation. The liability has been measured using the 'central estimate' from the most recent actuarial assessment, performed at 31 March 2024. This concluded that the central estimate of £101 million of total future claim payments as at that date was likely to fall within a range of potential total payments of £65 million to £226 million. These figures are undiscounted but include allowance for future inflation.

# 16. Financial guarantee and loan commitment liabilities

|                                 | 31 March 2026                      |                       | 31 March 2025                      |                                     |
|---------------------------------|------------------------------------|-----------------------|------------------------------------|-------------------------------------|
|                                 | Core<br>Department<br>and agencies | Departmental<br>Group | Core<br>Department<br>and agencies | Departmental<br>Group<br>(restated) |
|                                 | £m                                 | £m                    | £m                                 | £m                                  |
| <b>Balance at 1 April</b>       | <b>3,394</b>                       | <b>3,573</b>          | <b>6,376</b>                       | <b>6,605</b>                        |
| Issued in year                  | 127                                | 196                   | 113                                | 180                                 |
| Net remeasurement               | (466)                              | (470)                 | (578)                              | (640)                               |
| Expired without call            | (160)                              | (207)                 | (235)                              | (290)                               |
| Payments on called guarantees   | (1,231)                            | (1,231)               | (2,282)                            | (2,282)                             |
| <b>Balance at 31 March</b>      | <b>1,664</b>                       | <b>1,861</b>          | <b>3,394</b>                       | <b>3,573</b>                        |
| Comprising:                     |                                    |                       |                                    |                                     |
| Financial guarantee liabilities | 1,664                              | 1,664                 | 3,394                              | 3,394                               |
| Loan commitment liabilities     | -                                  | 197                   | -                                  | 179                                 |
| <b>Balance at 31 March</b>      | <b>1,664</b>                       | <b>1,861</b>          | <b>3,394</b>                       | <b>3,573</b>                        |
| Of which                        |                                    |                       |                                    |                                     |
| Current liability               | 1,664                              | 1,703                 | 3,394                              | 3,433                               |
| Non-current liability           | -                                  | 158                   | -                                  | 140                                 |
| <b>Balance at 31 March</b>      | <b>1,664</b>                       | <b>1,861</b>          | <b>3,394</b>                       | <b>3,573</b>                        |

## Core Department and Agencies

### Financial guarantees

The total estimated liability for loan guarantees of £1,664 million at 31 March 2026 for the Core Department (31 March 2025: £3,394 million) relates to the following schemes:

| Scheme                                              | 31 March 2026 | 31 March 2025 |
|-----------------------------------------------------|---------------|---------------|
|                                                     | £m            | £m            |
| Bounce Back Loans Scheme                            | 1,209         | 2,805         |
| Coronavirus Business Interruption Loan Scheme       | 81            | 207           |
| Coronavirus Large Business Interruption Loan Scheme | 20            | 16            |
| Recovery Loan Scheme                                | 70            | 157           |
| Growth Guarantee Scheme                             | 268           | 205           |
| Other guarantee schemes                             | 16            | 4             |
| <b>Total</b>                                        | <b>1,664</b>  | <b>3,394</b>  |

Three of these schemes, BBLS, CBILS, and CLBILS were established in 2020 and the following year RLS phases 1 and 2, to provide financial assistance to businesses impacted by the COVID-19 pandemic. UK commercial finance providers were invited to participate in loan guarantee schemes to facilitate access to debt finance by businesses across the UK adversely impacted by the pandemic. Eligible businesses could apply to lenders accredited under the schemes for loans, with the Department assuming all or part of the credit risk incurred by lenders up to set limits per borrower and within specific allocations to each lender, which were set by the British Business Bank. The latest of these schemes, RLS (phase 2) closed to borrower applications in June 2022.

GGs, which was originally named RLS Phase 3 when first launched in August 2022, is not a COVID pandemic response scheme and has replaced the legacy Enterprise Financial Guarantee scheme.

|                                                                      | BBLs                                                                                     | CBILs                                                                                                                    | RLS Phases 1&2                                                                                                             | GGs (formerly)<br>RLS Phase 3                                |
|----------------------------------------------------------------------|------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|
| Scheme opened to borrower applications                               | 4 May 2020                                                                               | 23 March 2020                                                                                                            | 6 April 2021                                                                                                               | 1 August 2022                                                |
| Scheme closed to borrower applications                               | 31 March 2021                                                                            | 31 March 2021                                                                                                            | 30 June 2022                                                                                                               | -                                                            |
| Facility longest maximum duration                                    | Six years, extendable to ten years at borrower discretion under 'Pay As You Grow' option | Three and six years, extendable to up to ten years for forbearance purposes in line with usual lender forbearance policy | Three and six years depending on the type of the facility                                                                  | Three and six years depending on the type of the facility    |
| Facility type                                                        | Term loans                                                                               | Term loans<br>Asset Finance<br>Invoice Finance<br>Overdrafts                                                             | Term loans<br>Asset Finance<br>Invoice Finance<br>Overdrafts                                                               | Term loans<br>Asset Finance<br>Invoice Finance<br>Overdrafts |
| Maximum facility                                                     | £50,000                                                                                  | £5,000,000                                                                                                               | £10 million for applications approved prior to 1 January 2022<br>£2 million for applications approved after 1 January 2022 | £2,000,000                                                   |
| Government guarantee                                                 | 100%                                                                                     | 80%                                                                                                                      | 80% for applications approved prior to 1 January 2022<br>70% for applications approved after 1 January 2022                | 70%                                                          |
| Number of approved guarantee facilities outstanding at 31 March 2026 | 802 thousand                                                                             | 24 thousand                                                                                                              | 9 thousand                                                                                                                 | 18 thousand                                                  |

|                                                                     | BBLs           | CBILs        | RLS Phases 1&2 | GGS (formerly)<br>RLS Phase 3 |
|---------------------------------------------------------------------|----------------|--------------|----------------|-------------------------------|
| Value of approved guarantee facilities outstanding at 31 March 2026 | £5,937 million | £921 million | £841 million   | £2,641 million                |
| Total amount guaranteed at 31 March 2026                            | £5,937 million | £737 million | £638 million   | £1,849 million                |

GGS supports small and medium-sized businesses to access the finance they need to grow and invest, with maximum borrowing per business in Great Britain of £2 million and £1 million for businesses subject to the Northern Ireland Protocol with the European Union. Durations of loan facilities are from three months to six years with the Core Department assuming 70% of the lender credit risk.

A guarantee is recognised on the SOFP and included in the liability when a lender makes an offer of a loan facility to a borrower. There is no direct relationship between the Department and borrowers; quantification of the guarantees in terms of numbers and amounts above is based on information provided by lenders. While the policy and key decision making is made by the Department, the schemes are operated on behalf of the Department by the British Business Bank via the network of accredited lenders.

## Liability measurement

In accordance with the FReM and IFRS 9 for these guarantees (note 1), the guarantee liabilities are measured at a value equal to the guaranteed proportion of lifetime ECL on the underlying loan facilities. They are not crystallised



obligations at the reporting date but present value estimates of future expected payments to reimburse guarantee holders for credit losses incurred less any amounts expected to be recovered from borrowers subsequent to a guarantee claim.

The liabilities are estimated using IFRS 9 compliant ECL models developed by a third-party specialist in conjunction with British Business Bank specifically for these schemes. The models are operated by British Business Bank within a formal control environment and in accordance with the British Business Bank's internal governance procedures and the Department's framework for business-critical models which complies with quality assurance best practice in the government's *'Review of quality assurance of government models'* by Sir Nicholas Macpherson. The models apply assumptions which have a material impact on the reported liabilities. Key modelling assumptions are set by expert judgement and reviewed by subject matter experts in the Department and British Business Bank. Independent assurance on the original model design was provided by the Government Actuary's Department.

For each individual guarantee, the model estimate of probability of default over the lifetime of the underlying loan facility is combined with an estimate of the outstanding exposure at default (taking account of the contractual repayment profile and estimates of the outstanding balances at default) and with an estimate of the amount likely to be recovered post-default (taking into account the type of collateral held by the lender where relevant), to estimate the ECL value, i.e., the expected value estimate of the guarantee

liability. Model estimates are adjusted at scheme level if considered necessary to ensure reported liability values reflect all relevant reasonable and supportable information.

## **Estimation uncertainty – BBLS, CBILS, RLS and GGS**

While all schemes are subject to significant estimation uncertainty, the liabilities for BBLS, CBILS, RLS 1&2 and GGS are material to the Department's financial position and therefore estimation uncertainty may result in material changes to the estimates in future reporting periods as more data becomes available. Liability values are estimated by the model for each underlying loan facility based on data from lenders and other sources. Key data includes:

- ▶ The amount guaranteed at origination in the scheme for each loan and its contractual repayment profile and status (whether performing, past due or in default).
- ▶ Borrower credit reference information from third parties.
- ▶ Macroeconomic forecasts from independent specialist economic analysts.

Uncertainty risk in the modelled liability relates primarily to estimates of:

- ▶ Probability of default of individual loans which is materially impacted by the effect of current and future macroeconomic conditions on borrowers' ability to repay.
- ▶ Recoveries from borrowers post claim.

The analysis below indicates the sensitivity of the model estimates to changes in inputs. The changes applied do not constitute forecasts and the impacts shown are to model estimates before application of post-model adjustments which have been disclosed separately.

## Probability of default (prior to adjustment for future macroeconomic conditions and fraud risk)

Probability of default is subject to uncertainty, in particular arising from the unconventional credit policy and underwriting of the underlying loans compared to any other loan portfolio in the lending industry. The analysis below shows the impact on the model liability estimate had the model estimate of probability of default for each loan facility been lower or higher by the percentages shown. This analysis is applied to probability of default as standalone excluding sensitivities to future macroeconomic conditions and fraud risk.

| <b>Sensitivity analysis: Impact on model liability estimate of changes to probabilities of default</b> | <b>BBLS<br/>£m</b> | <b>CBILS*<br/>£m</b> | <b>RLS<br/>£m</b> | <b>GGs<br/>£m</b> |
|--------------------------------------------------------------------------------------------------------|--------------------|----------------------|-------------------|-------------------|
| Probabilities of default for BBLS loans lower by 20%                                                   | (90)               | -                    | -                 | -                 |
| Probabilities of default for loans lower by 33%                                                        | -                  | (6)                  | (10)              | (61)              |
| <b>Model liability estimate</b>                                                                        | <b>1,209</b>       | <b>81</b>            | <b>70</b>         | <b>268</b>        |
| Probabilities of default for loans higher by 50%                                                       | -                  | 9                    | 15                | 87                |
| Probabilities of default for BBLS loans higher by 25%                                                  | 103                | -                    | -                 | -                 |

The percentage changes are relative, meaning (by way of an illustrative example only) that an increase of 20% to a probability of default of 1% would increase probability of default to 1.2%. The percentage changes take into account the risk profiles of the individual schemes. The CBILS and RLS loan portfolio are subject to lenders' credit policy and

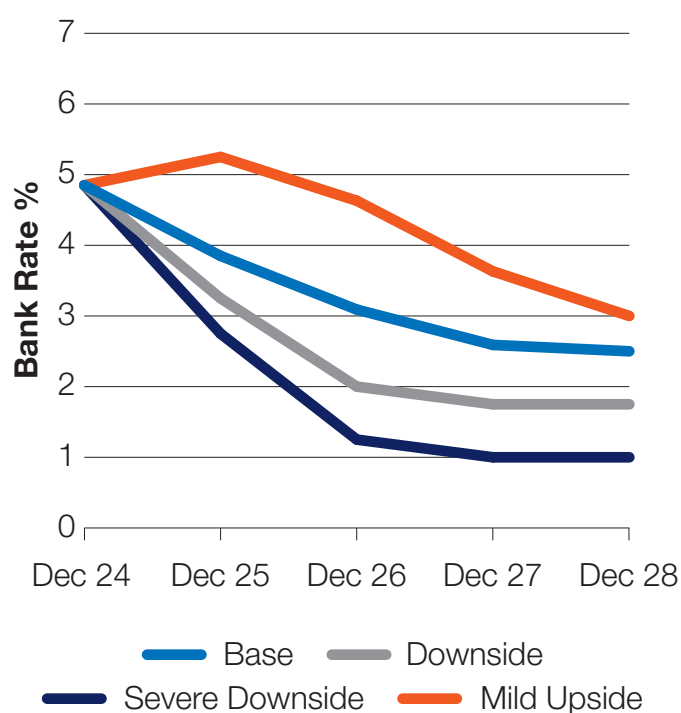
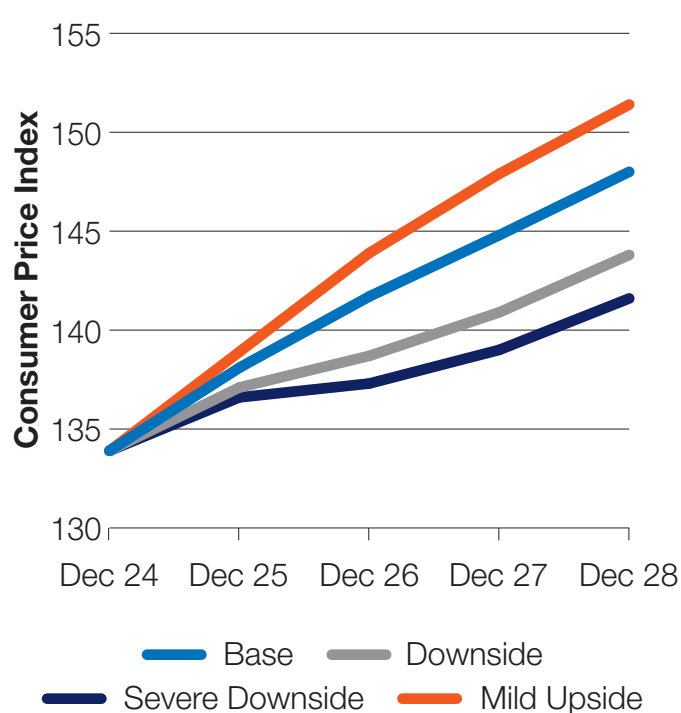
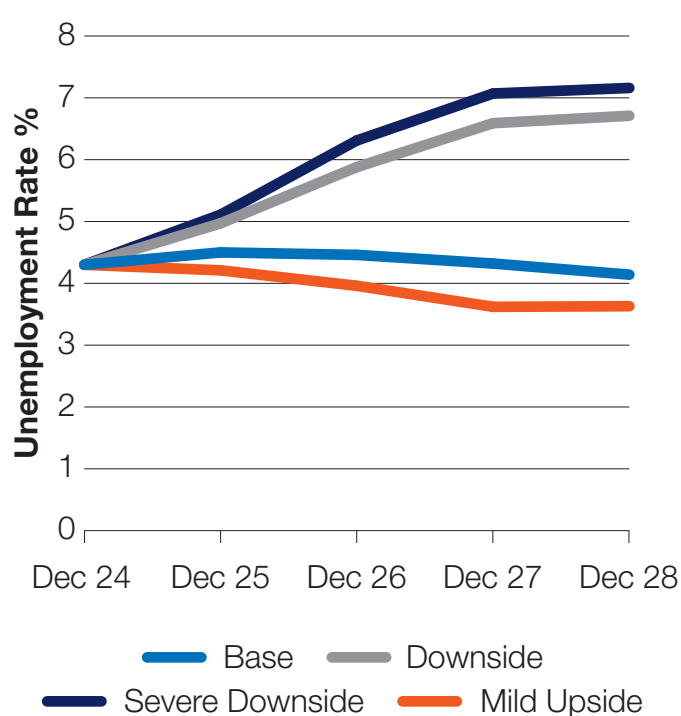
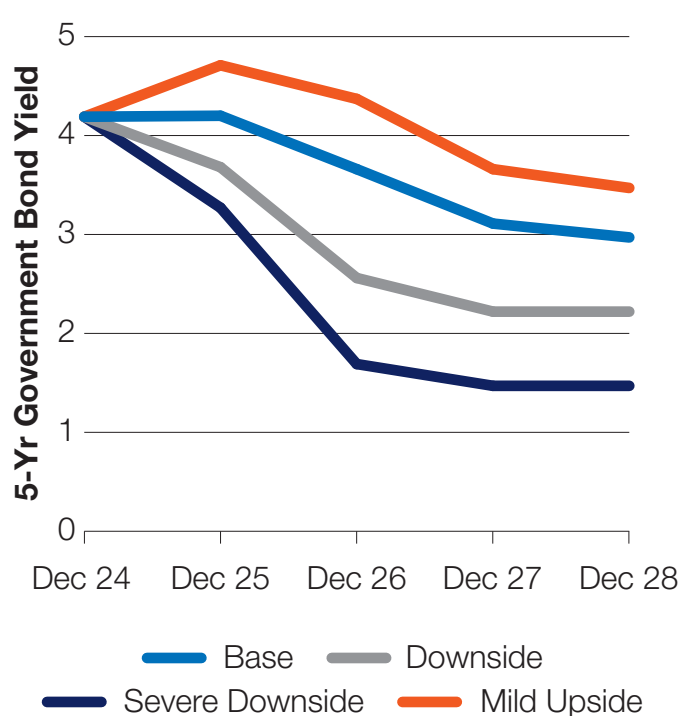
underwriting reviews, with risk profiles more closely aligned to commercial lending portfolios, meaning they have a lower risk profile than the BBLS loan portfolio.

The sensitivities for CBILS, RLS 1&2 and GGS have been set as the equivalent of a one notch movement downwards or upwards on the Moody's granular rating scale from the model estimates of probability of default. Lower percentage changes have been applied to BBLS as a borrower self-certification product without the usual commercial lender credit policy and underwriting procedures and with higher model estimates of probability of default which limit the scope for credit quality deterioration. The percentages for BBLS are equivalent to half a notch movement on the Moody's granular rating scale.

The model adjusts the estimate of probability of default for each loan facility to take account of i) forward macroeconomic conditions and, for BBLS, ii) levels of borrowing in breach of scheme rules due to fraud or error:

### **i) Forward macroeconomic conditions**

A probability weighted view of forward economic conditions is applied by the model to adjust probability of default, based on potential scenarios provided by an independent specialist economic forecasting firm.

**Bank of England Bank rate****Consumer Price Index (2015=100)****LFS Unemployment Rate****5-Year UK Government Bond Yield**

Source: Oxford Economics

Economic scenarios provided by Oxford Economics for IFRS 9 ECL measurement, March 2026.

The above charts show the values of economic indicators for the different scenarios over the four-year period from March 2026 which were applied in the model with the following weightings:

| Scenario        | Probability weighting in model |
|-----------------|--------------------------------|
| Mild upside     | 10 %                           |
| Base            | 50 %                           |
| Downside        | 25 %                           |
| Severe downside | 15 %                           |

The above forecasts have taken into account heightened economic uncertainty in the global economy.

The sensitivity analysis below shows the impact on the model liability estimates had the probability of each individual economic scenario shown been set at 100% with zero probability for the others.

| Sensitivity analysis: Impact on model liability estimate of 100% weighting applied to individual economic scenarios | BBLS         | CBILS     | RLS       | GGs        |
|---------------------------------------------------------------------------------------------------------------------|--------------|-----------|-----------|------------|
|                                                                                                                     | £m           | £m        | £m        | £m         |
| Mild Upside                                                                                                         | (70)         | (1)       | (3)       | (22)       |
| Base                                                                                                                | (26)         | (1)       | (1)       | (9)        |
| <b>Model liability estimate</b>                                                                                     | <b>1,209</b> | <b>81</b> | <b>70</b> | <b>268</b> |
| Downside                                                                                                            | 47           | 1         | 2         | 15         |
| Severe Downside                                                                                                     | 55           | 1         | 2         | 18         |



## **ii) Risk of borrowing in breach of scheme rules due to fraud or error**

Estimated losses due to fraud or error are included in the credit loss estimates for all schemes.

The nature of BBLS was such that it was affected by a heightened rate of fraud and error. In previous years this was recognised as a risk distinct and additional to the underlying Probability of Default (PD) model, and the estimation of residual fraud and error in the BBLS portfolio was an explicit consideration of its ECL. To account for this, an additional model input was incorporated to represent a risk premium not captured by the credit risk scorecard.

Following review, the Department has concluded that the risk of any fraud and error which remains outstanding is now fully captured by ongoing updates to the PD model. The BBLS ECL liability therefore no longer contains explicit provision for residual fraud and error, and neither is it sensitive to uncertainty in the estimation thereof. Consequently, the additional fraud risk premium input has been removed. Had it been applied as in previous years, the BBLS ECL would have been higher by £108m.

It remains the Department's view that the CBILS, RLS 1&2, and GGS portfolios are not affected by abnormal rates of fraud and error.



## Recoveries post guarantee claim

The model estimates comprise expected values estimates for the amounts to be paid out on guarantee claims less the Department's share of estimated recoveries from borrowers in the event of a claim. The schemes are deemed to be non-investment grade, with a 40% variation in recoveries appropriate based on industry studies. The analysis shows the impact on the model liability estimates had the estimates of amounts to be recovered been higher or lower by 40%. Note, these are estimates of post-claim recoveries in the event of guarantee call for guarantees that have not been called. Actual amounts recovered post-claim on called guarantees are reported in note 4.2.

| Sensitivity analysis: Impact on model liability estimate of changes in estimate of recoveries post guarantee claim | BBLS         | CBILS     | RLS       | GGs        |
|--------------------------------------------------------------------------------------------------------------------|--------------|-----------|-----------|------------|
|                                                                                                                    | £m           | £m        | £m        | £m         |
| Recovery amounts higher by 40%                                                                                     | (12)         | (1)       | (2)       | (2)        |
| <b>Model liability estimate</b>                                                                                    | <b>1,209</b> | <b>81</b> | <b>70</b> | <b>268</b> |
| Recovery amount lower by 40%                                                                                       | 12           | 1         | 2         | 2          |

## Post model adjustments

In 2024-25 a post model adjustment (PMA) was made to the total model liability estimate for the CBILS scheme. This was to recognise a model limitation in predicting the behaviour of a facility following certain types of default. Enhancement of

the CBILS Loss Given Default model component in 2025-26 has overcome this limitation and removed the need for further adjustment.

There were no PMAs made in the liability measurement for 2025-26.

## Credit risk exposure for guarantees

---

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Core Department is exposed to credit risk from borrower default on lending against which the Department has issued guarantees, primarily in relation to BBLS, CBILS, CLBILS, RLS and GGS. The guarantees were issued to lenders and do not impact on the contractual obligation of borrowers to repay loans. Proportions of lending guaranteed are 100% for BBLS and 80% for CBILS and CLBILS, 80% or 70% for RLS and 70% for GGS. An estimate of collateral security held by lenders for CBILS, RLS, CLBILS, and GGS which will reduce the Department's exposure, has been included in the reported liability. Any payment by the Department under a guarantee entitles it to a commensurate proportion of sums subsequently recovered from the borrower.

At 31 March 2026 the Core Department was exposed to total guaranteed lending under these schemes of £11 billion (31 March 2025: £18,308 million). The guarantees will expire over the next ten years as the underlying debt is repaid. The Department's reported liability of £1,664 million at 31 March

2026 (31 March 2025: £3,394 million) has been measured as the present value of expected payments to reimburse guarantee holders for credit losses incurred less amounts expected subsequently to be recovered from borrowers, that is, as lifetime expected credit losses as defined for financial guarantees by IFRS 9.

Accredited scheme lenders are responsible for collections and recoveries of amounts advanced to borrowers. Lenders are required to follow their own recovery processes, while fulfilling their regulatory responsibility to ensure fair and consistent treatment of customers. For BBLs, a recoveries framework, developed in conjunction with lenders, provides guidance to lenders on best practice in the context of the scheme rules. Lenders' operation of the schemes, including recoveries processes and performance, is assessed and reviewed by the British Business Bank.

The Enterprise Financial Guarantee Scheme facilitates lending to viable businesses with the maximum obligation capped at £24 million at 31 March 2026 (31 March 2025: £42 million). The ENABLE guarantee scheme aims to encourage lending to smaller businesses with the Department guaranteeing a portion of net losses on designated loan portfolios of participating banks in excess of an agreed 'first loss' threshold. At 31 March 2026 the Department had approved guarantee facilities with a potential maximum liability of £1,574 million (31 March 2025: £1,243 million). An aggregate liability of £2 million for both schemes at 31 March 2026 (31 March 2025: £4 million) has been reported on the Statement of Financial Position.

Financial assets are written off from an accounting perspective when there is no realistic prospect of receiving further return. Decisions are made on a case-by-case basis, as to whether the Department considers repayment realistic. Examples of reasons for write offs may include business insolvency, an Individual Voluntary Arrangement (IVA), bankruptcy, when debts become statute barred.

The table below describes the guarantee loan exposure at 31 March 2026 aligned to Moody's credit rating.

| Rating      | Exposure 12m | Exposure Lifetime Non Impaired | Exposure Impaired |
|-------------|--------------|--------------------------------|-------------------|
|             | £m           | £m                             | £m                |
| Aaa – A3    | 1,346        | 137                            | -                 |
| Baa1 – B3   | -            | 4,729                          | -                 |
| Caa1 – Caa3 | -            | 770                            | -                 |
| Ca – C      | -            | 2,691                          | -                 |
| Default     | -            | -                              | 970               |

The above table includes £78 million of exposure relating to a guarantee provided to INEOS Grangemouth Limited. The Department has assigned this exposure a Moody's shadow rating of Caa1. In accordance with FReM requirements, a lifetime ECL of £15 million has been recognised in the SoFP at 31 March 2026.

Information on the performance of facilities in the BBLS, CBILS and CLBILS is published quarterly on [gov.uk](https://gov.uk) ([COVID-19 loan guarantee schemes repayment data: March](#)

2026 - GOV.UK). Information on the performance of facilities in the GGS is published quarterly by the British Business Bank GGS (including RLS iteration 3) performance data as at 31 March 2026 | British Business Bank. These publications include information on the volume and value of facilities that are paying on schedule, those that are in arrears, and those that have defaulted.

## Departmental Group

---

### British Business Bank – Loan commitments

The £197 million loan commitment liability (31 March 2025: £179 million) relates to Enterprise Capital Funds (ECF) within the BBB, see note 18 for further information.

The BBB Group loan commitment has been represented to distinguish between expired without call and valuation remeasurements. As a result, £55 million which in prior year was presented as a “remeasurement” is now within “expired without call”.

# 17. Capital and other commitments

Total minimum payments for capital, leases and other commitments

|                                | Note | 31 March 2026                      |                       | 31 March 2025                      |                       |
|--------------------------------|------|------------------------------------|-----------------------|------------------------------------|-----------------------|
|                                |      | Core<br>Department<br>and agencies | Departmental<br>Group | Core<br>Department<br>and agencies | Departmental<br>Group |
|                                |      | £m                                 | £m                    | £m                                 | £m                    |
| Contracted capital commitments | 17.1 | 522                                | 4,513                 | 458                                | 4,200                 |
| Other financial commitments    | 17.2 | 136                                | 140                   | 76                                 | 76                    |
| <b>Total</b>                   |      | <b>658</b>                         | <b>4,653</b>          | <b>534</b>                         | <b>4,276</b>          |

## 17.1 Capital Commitments

### Departmental Group

The most significant commitments that the Departmental Group has entered into include:

| Capital Commitment                    | Detail                                                                                                                                |
|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| <b>Post Office Limited (POL) Loan</b> | Capital commitments of £275 million (31 March 2025: £278 million) relate to undrawn amounts on the working capital facility with POL. |
| <b>Angel Co Fund</b>                  | Capital commitments of £18 million (31 March 2025: £19 million) relate to undrawn amounts of the total funds committed.               |
| <b>ENABLE Funding</b>                 | Capital commitments of £147 million (31 March 2025: £161 million) relate to undrawn amounts on the loan.                              |

| Capital Commitment                                    | Detail                                                                                                                                                        |
|-------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Community Enable Funding</b>                       | Capital commitments of £80 million (31 March 2025: nil) relate to undrawn amounts on the loan.                                                                |
| <b>British Business Bank</b>                          | Investment commitments of £3,898 million (31 March 2025: £3,617 million) for BBB relate to undrawn investment commitments.                                    |
| <b>Northern Powerhouse Investments Limited</b>        | £24 million (31 March 2025: £36 million) relating to capital calls to be utilised over the next six years.                                                    |
| <b>Midlands Engine Investments Limited</b>            | £18 million (31 March 2025: £28 million) relating to capital calls to be utilised over the next seven years.                                                  |
| <b>BIS (Postal Services Act 2011) Company Limited</b> | £51 million (31 March 2025: £58 million) for capital calls relating to investments in respect of the private equity and property funds financial instruments. |

For a breakdown of the line “Other financial commitments” please see the table below.



## 17.2 Other financial commitments

The Departmental Group has entered into non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangements) for subscriptions to international bodies and various other expenditures.

Future payments to which the Departmental Group is committed are as follows:

|                                              | 31 March 2026                      |                       | 31 March 2025                      |                       |
|----------------------------------------------|------------------------------------|-----------------------|------------------------------------|-----------------------|
|                                              | Core<br>Department<br>and agencies | Departmental<br>Group | Core<br>Department<br>and agencies | Departmental<br>Group |
|                                              | £m                                 | £m                    | £m                                 | £m                    |
| Not later than one year                      | 80                                 | 81                    | 42                                 | 42                    |
| Later than 1 year and not later than 5 years | 56                                 | 59                    | 34                                 | 34                    |
| Later than 5 years                           | -                                  | -                     | -                                  | -                     |
| <b>Total</b>                                 | <b>136</b>                         | <b>140</b>            | <b>76</b>                          | <b>76</b>             |

Note: The Departmental Group's largest non-cancellable contracts are held by Companies House, totalling £134 million at 31 March 2026 (31 March 2025: £75 million). These commitments primarily relate to Digital, Data and Technology (DDaT) partner services and interim and contingent labour services, supporting the delivery of its transformation programme, new legislative reform and the management of vacancies.

## 18. Financial Instruments

The carrying amounts of financial instruments in each of the IFRS 9 categories are shown below. Where instruments are not carried at fair value in the SOFP for information purposes in compliance with IFRS 7 an estimate of their fair value is shown.

|                                                               |                                                 | 31 March 2026                |              |                    |              | 31 March 2025                           |              |                               |              |              |
|---------------------------------------------------------------|-------------------------------------------------|------------------------------|--------------|--------------------|--------------|-----------------------------------------|--------------|-------------------------------|--------------|--------------|
| Note                                                          |                                                 | Core Department and agencies |              | Departmental Group |              | Core Department and agencies (restated) |              | Departmental Group (restated) |              |              |
|                                                               |                                                 | Carrying Value               | Fair Value   | Carrying Value     | Fair Value   | Carrying Value                          | Fair Value   | Carrying Value                | Fair Value   |              |
|                                                               |                                                 | £m                           | £m           | £m                 | £m           | £m                                      | £m           | £m                            | £m           |              |
| <b>Financial assets</b>                                       |                                                 |                              |              |                    |              |                                         |              |                               |              |              |
| <b>At amortised cost</b>                                      |                                                 |                              |              |                    |              |                                         |              |                               |              |              |
|                                                               | Cash and cash equivalents                       | 12                           | 1,594        | 1,594              | 2,007        | 2,007                                   | 1,313        | 1,313                         | 1,715        | 1,715        |
|                                                               | Receivables <sup>(i), (v)</sup>                 | 11                           | 188          | 188                | 125          | 125                                     | 203          | 203                           | 143          | 143          |
|                                                               | Loans to public sector bodies <sup>(ii)</sup>   | 9                            | 990          | 986                | 705          | 705                                     | 1,158        | 1,146                         | 710          | 710          |
|                                                               | Other financial assets and private sector loans | 10                           | 22           | 22                 | 842          | 852                                     | -            | -                             | 959          | 967          |
|                                                               | <b>Total financial assets at amortised cost</b> |                              | <b>2,794</b> | <b>2,790</b>       | <b>3,679</b> | <b>3,689</b>                            | <b>2,674</b> | <b>2,662</b>                  | <b>3,527</b> | <b>3,535</b> |
| <b>Mandatory at fair value through profit or loss (FVTPL)</b> |                                                 |                              |              |                    |              |                                         |              |                               |              |              |
|                                                               | British Steel Limited                           | 9                            | -            | -                  | -            | -                                       | -            | -                             | -            | -            |
|                                                               | Redundancy payments service                     | 11                           | 119          | 119                | 119          | 119                                     | 93           | 93                            | 93           | 93           |
|                                                               | Receivables <sup>(i), (v)</sup>                 | 11                           | 59           | 59                 | 59           | 59                                      | 39           | 39                            | 39           | 39           |
|                                                               | Repayable launch investments                    | 10                           | 466          | 466                | 466          | 466                                     | 464          | 464                           | 464          | 464          |

|                                                                  |      | 31 March 2026                |                |                    |                | 31 March 2025                           |                |                               |                |
|------------------------------------------------------------------|------|------------------------------|----------------|--------------------|----------------|-----------------------------------------|----------------|-------------------------------|----------------|
|                                                                  | Note | Core Department and agencies |                | Departmental Group |                | Core Department and agencies (restated) |                | Departmental Group (restated) |                |
|                                                                  |      | Carrying Value               | Fair Value     | Carrying Value     | Fair Value     | Carrying Value                          | Fair Value     | Carrying Value                | Fair Value     |
|                                                                  |      | £m                           | £m             | £m                 | £m             | £m                                      | £m             | £m                            | £m             |
| Future Fund investments                                          | 10   | 529                          | 529            | 529                | 529            | 610                                     | 610            | 610                           | 610            |
| Loans to public sector bodies <sup>(ii)</sup>                    | 9    | 141                          | 141            | -                  | -              | 124                                     | 124            | -                             | -              |
| Other financial assets and private sector loans                  | 10   | 150                          | 150            | 5,826              | 5,826          | 144                                     | 144            | 4,724                         | 4,724          |
| <b>Total financial assets mandatory at FVTPL</b>                 |      | <b>1,464</b>                 | <b>1,464</b>   | <b>6,999</b>       | <b>6,999</b>   | <b>1,474</b>                            | <b>1,474</b>   | <b>5,930</b>                  | <b>5,930</b>   |
| <b>Financial liabilities</b>                                     |      |                              |                |                    |                |                                         |                |                               |                |
| <b>At amortised cost</b>                                         |      |                              |                |                    |                |                                         |                |                               |                |
| Payables <sup>(i)</sup>                                          | 13   | (2,540)                      | (2,540)        | (2,616)            | (2,616)        | (2,060)                                 | (2,060)        | (2,133)                       | (2,133)        |
| <b>Total financial liabilities at amortised cost</b>             |      | <b>(2,540)</b>               | <b>(2,540)</b> | <b>(2,616)</b>     | <b>(2,616)</b> | <b>(2,060)</b>                          | <b>(2,060)</b> | <b>(2,133)</b>                | <b>(2,133)</b> |
| <b>Designated at fair value through profit or loss (FVTPL)</b>   |      |                              |                |                    |                |                                         |                |                               |                |
| Loan commitment liabilities                                      | 16   | -                            | -              | (197)              | (197)          | -                                       | -              | (179)                         | (179)          |
| <b>Total financial liabilities designated at FVTPL</b>           |      | <b>-</b>                     | <b>-</b>       | <b>(197)</b>       | <b>(197)</b>   | <b>-</b>                                | <b>-</b>       | <b>(179)</b>                  | <b>(179)</b>   |
| <b>Financial guarantee liabilities</b>                           |      |                              |                |                    |                |                                         |                |                               |                |
| Financial guarantee liabilities <sup>(iii)</sup>                 | 16   | (1,664)                      | (1,664)        | (1,664)            | (1,664)        | (3,394)                                 | (3,394)        | (3,394)                       | (3,394)        |
| <b>Total financial guarantee and loan commitment liabilities</b> |      | <b>(1,664)</b>               | <b>(1,664)</b> | <b>(1,664)</b>     | <b>(1,664)</b> | <b>(3,394)</b>                          | <b>(3,394)</b> | <b>(3,394)</b>                | <b>(3,394)</b> |

### Notes:

- The amounts disclosed above as payables and receivables exclude any assets or liabilities which do not arise from a contractual arrangement.
- Public sector funding classified at amortised cost consists of loans to POL and FFL (Enable funding programme). Public sector funding classified as FVTPL consists of funding to British Business Bank for the SULCo. Public sector

funding to Northern Powerhouse Investments Limited, Midlands Engine Investments Limited, and Cornwall and Isles of Scilly Investments Limited are accounted for at cost under IAS 27 and are therefore excluded from this note. See note 9 for further detail.

iii. Under an adaptation of the FReM for IFRS (note 1), financial guarantees for the BBLS, CBILS, CLBILS, RLS and GGS schemes (note 16) are measured at lifetime ECLs which is not a measure of fair value but is to be treated as such for the purpose of comparison of fair value to the value in the SOFP.

iv. Ordinary shares in BBB are excluded, as these are consolidated in the Departmental Group and are held at cost. See note 9 for further detail.

v. Prior year comparatives have been restated to present separately receivables relating to Insolvency Service case administration fees that are classified as FVTPL. These balances were previously included within receivables measured at amortised cost.

## Financial risk management

---

IFRS 7, Financial Instruments: Disclosure, requires the disclosure of information which will allow users of financial statements to evaluate the significance of financial instruments on the Departmental Group's financial performance and position, as well as the nature and extent of its exposure to risks arising from these instruments.

As the cash requirements of the Departmental Group are largely met through the Estimates process, financial instruments create less risk than they would for a private sector body of a similar size.

The Departmental Group is however exposed to credit, market (including foreign currency risk and interest rate risk), and liquidity risks due to the specific programmes and activities undertaken in pursuance of the Departmental Group's objectives.

## Credit risk rating and loss allowance

---

The Departmental Group has the following financial assets subject to the ECL model:

- ▶ Trade receivables, contract assets, and lease receivables.
- ▶ Loans.
- ▶ Cash and cash equivalents.

### Collateral

The Core Department holds collateral over certain loans held at amortised cost. Loan assets secured at 31 March 2026 comprise of £675 million of lending by the Core Department to Post Office Limited (31 March 2025: £672 million) (see note 9 for further detail, including discussion on ECL measurement). The Core Department has also provided an additional term loan with a carrying value of £31 million at 31 March 2026, (31 March 2025: £38 million). This is fully collateralised and more information can be found in note 9.

Collateral is taken into account in estimation of ECL on the secured assets.

The Departmental Group holds collateral over some loans held at amortised cost. Loan assets secured at 31 March 2026 comprise £127 million of lending by BBB (31 March 2025: £138 million), the nature of the British Business Bank related collateral is mostly made up of plant, machinery, vehicles and soft assets.

FFL has collateral comprising asset finance receivables. FFL assets are fully collateralised.

Collateral is taken into account in estimation of ECL on the secured assets.

## Loans

The Core Department provided a loan to British Steel Limited of £452 million in the year. At initial recognition the loans were assigned a fair value of nil. See note 9 for further information.

The Departmental Group holds material loans within the British Business Bank financial instruments portfolio. These loans are assessed by British Business Bank's Executive Valuation Committee, which assigns credit risk ratings based on the financial obligor's risk profile and the estimated Loss Given Default. Key risk drivers considered include the borrower's financial viability, lending safety, and—where available—external credit agency ratings. This process is supported by British Business Bank's product approval framework, incorporating assessments of default and loss rates, due diligence over delivery partners' underwriting practices, and ongoing portfolio monitoring through established default and valuation models. Further details can be found in British Business Bank's Annual Report and Accounts.

Financial assets are written off from an accounting perspective, when it is assessed that there is no realistic prospect of receiving further returns. This would be on

completion of all legal recovery processes, or when a borrower is subject to a debt relief order, a bankruptcy ruling, or has been liquidated.

## **Credit Risk – assessment of significant increase in credit risk (SICR)**

The Departmental Group applies the requirements of IFRS 9 to assess whether there has been a SICR since initial recognition of a financial asset. This assessment determines whether ECLs are measured on a 12-month basis (Stage 1) or on a lifetime basis (Stage 2). Assets that are credit-impaired are classified as Stage 3.

### **Assessment approach**

The determination of SICR is based on a combination of quantitative and qualitative indicators:

- ▶ Quantitative indicator: Contractual payments more than 30 days past due.
- ▶ Qualitative indicators:
  - ▶ Downgrades in internal or external credit ratings.
  - ▶ Actual or expected forbearance or restructuring.
  - ▶ Significant deterioration in the borrower's financial performance.
  - ▶ Early signs of liquidity or cash flow stress.
  - ▶ Adverse changes in the borrower's business or economic environment.



- ▶ Transfer of the exposure to a watchlist.

These indicators, individually or collectively, may trigger a transfer from Stage 1 to Stage 2.

## Low credit risk exemption

Financial instruments assessed as having low credit risk at the reporting date (e.g., investment grade) are presumed not to have experienced a significant increase in credit risk and remain in Stage 1.

## ECL measurement

- ▶ Stage 1: 12-month ECL based on 12-month probability of default (PD).
- ▶ Stage 2: Lifetime ECL based on lifetime PD.
- ▶ Stage 3: Lifetime ECL applied to defaulted exposures (typically 90 days past due or otherwise deemed to meet the IFRS 9 credit impaired definition), where PD is assumed to be 100%.

## Modified Financial Assets

Where contractual terms have been renegotiated without derecognition, the asset is reassessed for SICR. Non-substantial modifications generally do not result in derecognition but require credit risk evaluation.

## Reversion to Stage 1

An exposure may return to Stage 1 once all the below have happened:

- ▶ All payments are current.
- ▶ Credit risk deterioration indicators no longer apply.
- ▶ The account is no longer classified as high risk.
- ▶ The borrower demonstrates capacity to sustain future payments.

Management applies a minimum cure period before reclassification.

The table below shows an analysis of credit risk and quality:

Low risk financial assets are fully collateralised; medium and high-risk financial assets are split between medium and high by considering the circumstances of the individual assets. The table below shows the total asset values in each category:

|                              | 31 March 2026<br>Amortised cost |                                 |                             |              | 31 March 2025<br>Amortised cost |                                 |                             |              |
|------------------------------|---------------------------------|---------------------------------|-----------------------------|--------------|---------------------------------|---------------------------------|-----------------------------|--------------|
|                              | 12<br>month<br>ECL              | Lifetime<br>ECL not<br>impaired | Lifetime<br>ECL<br>impaired | Total        | 12<br>month<br>ECL              | Lifetime<br>ECL not<br>impaired | Lifetime<br>ECL<br>impaired | Total        |
| Credit rating                | £m                              | £m                              | £m                          | £m           | £m                              | £m                              | £m                          | £m           |
| Low risk financial assets    | 1,168                           | -                               | -                           | 1,168        | 1,305                           | -                               | -                           | 1,305        |
| Medium risk financial assets | 363                             | -                               | -                           | 363          | 370                             | -                               | -                           | 370          |
| High risk financial assets   | 187                             | 25                              | -                           | 212          | 168                             | 25                              | -                           | 193          |
| Default financial assets     | -                               | -                               | 18                          | 18           | -                               | -                               | 18                          | 18           |
| <b>Gross carrying amount</b> | <b>1,718</b>                    | <b>25</b>                       | <b>18</b>                   | <b>1,761</b> | <b>1,843</b>                    | <b>25</b>                       | <b>18</b>                   | <b>1,886</b> |
| Loss allowance               | (10)                            | (5)                             | (13)                        | (28)         | (14)                            | (6)                             | (16)                        | (36)         |
| <b>Net carrying amount</b>   | <b>1,708</b>                    | <b>20</b>                       | <b>5</b>                    | <b>1,733</b> | <b>1,829</b>                    | <b>19</b>                       | <b>2</b>                    | <b>1,850</b> |

The Departmental Group does not hold any loans, bonds and term deposits measured at FVTOCI.

Note this table does not consider credit risk over financial liabilities. The Core Department holds credit risk over liabilities in the guarantees – this is covered within note 16.

|                                      | 31 March 2026 |                           |                              |           | 31 March 2025 |                           |                              |           |
|--------------------------------------|---------------|---------------------------|------------------------------|-----------|---------------|---------------------------|------------------------------|-----------|
|                                      | 12 month ECL  | Lifetime ECL not impaired | Lifetime ECL credit impaired | Total     | 12 month ECL  | Lifetime ECL not impaired | Lifetime ECL credit impaired | Total     |
|                                      | £m            | £m                        | £m                           | £m        | £m            | £m                        | £m                           | £m        |
| <b>Balance at 1 April</b>            | 14            | 6                         | 16                           | 36        | 17            | 6                         | 17                           | 40        |
| Additions                            | 8             | -                         | -                            | 8         | 9             | -                         | -                            | 9         |
| Net remeasurement                    | (9)           | (2)                       | -                            | (11)      | (9)           | (2)                       | (1)                          | (12)      |
| Transfer to credit loss 12 month     | -             | 2                         | 1                            | 3         | -             | 2                         | 1                            | 3         |
| Transfer to credit loss not impaired | (2)           | -                         | 1                            | (1)       | (2)           | -                         | -                            | (2)       |
| Transfer to credit loss impaired     | (1)           | (1)                       | -                            | (2)       | (1)           | -                         | -                            | (1)       |
| Written-off                          | -             | -                         | (5)                          | (5)       | -             | -                         | (1)                          | (1)       |
| <b>Balance at 31 March</b>           | <b>10</b>     | <b>5</b>                  | <b>13</b>                    | <b>28</b> | <b>14</b>     | <b>6</b>                  | <b>16</b>                    | <b>36</b> |

## Cash and cash equivalents

The Departmental Group held cash and cash equivalents of £2,007 million at 31 March 2026 (31 March 2025: £1,715 million). The cash and cash equivalents are held with banks and financial institutions which are rated AA to AA+ based on S&P ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Departmental Group considers that cash and cash equivalents have a low credit risk based on the external credit ratings of the holding parties.

## Market risk

---

Market risk is the risk that fair values and future cash flows will fluctuate due to changes in market prices. Market risk generally comprises of foreign currency risk, interest rate risk and other market risk.

### a) Foreign currency risk

#### Core Department and agencies

The Core Department is exposed to a small amount of currency risk with respect to Repayable Launch Investment contracts, where income due from aircraft or engine sales may initially be based in US Dollars, but it is minimal in the context of the overall Repayable Launch Investment portfolio. Otherwise, the Core Department's exposure to foreign currency risk during the year was insignificant. Foreign currency income was negligible, and foreign currency expenditure was a small percentage of total expenditure (less than 1%).

All material assets and liabilities are denominated in pounds sterling.

#### Departmental Group

BIS (Postal Services Act 2011) Company Limited is subject to minor foreign currency risk through the maintenance of bank accounts in foreign currencies (predominantly US dollar and euros) to deal with day-to-day overseas transactions. British Business Bank is subject to minor foreign currency

risk through investment funds which have an internal investment mandate and are denominated in euros or US dollars, and through equity held in listed companies valued in a foreign currency.

## **b) Interest rate risk**

### **Core Department**

The Core Department does not invest or access funds from commercial sources and therefore the interest rate risk the Core Department is exposed to is immaterial.

### **Departmental Group**

British Business Bank holds both fixed and variable rate investments. Interest rate risk is regularly monitored to ensure that the mix of fixed and variable borrowing is appropriate. British Business Bank does not use derivatives to hedge interest rate risk.

## **c) Other market risk**

### **Core Department and agencies**

The Core Department is exposed to wider risks relating to the performance of the economy as a whole. The main risks resulting from a downward movement in the economy include failures of investee companies of investment funds and loan defaults. For further information on the assessment of market risk in relation to Repayable Launch Investments and Future Fund, see below and note 10.

## Future Fund investments

The Core Department is exposed to equity price risk in respect of Future Fund investments held and classified on the balance sheet as financial assets held at FVTPL. The equity rights are held mostly in unquoted high-growth technology companies and are valued by British Business Bank. The valuation methodologies used comply with IFRS 13 and following IPEV guidelines. These valuations are subject to market risk.

The Core Department seeks to manage this risk by routinely monitoring the reported performance of these investments, employing stringent investment appraisal processes on a quarterly basis. Market risk is further mitigated through the diversity of the investment portfolio. As part of the process of ensuring reliable valuation, movements on the following market indices are monitored:

- ▶ Market Industry Index, mapping companies to their relevant sector.
- ▶ Synthetic Index across all UK Companies mapped to sub-sectors.
- ▶ Small Cap Index, using FTSE Small-Cap Benchmark as a measure.

See note 10 for Future Fund sensitivity analysis.



## Departmental Group

Equity price risk arises from the uncertainty about the future prices of financial instruments held and classified on the balance sheet as financial assets held at FVTPL. It represents the potential loss that the Departmental Group might suffer through holding market positions in the face of market movements.

The Departmental Group is exposed to equity price risk in respect of equity rights and investments held by the Departmental Group and classified on the balance sheet as financial assets at FVTPL.

These equity rights are held mostly in unquoted high-growth technology companies and are valued by the managers of the fund who apply valuation methodologies in compliance with IFRS or other recognised accounting standards such as UK GAAP. Most of the Departmental Group's investment funds apply IFRS valuation methodologies or apply the IPEV Guidelines. These valuations are subject to market movements.

The Departmental Group seeks to manage this risk by routinely monitoring the reported performance of these investments, employing stringent investment appraisal processes on a quarterly basis.

The valuations of FVTPL financial assets are based on the valuations provided by the fund managers in line with IPEV Valuation Guidelines or the valuation guidelines produced by the BVCA. Valuation techniques used include the use

of earnings multiples, discounted cash flow analysis, and net asset values. The performance of these funds is monitored regularly. For further information on the investment funds, see note 10.

## **Market risk British Business Bank schemes**

Four equity asset portfolios in British Business Bank are deemed materially sensitive. Analysis for 2026 indicates that a 29% increase or a 32% decrease in the value of BPC investments could result in a gain of approximately £682 million or a loss of £753 million, while a 7% increase or a 6% decrease in BBI investments could lead to a gain of around £126 million or loss of around £108 million. Similarly, a 16% increase or a 5% decrease in BBFL investments could result in a gain of £116 million or a loss of £36 million, respectively. Lastly, an 18% increase or 19% decrease in NRIL investments could lead to a gain of around £72 million or a loss of approximately £76 million

These ranges are considered reasonable based on historical data and market movements.

Further qualitative and quantitative disclosures, and sensitivity analysis can be found in the annual report and accounts of British Business Bank (company number 08616013).

## Concentration risk

---

The Departmental Group is exposed to concentration risk. BBB manages the majority of this risk, either as an administrator for the Core Department or on the BBB Group Financial Statements, which are consolidated into the Departmental group.

A key area of concentration risk comes from the Departmental Group's support for UK small and medium-sized enterprises (SMEs). These activities are primarily through venture capital programmes and the deployment of the Community Development Finance Institution (CDFI) and Growth Guarantee Scheme (GGS). Given the nature of these interventions, the Departmental Group operates with a medium to high-risk appetite in order to achieve its policy objectives and deliver appropriate returns.

Concentration risk may arise from several sources, including exposure to individual counterparties, the accumulation of exposures within specific origination periods (vintage risk), and concentrations by sector or geographic region. The Departmental Group monitors and manages these risks across both its investment and banking activities.

For equity investments, concentration is assessed with reference to key risk indicators such as fund manager exposure, vintage distribution, underlying investment concentrations, and sectoral and regional exposures. For the

banking activities, concentration risk is measured primarily through exposure to Delivery Partners, which include both banks and non-bank financial institutions.

These concentration risks are monitored regularly and reported to the BBB Group Risk Committee to ensure that the overall portfolio remains aligned with the Departmental Group's strategic and policy objectives.

## Liquidity risk

---

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

In common with other government departments, the future financing of its liabilities is to be met by future grants of Supply, voted annually by Parliament. There is no reason to believe that future approvals will not be forthcoming, therefore, on this basis the liquidity risk to the Department Group is minimal.

Information about the Departmental Group's objectives, policies and processes for managing and measuring risk can be found in the Governance Statement.

The maturity analysis table below gives upcoming payments due from the Departmental group in the next financial year.

# Maturity analysis for non-derivative financial liabilities

|                                               |      | 31 March 2026                |                   |                         |                    |                   |                         |                              |                   |                         | 31 March 2025      |                   |                         |
|-----------------------------------------------|------|------------------------------|-------------------|-------------------------|--------------------|-------------------|-------------------------|------------------------------|-------------------|-------------------------|--------------------|-------------------|-------------------------|
|                                               | Note | Core Department and agencies |                   |                         | Departmental Group |                   |                         | Core Department and agencies |                   |                         | Departmental Group |                   |                         |
|                                               |      | On demand                    | Due within 1 year | Due greater than 1 year | On demand          | Due within 1 year | Due greater than 1 year | On demand                    | Due within 1 year | Due greater than 1 year | On demand          | Due within 1 year | Due greater than 1 year |
|                                               |      | £m                           | £m                | £m                      | £m                 | £m                | £m                      | £m                           | £m                | £m                      | £m                 | £m                | £m                      |
| At amortised cost                             |      |                              |                   |                         |                    |                   |                         |                              |                   |                         |                    |                   |                         |
| Payables                                      | 13   | -                            | (2,540)           | -                       | -                  | (2,601)           | (15)                    | -                            | (2,060)           | -                       | -                  | (2,116)           | (17)                    |
| Total financial liabilities at amortised cost |      | -                            | (2,540)           | -                       | -                  | (2,601)           | (15)                    | -                            | (2,060)           | -                       | -                  | (2,116)           | (17)                    |
| At fair value through profit or loss (FVTPL)  |      |                              |                   |                         |                    |                   |                         |                              |                   |                         |                    |                   |                         |
| Loan commitment liabilities                   | 16   | -                            | -                 | -                       | -                  | (39)              | (158)                   | -                            | -                 | -                       | -                  | (40)              | (139)                   |
| Total financial liabilities at FVTPL          |      | -                            | -                 | -                       | -                  | (39)              | (158)                   | -                            | -                 | -                       | -                  | (40)              | (139)                   |
| Financial guarantee liabilities               |      |                              |                   |                         |                    |                   |                         |                              |                   |                         |                    |                   |                         |
| Financial guarantee liabilities               | 16   | (1,664)                      | -                 | -                       | (1,664)            | -                 | -                       | (3,394)                      | -                 | -                       | (3,394)            | -                 | -                       |

| 31 March 2026                         |                              |                   |                         |      |                    |                   |                         |    |                              | 31 March 2025     |                         |    |                    |                   |                         |    |
|---------------------------------------|------------------------------|-------------------|-------------------------|------|--------------------|-------------------|-------------------------|----|------------------------------|-------------------|-------------------------|----|--------------------|-------------------|-------------------------|----|
|                                       | Core Department and agencies |                   |                         |      | Departmental Group |                   |                         |    | Core Department and agencies |                   |                         |    | Departmental Group |                   |                         |    |
|                                       | On demand                    | Due within 1 year | Due greater than 1 year | £m   | On demand          | Due within 1 year | Due greater than 1 year | £m | On demand                    | Due within 1 year | Due greater than 1 year | £m | On demand          | Due within 1 year | Due greater than 1 year | £m |
|                                       | £m                           | £m                | £m                      | £m   | £m                 | £m                | £m                      | £m | £m                           | £m                | £m                      | £m | £m                 | £m                | £m                      | £m |
|                                       | (1,664)                      | -                 | -                       |      | (1,664)            | -                 | -                       |    | (3,394)                      | -                 | -                       |    | (3,394)            | -                 | -                       |    |
| Total financial guarantee liabilities |                              |                   |                         | Note |                    |                   |                         |    |                              |                   |                         |    |                    |                   |                         |    |

Note

The amounts disclosed above as payables exclude any liabilities which do not arise from a contractual arrangement.

## Financial Instruments: fair value hierarchy

The table below analyses financial instruments carried at fair value by the Departmental Group, by valuation method. The different levels are defined as:

- ▶ Level 1 – uses quoted prices (unadjusted) in active markets for identical assets or liabilities.
- ▶ Level 2 – uses inputs for the assets or liabilities other than quoted prices, that are observable either directly or indirectly.
- ▶ Level 3 – uses inputs for the assets or liabilities that are not based on observable market data, such as internal models or other valuation methods.

### Fair value hierarchy

|                                         |      | 31 March 2026 |               |               |              | 31 March 2025<br>(restated) |               |               |              |
|-----------------------------------------|------|---------------|---------------|---------------|--------------|-----------------------------|---------------|---------------|--------------|
|                                         | Note | Level 1<br>£m | Level 2<br>£m | Level 3<br>£m | Total<br>£m  | Level 1<br>£m               | Level 2<br>£m | Level 3<br>£m | Total<br>£m  |
| <b>Financial assets</b>                 |      |               |               |               |              |                             |               |               |              |
| <b>At FVTPL</b>                         |      |               |               |               |              |                             |               |               |              |
| British Steel Limited                   | 9    | -             | -             | -             | -            | -                           | -             | -             | -            |
| Redundancy payments service             | 11   | -             | -             | 119           | 119          | -                           | -             | 93            | 93           |
| Repayable launch investments            | 10   | -             | -             | 466           | 466          | -                           | -             | 464           | 464          |
| Receivables.                            | 11   | -             | -             | 59            | 59           | -                           | -             | 39            | 39           |
| Future Fund investments                 | 10   | 6             | 3             | 520           | 529          | -                           | -             | 610           | 610          |
| Investments and loans to private sector | 10   | 94            | 135           | 5,597         | 5,826        | 43                          | 62            | 4,619         | 4,724        |
| <b>Total financial assets at FVTPL</b>  |      | <b>100</b>    | <b>138</b>    | <b>6,761</b>  | <b>6,999</b> | <b>43</b>                   | <b>62</b>     | <b>5,825</b>  | <b>5,930</b> |



|                                                           |      | 31 March 2026 |               |               |             | 31 March 2025<br>(restated) |               |               |             |
|-----------------------------------------------------------|------|---------------|---------------|---------------|-------------|-----------------------------|---------------|---------------|-------------|
|                                                           | Note | Level 1<br>£m | Level 2<br>£m | Level 3<br>£m | Total<br>£m | Level 1<br>£m               | Level 2<br>£m | Level 3<br>£m | Total<br>£m |
| <b>Total financial assets measured at fair value</b>      |      | 100           | 138           | 6,761         | 6,999       | 43                          | 62            | 5,825         | 5,930       |
| <b>Financial liabilities At FVTPL</b>                     |      |               |               |               |             |                             |               |               |             |
| Loan commitment liabilities                               | 16   | -             | -             | (197)         | (197)       | -                           | -             | (179)         | (179)       |
| <b>Total financial liabilities at FVTPL</b>               |      | -             | -             | (197)         | (197)       | -                           | -             | (179)         | (179)       |
| <b>Total financial liabilities measured at fair value</b> |      | -             | -             | (197)         | (197)       | -                           | -             | (179)         | (179)       |

## Notes

Prior year comparatives have been restated to present separately receivables relating to Insolvency Service case administration fees that are classified as FVTPL. These balances were previously included within receivables measured at amortised cost.

Transfers between levels of the fair value hierarchy are deemed to occur at the end of the reporting period.

Specific valuation techniques used to value financial instruments include:

- for details regarding the fair value measurement of RLIs and Future Fund investments, refer to Note 10.
- other techniques, such as discounted cash flow analysis or for non-quoted ordinary shares and investment funds that are not actively traded, the net assets of the company/underlying fund are used – these are classified as level 3.

# Changes in level 3 instruments

The tables below show the changes in level 3 instruments:

|                                                    | Redundancy<br>Payment<br>Service | Receivables | British Steel<br>Limited | Repayable<br>launch<br>investments | Future Fund<br>investments | Investments<br>and loans<br>to private<br>sector | Loan<br>commitment<br>liabilities | Total        |
|----------------------------------------------------|----------------------------------|-------------|--------------------------|------------------------------------|----------------------------|--------------------------------------------------|-----------------------------------|--------------|
|                                                    | £m                               |             | £m                       | £m                                 | £m                         | £m                                               | £m                                | £m           |
| <b>Balance at<br/>1 April 2025</b>                 | <b>93</b>                        | <b>39</b>   | -                        | <b>464</b>                         | <b>610</b>                 | <b>4,619</b>                                     | <b>(179)</b>                      | <b>5,646</b> |
| Additions                                          | 56                               | 56          | 452                      | -                                  | -                          | 1,175                                            | (69)                              | 1,670        |
| Fair value<br>adjustment on initial<br>recognition | -                                | -           | (452)                    | -                                  | -                          | (47)                                             | -                                 | (499)        |
| Repayments/<br>disposals                           | (30)                             | (36)        | -                        | (49)                               | (57)                       | (621)                                            | 47                                | (746)        |
| Revaluations                                       | -                                | -           | -                        | 51                                 | (24)                       | 456                                              | 4                                 | 487          |
| Transfers from<br>level 3 to level 2               | -                                | -           | -                        | -                                  | (3)                        | (48)                                             | -                                 | (51)         |
| Transfers from<br>level 3 to level 1               | -                                | -           | -                        | -                                  | (6)                        | -                                                | -                                 | (6)          |
| Transfers from<br>level 2 to level 3               | -                                | -           | -                        | -                                  | -                          | -                                                | -                                 | 63           |
| <b>Balance at<br/>31 March 2026</b>                | <b>119</b>                       | <b>59</b>   | -                        | <b>466</b>                         | <b>520</b>                 | <b>5,597</b>                                     | <b>(197)</b>                      | <b>6,564</b> |

|                                                    | Redundancy<br>Payment<br>Service | Receivables | British Steel<br>Limited | Repayable<br>launch<br>investments | Future Fund<br>investments | Investments<br>and loans<br>to private<br>sector | Loan<br>commitment<br>liabilities | 31 March 2025<br>(restated) |
|----------------------------------------------------|----------------------------------|-------------|--------------------------|------------------------------------|----------------------------|--------------------------------------------------|-----------------------------------|-----------------------------|
|                                                    | £m                               |             | £m                       | £m                                 | £m                         | £m                                               | £m                                | £m                          |
| <b>Balance at<br/>1 April 2024</b>                 | <b>86</b>                        | <b>52</b>   | -                        | <b>457</b>                         | <b>799</b>                 | <b>4,070</b>                                     | <b>(229)</b>                      | <b>5,235</b>                |
| Additions                                          | 36                               | 50          | -                        | -                                  | -                          | 986                                              | (67)                              | 1,005                       |
| Fair value<br>adjustment on initial<br>recognition | -                                | -           | -                        | -                                  | -                          | (55)                                             | -                                 | (55)                        |
| Repayments/<br>disposals                           | (29)                             | (63)        | -                        | (44)                               | (30)                       | (478)                                            | 55                                | (589)                       |
| Revaluations                                       | -                                | -           | -                        | 51                                 | (159)                      | 124                                              | 62                                | 78                          |
| Transfers from<br>level 3 to level 2               | -                                | -           | -                        | -                                  | -                          | (53)                                             | -                                 | (53)                        |
| Transfers from<br>level 2 to level 3               | -                                | -           | -                        | -                                  | -                          | 25                                               | -                                 | 25                          |
| <b>Balance at<br/>31 March 2025</b>                | <b>93</b>                        | <b>39</b>   | -                        | <b>464</b>                         | <b>610</b>                 | <b>4,619</b>                                     | <b>(179)</b>                      | <b>5,646</b>                |

## Note

Prior year comparatives have been restated to present separately receivables relating to Insolvency Service case administration fees that are classified as FVTPL. These balances were previously included within receivables measured at amortised cost.

# 19. Contingent Liabilities

## Core Department – unquantifiable

---

### Post Office Limited

The Department has strongly supported POL and the post office network as it provides vital public services to millions of customers across the United Kingdom. Significant funding has already been provided and committed to POL to ensure its policy objectives have been met, including mitigating risks arising from certain legacy claims connected with the Horizon IT system. While working with POL to transition to a self-funded model, the Department intends to continue to develop solutions to support POL in settling its liabilities as they fall due, subject to HM Treasury consent and subject to the application of the Subsidy Control Act 2022, where such liabilities threaten the ability of POL to continue to provide its vital public services. As such there is a possible likelihood that, should unexpected liabilities arise within POL that threaten its ability to function as a going concern, the Department would provide funding to settle some or all of these theoretical liabilities. At 31 March 2026 the quantum of any possible liability is unquantifiable. Note 4.1 sets out details of the subsidy funding the Department provided to POL during 2024-25 and 2025-26. No subsidy funding in 2025-26 is considered to fall against the equivalent contingent liability disclosed in the prior year.

At 31 March 2026, POL had borrowed £675 million (2024-25: £672 million) from the Department under the revolving capital loan facility and had an outstanding balance of £31 million (2024-25: £38 million) on a term loan from the Department. On the basis that the loans are fully collateralised against the assets of POL, there is not expected to be any loss in the event of default, hence the ECL on this loan is nil. If POL were to default on its repayments to the Department, and this led to a call on the assets of POL, this would create a liquidity challenge for POL which would need to be addressed by the Department. This forms part of the above unquantified contingent liability disclosed.

## Legal Claims

The Department has identified contingent liabilities arising from ongoing legal claims, the outcome and any associated financial effect of which remain uncertain. A number of these claims relate to disputes arising from determinations made by the Department through the COVID guarantee schemes. This includes the termination of certain loan guarantees provided to Greensill Capital UK.

No further information on the nature of these legal claims can be provided to avoid prejudicing the Department in upcoming legal proceedings. Accordingly, disclosure has been limited in accordance with IAS 37.92.

## Departmental Group – unquantifiable

---

### Insolvency Service

#### Indemnities:

Following the enactment of the Cheques Act 1992, the Secretary of State has indemnified the Insolvency Service's bankers against certain liabilities arising in respect of non-transferable "account payee" cheques due to insolvent estates and paid into the accounts of the Agency.

In addition, the Insolvency Service provides indemnity cover to Official Receivers in respect of potential personal financial liabilities that could arise from the discharge of their statutory duties. This indemnity applies to their functions as Official Receiver and Liquidator of Companies, and as Official Receiver and Trustee in Bankruptcy. The indemnity is intended to ensure that individuals are not exposed to personal financial risk when acting in accordance with their statutory obligations. The likelihood of these liabilities crystallising is considered to be low; however, as the liability is potential and unquantifiable, it is disclosed in accordance with the requirements of the FReM.

#### Legal Cases:

Due to the nature of the work undertaken by the Agency, there are a number of ongoing legal cases giving rise to contingent liabilities. The legal cases included as contingent liabilities all relate to either present obligations or probable obligations where reliable estimates cannot be made or

possible obligations where the Agency has issued civil proceedings through the courts, and the outcome is dependent on court rulings and findings not wholly within the Agency's control.

The Agency has 121 (2024-25: 97) contingent liabilities relating to defended cases where it is possible but not probable that payment may be made in the future. The Agency has determined that an aggregated value of these cases is not practicable to estimate in accordance with IAS 37.91. Further details of these cases cannot be disclosed, as in accordance with IAS 37.92, the Agency considers that further disclosure for any contingent liability connected to legal proceedings could seriously prejudice ongoing litigation.

## Others

There are a number of potential liabilities for the Departmental Group in respect of claims from suppliers, employees and third parties which depend on actual or potential proceedings. The timing and amounts of any liabilities are uncertain.



## 20. Related-party transactions

The Core Department is the ultimate parent of the bodies listed in note 21. These bodies are regarded as related parties and various material transactions have taken place during the reporting period between members of the Departmental Group. The related parties of the consolidated bodies are disclosed in their respective accounts.

In addition, the Department had transactions with other government departments, central government bodies and trading funds. The material transactions have been with HM Treasury, Post Office Limited, FCDO, UK Research and Innovation (UKRI), Cabinet Office, HMRC, Fleetbank Funding Limited, GPA and DESNZ.

During the year, the Department entered into a transaction for £0.1 million with McKinsey and Company Inc UK (2024-25: £0.4 million), a firm at which a close family member of one of the Executive Board Members is a partner. There was no outstanding balance at 31 March 2026 (31 March 2025: £0.4 million). The work related to research into the Commerciality of Primary Steelmaking Production in the UK.

Details about the Board Members' remuneration are included in the Remuneration Report.

## 21. Entities within the Departmental boundary

The table below shows the list of Departmental organisations included in the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2025 – known as the Designation Order. This includes amendments from the Government Resources and Accounts Act 2000 (Estimate and Accounts) (Amendment) Order 2025 – known as the Amendment Order.

Section (a) includes bodies consolidated within the Departmental Group accounts. Section (b) includes bodies within the Departmental Group but not consolidated – such as where net assets are not considered material to the Departmental Group accounts.

As a result of changes made in the 2025-26 Designation Order and Amendment Order, some of British Business Bank's subsidiaries have been renamed and there is one additional British Business Bank subsidiary, British Business Bank Mandates Limited, that has now been included within the Departmental Group accounts boundary. These boundary changes have not impacted previously reported financial results.

## (a) Bodies consolidated in Departmental Group accounts for 2025-26

| Designated bodies                                                                        | Status            | Notes                                      |
|------------------------------------------------------------------------------------------|-------------------|--------------------------------------------|
| <b>Agencies</b>                                                                          |                   |                                            |
| Companies House                                                                          | Executive agency  | –                                          |
| Insolvency Service                                                                       | Executive agency  | –                                          |
| <b>NDPBs and other designated bodies</b>                                                 |                   |                                            |
| Advisory, Conciliation and Arbitration Service                                           | NDPB              | Consolidated by Department.                |
| Central Arbitration Committee                                                            | NDPB              | Incorporated into ACAS accounts.           |
| Certification Office for Trade Union and Employers' Associations                         | Office Holder     | Incorporated into ACAS accounts.           |
| BIS (Postal Services Act 2011) Company Limited                                           | Other public body | Consolidated by Department.                |
| British Business Bank plc                                                                | Other public body | Consolidated by Department.                |
| BBB Investment Holdings Limited (formerly BBB Patient Capital Holdings Limited)          | Subsidiary of BBB | Consolidated by British Business Bank plc. |
| BBB Investment Services Limited (formerly BBB Patient Capital Advisory Services Limited) | Subsidiary of BBB | Consolidated by British Business Bank plc. |
| British Business Investments Ltd                                                         | Subsidiary of BBB | Consolidated by British Business Bank plc. |
| British Business Finance Ltd                                                             | Subsidiary of BBB | Consolidated by British Business Bank plc. |

| Designated bodies                                 | Status            | Notes                                      |
|---------------------------------------------------|-------------------|--------------------------------------------|
| British Business Financial Services Ltd           | Subsidiary of BBB | Consolidated by British Business Bank plc. |
| British Business Aspire Holdco Ltd                | Subsidiary of BBB | Consolidated by British Business Bank plc. |
| BBB Mandates Limited                              | Subsidiary of BBB | Consolidated by British Business Bank plc. |
| British Patient Capital Limited                   | Subsidiary of BBB | Consolidated by British Business Bank plc. |
| Nations and Regions Investments Limited           | Subsidiary of BBB | Consolidated by British Business Bank plc. |
| The Start-Up Loans Company                        | Subsidiary of BBB | Consolidated by British Business Bank plc. |
| Competition Service                               | NDPB              | Consolidated by Department.                |
| Competition Appeal Tribunal                       | NDPB              | Consolidated by Competition Service.       |
| Cornwall and Isles of Scilly Investments Limited  | Other public body | Consolidated by Department.                |
| Fleetbank Funding Limited                         | Other public body | Consolidated by Department.                |
| The Financial Reporting Council Limited           | Other public body | Consolidated by Department.                |
| UK Accounting Standards Endorsement Board Limited | Other public body | Incorporated into FRC accounts.            |

| Designated bodies                                                        | Status            | Notes                                                                                                                                                                                                                                                                                                                                                                               |
|--------------------------------------------------------------------------|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Industrial Development Advisory Board                                    | Expert Committee  | The Industrial Development Advisory Board (IDAB) is a statutory body established under the 1982 Industrial Development Act (IDA). IDAB is an Expert Committee under the Department for Business and Trade (but can and does provide advice to ministers across government). No accounts produced. Funded by the Core Department. Costs are included as part of the Core Department. |
| Low Pay Commission                                                       | NDPB              | No accounts produced as costs are included in the Core Department's expenditure.                                                                                                                                                                                                                                                                                                    |
| Midlands Engine Investments Limited                                      | Other public body | Consolidated by Department.                                                                                                                                                                                                                                                                                                                                                         |
| Northern Powerhouse Investments Limited                                  | Other public body | Consolidated by Department.                                                                                                                                                                                                                                                                                                                                                         |
| Office for the Pay Review Bodies (formerly Office of Manpower Economics) | Office Department | No accounts produced as costs are included in the Core Department's expenditure.                                                                                                                                                                                                                                                                                                    |

| Designated bodies                                       | Status            | Notes                                                                                                  |
|---------------------------------------------------------|-------------------|--------------------------------------------------------------------------------------------------------|
| Office of the Regulator of Community Interest Companies | Office Holder     | No accounts produced as costs are included in Companies House expenditure.                             |
| Postal Services Holding Company Limited                 | Other public body | Company in Liquidation. Former holding company for the government's investment in Post Office Limited. |
| Regulatory Policy Committee                             | NDPB              | No accounts produced as costs are included in the Core Department's expenditure.                       |
| Trade Remedies Authority                                | Executive NDPB    | Consolidated by Department.                                                                            |
| Office of the Small Business Commissioner               | NDPB              | Consolidated by Department.                                                                            |

## (b) Bodies not consolidated in Departmental Group accounts for 2025-26

| Designated bodies                       | Status            | Notes                                                                                                                            |
|-----------------------------------------|-------------------|----------------------------------------------------------------------------------------------------------------------------------|
| British Hallmarking Council             | NDPB              | Turnover and net assets are not material to Departmental Group accounts.                                                         |
| East Midlands Early Growth Fund Limited | Other public body | Recorded as investment in the Core Department accounts. Turnover and net assets are not material to Departmental Group accounts. |
| Groceries Code Adjudicator              | Office Holder     | Turnover and net assets are not material to Departmental Group accounts.                                                         |
| Pubs Code Adjudicator                   | Office Holder     | Turnover and net assets are not material to Departmental Group accounts.                                                         |



## 22. Events after the reporting period

### Non-adjusting events

---

#### British Steel

Since the intervention on 12 April 2025 since the passage of the Steel Industry (Special Measures) Act 2025, the Department has primarily focused on implementing the Act, ensuring the safe operation of the two blast furnaces and addressing health and safety concerns. The Government has engaged in negotiations with the current owner of British Steel on a commercial sale, but it has not been possible to agree acceptable terms which would represent a responsible use of public money. As a result, the Department believes it is in the public interest to bring legislation which will give the Government powers to nationalise British Steel. On 14 May 2026, the Steel Industry (Nationalisation) Bill was introduced in Parliament. Any nationalisation of British Steel would be subject to the public interest test being met before using the powers under the Bill.

#### Fair Work Agency

The Fair Work Agency (FWA) is an executive agency sponsored by the Department. It was launched in April 2026. As an executive agency the FWA is part of the Departmental Group for 2026-27.

## Insolvency Service

In the 2024-25 financial statements, the Insolvency Service disclosed in note 18 “Events after the reporting period date”, that on 15 May 2025 the Secretary of State for Business and Trade announced in the House of Commons that the Department would not renew its contract with Thurrock Council’s NATIS. The work to examine the investigation service’s caseload has now been completed and over 50 members of staff transferred to the Insolvency Service on 1 May 2026. As a result, all associated costs will be reflected in the 2026-27 Annual Report and Accounts.

### 22.1 Date Accounts authorised for issue

---

The Departmental Accounting Officer authorised these Accounts for issue on the day they were certified.

# Annexes

The information presented in these annexes is not subject to audit and is presented for further information. The information has been reviewed by the NAO to ensure that it is consistent with other sections of the ARA.

## Annex A: Statistics

The statistics annex provides additional technical and methodological information on some of the statistics and performance measures used in this Annual Report and Accounts.

### IS-8 performance metrics overview

---

These metrics are prepared using the same data sources and methodology as the [DBT Industrial Strategy quarterly updates](#), and are reported at the aggregate IS-8 level. The quarterly updates contain the latest quarterly estimates for these indicators. A full methodology note is published alongside each quarterly update; the following notes provide a high-level summary of the approach taken for each metric.

Gross Fixed Capital Formation (GFCF), output per worker, Gross Value Added (GVA) and exports metrics are based on annual data for January to December 2024 and January to December 2025. Employment is measured using the quarterly average in 2024 and 2025, as percentage

changes can vary depending on the quarters compared. 'Home-grown' businesses are presented as a stand-alone figure because no comparable back series is available (see the methodology note published with the quarterly updates for further detail).

## **IS-8 business investment, GVA, productivity, and employment**

---

The eight high level Industrial Strategy sectors (IS-8) cannot be precisely measured using official statistics. Office for National Statistics (ONS) economic data is based on the Standard Industrial Classification (SIC) system, which does not always fully capture the detail of 'frontier industries' (subsectors) – for example, AI – within the IS-8. As a result, coverage varies across sectors.

To improve accuracy, IS-8 sectors are mapped to 4-digit SIC codes where possible, as higher-level SIC categories are too broad. Some sectors are not captured or only partially represented: Clean Energy Industries cannot be proxied within SIC, while Defence and Life Sciences have partial coverage. Therefore, aggregate IS-8 estimates do not fully reflect all sectors.

For the IS-8 sectors that can be directly mapped at the 2-digit level, figures are taken directly from official data. For the other IS-8 sectors, low-level SIC estimates are produced by applying apportionment fractions derived from analysis of national accounts data, the ONS Inter-Departmental Business Register (IDBR) 2025 (published 24 September

2025) and the ONS Annual Business Survey (ABS) 2023 (published 10 April 2025) to higher-level SIC data. This balances timeliness and granularity while using consistent price deflators.

**IS-8 business investment data sources:** Data is assembled from several ONS publications on investment. Industry-level data is taken from:

ONS Gross fixed capital formation – by sector and asset: October to December 2025 revised results (published 31 March 2026),

ONS Volume Index Capital Services (VICS) 2024 (published 7 November 2025),

ONS Supply and Use tables 2023 (published 31 October 2025),

ONS Business investment by industry and asset: October to December 2025 revised results (published 31 March 2026),

ONS Annual Business Survey (ABS) 2023 (published 10 April 2025).

Business investment data is apportioned using a combination of 2-digit level statistics from national accounts data on investment, and 4-digit level statistics from the Annual Business Survey.

To note, “Gross Fixed Capital Formation” in the national accounts, is calculated as the sum of business investment, public investment, investment in dwellings and transfer costs of assets. The IS-8 sectors do not participate in investment in dwellings, and public investment and transfer costs of assets are small for the IS-8 sectors, therefore total business investment and total gross fixed capital formation are very similar for the industries in the IS-8 sectors.

**IS-8 GVA data sources:** ONS GDP output approach – low-level aggregates QNA October to December 2025 (published 31 March 2026), apportioned using the ONS Annual Business Survey (ABS) 2023 (published 10 April 2025).

**IS-8 employment data sources:** Payrolled employees from ONS & HMRC Earnings and employment from Pay As You Earn Real Time Information, UK June 2026 (published 18 June 2026). Monthly figures are averaged to create annual figures. This is apportioned using the ONS Inter-Departmental Business Register (IDBR) 2025 (published 24 September 2025).

**IS-8 productivity (output per job) data sources:** ONS GDP output approach – low-level aggregates QNA October to December 2025 (published 31 March 2026), divided by ONS Output per job, UK July to September 2025 (published 17 February 2026), apportioned using the ONS Inter-Departmental Business Register (IDBR) 2025 (published 24 September 2025).



## IS-8 exports data sources and methods

---

Official ONS and HMRC trade data is not readily available at the IS-8 sector level, so a bespoke Industrial Strategy exports definition list has been created and is published alongside the [DBT Industrial Strategy quarterly updates - GOV.UK](#). This definition is used to extract the relevant data from [HMRC Overseas Trade Statistics April 2026](#) (published 12 June 2026) for goods, and the [ONS UK trade in services: service type by partner country, October to December 2025](#) (published 07 May 2026) for services. This data is then summed to produce aggregate estimates.

The bespoke trade definition is needed because the IS-8 sectors do not align fully with ONS and HMRC classification systems. The Extended Balance of Payments Services (EBOPS) classification, used for services, is too broad to isolate some IS-8 components, while Harmonised System (HS) codes, used for goods, classify products rather than industries or technologies, limiting coverage of emerging sectors.

Trade in services and trade in goods are presented as separate values because they are not comparable on any basis so should not be added together. They use different data sources and different classification systems and measure different concepts of trade. This is outlined in [a user guide to international trade statistics and trade asymmetries \(Government Analysis Function\)](#).



## IS-8 'Home-grown' businesses data sources and methods

---

There is no official single source of data on 'Home-grown' businesses and so this has to be estimated from a variety of public sources. For a business to be included as part of the metric, DBT has determined that it must satisfy all the following criteria:

- ▶ be a business within an IS-8 sector
- ▶ the company must be founded in the UK. It originated in the UK and is not a subsidiary or branch of a foreign firm. This includes dual-origin firms and those founded in former British territories that have since incorporated as an independent UK parent company
- ▶ it is headquartered in the UK, meaning it is incorporated in the UK and registered with Companies House
- ▶ there is no foreign parent company – it is not majority owned or controlled by a foreign entity
- ▶ the company has a significant economic footprint in the UK. This means a significant proportion of its workforce, operations, or supply chain is based in the UK
- ▶ the company must have a valuation benchmark of over £10 billion

Data was collected from [Companies House](#) and [CompaniesMarketCap.com](#) on 16<sup>th</sup> March 2026, to ascertain a valuation benchmark of £10 billion, using both market capitalisation and post-money valuations. These measures capture both listed and private companies in the UK.

## Market Access Barriers

---

The Digital Market Access Service (DMAS) is the central repository for all trade barriers reported to the UK government by businesses, either via trade officials in the UK and overseas, or directly through the 'Report a Market Access Barrier' service on [great.gov.uk](https://great.gov.uk). Once barriers have been added to DMAS, they are assessed and given a high level qualitative rating. Status indicators are attributed to specific barriers and are used to provide a broad indication of the latest position, including marking it as resolved when the issue has been addressed.

The basis for counting the number of barriers resolved within a period has previously been changed. The approach now counts barriers for when the resolution was reported to have occurred, rather than when the system was updated to reflect the status as resolved. Therefore, market access barrier statistics published prior to and including financial year 2020-21 are not comparable to more recent years.

The valuation estimates are not intended as definitive predictions of the expected benefits to UK exports, nor an analysis of the wider impacts on the UK economy. Rather they provide an indication of the potential size of the opportunity associated with addressing a specific market access barrier. The aggregate figure of around £13 billion over 5 years is for 133 barriers fully resolved in the financial year 2025 to 2026.

To calculate the aggregate figure, the mid-point for each valuation range is estimated over a 5 year period and added to provide a central estimate. This figure represents additional exports to UK businesses over a 5-year period following resolution of the barriers. We have published an analytical working paper setting out the methodology developed to produce indicative estimates of the value associated with a barrier.

## British Business Bank

---

GVA impacts are estimated using the British Business Bank economic appraisal model. The model uses different parameters for different British Business Bank programmes, informed by programme evaluations, monitoring information and analysis of business performance using Companies House data.

The model estimates expected impacts on business employment, turnover and GVA over the lifetime of the finance, which can range between 4 and 10 years depending on the programme.

Estimates are adjusted for additionality, including finance additionality, fund additionality (if relevant), outcome additionality, and product market displacement. Source: BBB Impact Report 2025 page 15.

## Export Wins

---

The Department records export deals, contracts, sales or agreements where there has been support provided by our export promotion operations as an Export Win.

An Export Win record is created using a digital framework which registers information entered by a lead officer from the Department. Lead officers are responsible for the quality and accuracy of the data they enter. Once the Win has been entered, the customer that received support is required to confirm the Win through a separate online form. A Win counts once it has been confirmed by the customer and this must be done within 12 months of the company winning the deal.

This report includes Wins where support has been provided to an overseas company to help import from the UK, in addition to those Wins achieved by UK companies. The metric only captures customers the Department has assisted who have realised a deal, not those the Department has worked with but have not reached a deal. This report reflects Export Wins that have been confirmed in 2025-26.

The Win metric contains some inherent characteristics that will always present challenges in assuring value and data accuracy. The metric relies heavily on the relationships the Department's staff have with customers, and the information customers are prepared to share. Although guidance is provided to help establish the Win value, the specific expectations and forecast values up to a five-year period are

subjective. Some deals are very complex, involving global supply chains and in-market requirements for local supply / presence and the ask of customers to separate export value from others is a distinction that is artificial for them. The information captured, represents a snapshot at a certain point in time based upon what the customer is willing, or able, to provide.

From 2023-24 a new methodology was introduced to include Wins where support has been provided to an overseas company to help import from the UK, in addition to those Wins achieved by UK companies. Caution is advised when comparing Export Wins across different years.

## FDI projects

---

FDI is defined as a cross-border investment made by a non-UK resident entity where the direct investor acquires at least 10% of the voting power or ownership. The Department's definition of FDI projects covers a wide range of investment, including those projects which are not announced by companies. Whereas Departmental statistics record the number of FDI projects and jobs created / safeguarded, ONS statistics are the official source for the value of inward and outward FDI stocks at the UK level. See the published [ONS FDI statistics](#) for further information.

Data and information related to investment projects are recorded on an internal database accessible by teams across the Department. When revenue generating activities have begun, the record undergoes a robust verification

process where an independent team reviews the information attached to each project to check for quality, accuracy and consistency of data. All projects must meet the same established standards and criteria to be classified as a success, and there must be sufficient evidence recorded showing that the investment decision has been made, the UK company is fully registered, and that the company has started activities on the UK site. Departmental figures in this report only include recorded inward FDI projects which received support from the Department and/or one of its regional and local partners.

Gross Value Added (GVA) figures are estimated and developed using the Department's analysis into the economic impact of FDI. Estimates are made by applying the sector specific multipliers detailed in the Department's research report to either the number of new jobs generated from FDI projects, or the capital expenditure invested by the FDI projects. This is determined by whether a sector is deemed as labour intensive or capital intensive. The estimated impacts published are the minimum level of GVA expected over 3 years.



## Bounce Back Loan Scheme (BBLs) Enforcement

---

The number of insolvent disqualifications are based on Insolvency Service enforcement outcomes management information published as a 'transparency' release.

This statistic relates specifically to director disqualifications under section 6 of the Company Directors Disqualification Act (1986), which covers unfit conduct in relation to an insolvent or dissolved company. The total number of Insolvent Disqualifications and the number relating to COVID-19 financial support schemes are read from Table 2 (section 1.1) of the Transparency release. The percentage is derived from these two numbers and rounded to the nearest 1%.

The statement that COVID-19 financial support scheme abuse relates predominantly to BBLs is derived from internal management information held by the Department and the Insolvency Service.

Data for the current financial year are updated monthly, and occasionally data for the previous financial year are also updated. Where revisions are made, this is highlighted within the publication. There is also a full history of all such updates published on the Insolvency Service Enforcement Outcomes Management Information Transparency Data landing page. The data used for the ARA was published in June 2026.

Source: [Insolvency Service enforcement outcomes 2025-26 - GOV.UK](#)



## Civil Enforcements

---

Director disqualification is the process whereby a person is disqualified, for a specified period, from becoming a director of a company, or directly or indirectly being concerned or taking part in the promotion, formation, or management of a company without permission from the court. These statistics relate to individuals that are subject to a bankruptcy or debt relief order in England and Wales, where the individual is considered to have been dishonest or blameworthy.

# Annex B – Sector sponsorship

The Department continues to follow the recommendations of the Committee on Standards in Public Life and Cabinet Office guidelines on handling sponsorship arrangements with the private sector. During 2025-26, the Department agreed the following private sector sponsorship (only sponsorship exceeding £5,000 for a single event is shown here).

| Sponsor                   | Value (£) | Event                                                | Event Date           |
|---------------------------|-----------|------------------------------------------------------|----------------------|
| Santander UK plc          | 250,000   | Global Partners Programme                            | Multiple event dates |
| Paymentology (Pty) Ltd    | 20,000    | GREAT FUTURES: Shaping Vision, Driving Growth Summit | 3 September 2025     |
| Haleon plc                | 30,000    | GREAT FUTURES: Shaping Vision, Driving Growth Summit | 3 September 2025     |
| Lenovo Group Ltd          | 40,000    | GREAT FUTURES: Shaping Vision, Driving Growth Summit | 3 September 2025     |
| Wood Mackenzie Ltd        | 20,000    | GREAT FUTURES: Shaping Vision, Driving Growth Summit | 3 September 2025     |
| Pinsent Masons LLP        | 10,000    | Global Space Finance Summit                          | 2 December 2025      |
| Crowell & Moring U.K. LLP | 10,000    | Global Space Finance Summit                          | 8 December 2025      |
| Barclays Bank plc         | 25,000    | Global Space Finance Summit                          | 30 December 2025     |

| Sponsor                     | Value (£) | Event                                | Event Date                      |
|-----------------------------|-----------|--------------------------------------|---------------------------------|
| Relm Ins UK Ltd             | 12,500    | Global Space Finance Summit          | 9 January 2026                  |
| Seraphim Space              | 6,250     | Global Space Finance Summit          | 6 January 2026                  |
| Aggreko (Singapore) Pte Ltd | 50,000    | UK Pavilion at World Expo 2025 Osaka | 13 April 2025 – 13 October 2025 |

## Overseas: Cash Received

| Sponsor                                        | Value (£) | Event note                    |
|------------------------------------------------|-----------|-------------------------------|
| BDM Engenharia e Tecnologia LDA                | 2,534     | Trade Mission                 |
| Elecnor Servicios Y Proyectos S.A.U            | 2,534     | Trade Mission                 |
| Griner Engenharia S.A                          | 2,439     | Trade Mission                 |
| INNOVO Angola-Engenharia e Construção LDA      | 2,439     | Trade Mission                 |
| OECI S.A-SUCURSAL EM ANGOLA                    | 2,439     | Trade Mission                 |
| Tokio Marine & Nichido Fire Insurance Co., Ltd | 2,889     | Space Event July 2025 (Japan) |
| Willis Towers Watson plc                       | 2,889     | Space Event July 2025 (Japan) |
| British Telecommunications plc                 | 1,000     | DSEI Japan 2025 Reception     |
| BAE Systems plc                                | 1,000     | DSEI Japan 2025 Reception     |
| Airbus S.E.                                    | 1,000     | DSEI Japan 2025 Reception     |
| Amentum Services, Inc                          | 1,000     | DSEI Japan 2025 Reception     |
| Cambridge Consultants Ltd                      | 1,000     | DSEI Japan 2025 Reception     |
| Clarion Events Ltd                             | 1,000     | DSEI Japan 2025 Reception     |
| Collins Aerospace                              | 750       | DSEI Japan 2025 Reception     |
| Griffon Marine Ltd                             | 1,000     | DSEI Japan 2025 Reception     |

| Sponsor                                                 | Value (£) | Event note                                                       |
|---------------------------------------------------------|-----------|------------------------------------------------------------------|
| Leonardo S.p.A.                                         | 1,000     | DSEI Japan 2025 Reception                                        |
| MBDA Systems                                            | 1,000     | DSEI Japan 2025 Reception                                        |
| Rolls-Royce plc                                         | 1,000     | DSEI Japan 2025 Reception                                        |
| KX Software Ltd                                         | 1,000     | DSEI Japan 2025 Reception                                        |
| Babcock International Group plc                         | 1,000     | DSEI Japan 2025 Reception                                        |
| BAE SYSTEMS (INTERNATIONAL) LTD                         | 25,424    | Stand Space UK Pavilion DS 2025 (Thailand)                       |
| Thermoteknix Systems Ltd                                | 4,430     | Stand Space UK Pavilion DS 2025 (Thailand)                       |
| Pearson Engineering Ltd                                 | 4,420     | Stand Space UK Pavilion DS 2025 (Thailand)                       |
| MSI Defence Systems                                     | 4,409     | Stand Space UK Pavilion DS 2025 (Thailand)                       |
| SPX Communications (Enterprise Control Systems Limited) | 4,460     | Stand Space UK Pavilion DS 2025 (Thailand)                       |
| Blighter Surveillance Systems Ltd                       | 4,388     | Stand Space UK Pavilion DS 2025 (Thailand)                       |
| METRASENS LIMITED                                       | 4,331     | Stand Space UK Pavilion DS 2025 (Thailand)                       |
| Adder Technology Limited                                | 4,291     | Stand Space UK Pavilion DS 2025 (Thailand)                       |
| EASAT RADAR SYSTEMS LTD                                 | 4,385     | Stand Space UK Pavilion DS 2025 (Thailand)                       |
| MBDA Systems                                            | 4,927     | Indo Pacific International Maritime Exposition 4-6 November 2025 |

| Sponsor                                      | Value (£) | Event note                                                          |
|----------------------------------------------|-----------|---------------------------------------------------------------------|
| Babcock International Group plc              | 7,451     | Indo Pacific International Maritime Exposition<br>4-6 November 2025 |
| The Config Team Ltd                          | 3,062     | Formula 1 Australian Grand Prix 2026<br>5-8 March 2026              |
| Ashurst Risk Advisory Pty Ltd                | 1,578     | Formula 1 Australian Grand Prix 2026<br>5-8 March 2026              |
| Octopus Australia                            | 1,578     | Formula 1 Australian Grand Prix 2026<br>5-8 March 2026              |
| Supacat Asia Pacific                         | 766       | Formula 1 Australian Grand Prix 2026<br>5-8 March 2026              |
| Octopus Energy                               | 6,297     | 2025 Milan King's Birthday                                          |
| Wellington Management Company LLP            | 6,012     | Pension Funds Mission organised by the Financial Services team      |
| Aberdeen Group plc                           | 8,980     | Pension Funds Mission organised by the Financial Services team      |
| GuardCap Asset Management Ltd                | 6,000     | Pension Funds Mission organised by the Financial Services team      |
| Franklin Templeton Investment Management Ltd | 4,949     | Pension Funds Mission organised by the Financial Services team      |
| Schroders Investment Management Ltd          | 9,073     | Pension Funds Mission organised by the Financial Services team      |
| Janus Henderson Investors                    | 11,000    | Pension Funds Mission organised by the Financial Services team      |
| British Airways plc                          | 18,122    | Silver, Delhi/Mumbai/Bengaluru KBP                                  |
| HSBC Holdings plc                            | 65,440    | Platinum, Delhi & Mumbai KBP<br>Gold, Mumbai CSG                    |

| Sponsor                                                       | Value (£) | Event note                                           |
|---------------------------------------------------------------|-----------|------------------------------------------------------|
| Hindustan Unilever Limited                                    | 10,068    | Gold, Mumbai KBP                                     |
| Tata Sons Private Ltd                                         | 10,068    | Gold, Mumbai KBP                                     |
| BP plc                                                        | 6,041     | Silver, Delhi KBP                                    |
| BAE Systems India Services Pvt Ltd                            | 6,041     | Silver, Delhi KBP                                    |
| GEDU Global Education Holdings Ltd                            | 10,068    | Gold, Delhi KBP                                      |
| Football Association Premier League Ltd                       | 30,203    | Platinum, CSG Mumbai                                 |
| Prudential plc                                                | 10,068    | Gold, Delhi KBP                                      |
| Barclays Bank plc                                             | 10,068    | Gold, Delhi KBP                                      |
| Football Association Premier League Ltd                       | 5,688     | Platinum, CSG Mumbai                                 |
| GEDU Global Education Holdings Ltd                            | 10,000    | Delhi, AI Impact Summit                              |
| West Midlands Growth Company                                  | 5,000     | Bangalore KBP                                        |
| BP plc                                                        | 15,672    | 2025 China International Fair for Investment & Trade |
| AstraZeneca UK Ltd                                            | 15,672    | 2025 China International Fair for Investment & Trade |
| HSBC Holdings plc                                             | 7,836     | 2025 China International Fair for Investment & Trade |
| ICAEW Institute of Chartered Accountants in England and Wales | 7,313     | 2025 China International Fair for Investment & Trade |
| Haleon plc                                                    | 7,313     | 2025 China International Fair for Investment & Trade |



| Sponsor                            | Value (£) | Event note                                           |
|------------------------------------|-----------|------------------------------------------------------|
| Arup Group Ltd                     | 5,224     | 2025 China International Fair for Investment & Trade |
| Shoosmiths LLP                     | 5,137     | 2025 China International Fair for Investment & Trade |
| Sino Group                         | 28,494    | UK Investment Conference                             |
| HSBC UK Bank plc                   | 30,579    | UK Investment Conference                             |
| Kerogen Capital Ltd                | 16,622    | UK Investment Conference                             |
| UK Power Networks                  | 17,499    | UK Investment Conference                             |
| Opportunity London Partnership Ltd | 7,500     | UK Investment Conference                             |
| Draken Europe                      | 4,827     | World Defense Show                                   |
| Marshall Group                     | 190       | World Defense Show                                   |
| Rolls-Royce plc                    | 9,653     | World Defense Show                                   |
| Clarion Events Ltd                 | 9,881     | World Defense Show                                   |
| BAE Systems                        | 9,851     | World Defense Show                                   |
| Santander UK plc                   | 26,607    | World Defense Show                                   |

## Overseas: Non-cash sponsorship

| Sponsor                               | Value (£) | Event note                                        |
|---------------------------------------|-----------|---------------------------------------------------|
| ITECA LLP                             | 8,028     | Joint Rare Earth visit to Kazakhstan and Mongolia |
| Squire Patton Boggs LLP               | 5,000     | Global Borrowers & Bond Investors Forum           |
| F1 Formula One World Championship Ltd | 15,355    | F1 - Pit Lane Diplomacy Event                     |
| Barclays Bank plc                     | 5,411     | Sustainability and Finance Forum in Istanbul      |
| Zaha Hadid Architects                 | 5,000     | London Build 2025                                 |

# Annex C – Core tables

The core tables represent expenditure for resource and capital, set for each year in the Spending Review process (amended to incorporate transfers of functions to other government departments as they have arisen).

These tables are not reported on the same basis as the financial statements disclosures, with differing categories and headings based on the Department's Estimates allocation of activities and budgeting, not financial reporting terms.

The core tables are produced automatically from the HM Treasury system (Online System for Central Accounting and Reporting (OSCAR)) which is used by all central government departments to record their spending and plans.

Total Departmental spending is the sum of the resource budget and the capital budget less depreciation. Similarly, total DEL is the sum of Resource DEL and Capital DEL less depreciation in DEL, and total AME is the sum of Resource AME and Capital AME less any depreciation in AME.

**Table 1: Total Departmental spending, 2020-21 to 2025-26 and plans from 2026-27 to 2028-29, and 2029-30 (CDEL only)**

This table provides a summary of Departmental net expenditure using the same headings as voted within the Estimate. An overview of variances to budget in this financial year and expenditure trends in previous financial years can be found in the Financial Review in the Performance Analysis.

For comparability purposes, the amounts shown for years 2026-27 and beyond do not include the impact of changes in the budgeting framework effective from 2026-27 whereby ring-fenced depreciation RDEL and BBB RDEL and CDEL transactions other than net operating expenditure will be reclassified to AME.

Detailed allocations of resources to business areas in years after 2026-27 are indicative, and subject to further detailed business planning.

[illegible]

|                                                | 2020-21             | 2021-22          | 2022-23          | 2023-24          | 2024-25          | 2025-26          | 2026-27          | 2027-28          | 2028-29          | 2029-30           |
|------------------------------------------------|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
|                                                | Outturn             | Outturn          | Outturn          | Outturn          | Outturn          | Outturn          | Plans            | Plans            | Plans            | Plans (CDEL only) |
|                                                | £000                | £000             | £000             | £000             | £000             | £000             | £000             | £000             | £000             | £000              |
| DBT - Department for Business and Trade (AME)  | (10,197,551)        | 434,301          | 223,785          | 1,453,671        | 281,993          | 70,286           | 444,889          | -                | -                | -                 |
| DBT - Arm's Length Bodies (ALB) (Net) (AME)    | (197,065)           | (434,885)        | 216,019          | 186,437          | (71,369)         | (310,600)        | (74,824)         | -                | -                | -                 |
| <b>Total Resource AME</b>                      | <b>(10,394,616)</b> | <b>(584)</b>     | <b>439,804</b>   | <b>1,640,108</b> | <b>210,624</b>   | <b>(240,314)</b> | <b>370,065</b>   | <b>-</b>         | <b>-</b>         | <b>-</b>          |
| Of which:                                      |                     |                  |                  |                  |                  |                  |                  |                  |                  |                   |
| Current grants to persons and non-profit (net) | 531,838             | 333,903          | 415,982          | 592,849          | 640,595          | 636,854          | 597,000          | -                | -                | -                 |
| Depreciation                                   | (141,659)           | (607,371)        | 426,800          | 181,731          | 86,995           | (428,322)        | (75,635)         | -                | -                | -                 |
| Other resource                                 | (84,011)            | (204,140)        | (385,073)        | (232,890)        | (194,969)        | (34,980)         | (11,164)         | -                | -                | -                 |
| Purchase of goods and services                 | 2,733               | 3,721            | 3,172            | 2,627            | 1,337            | 2,838            | -                | -                | -                | -                 |
| Release of provision                           | (10,865,438)        | (45,564)         | (81,811)         | (232,332)        | (685,484)        | (816,003)        | (721,569)        | -                | -                | -                 |
| Rentals                                        | 331                 | (63)             | 51               | 30               | 148              | (93)             | -                | -                | -                | -                 |
| Staff costs                                    | 5,714               | 6,164            | 5,540            | 6,396            | 6,255            | 7,638            | -                | -                | -                | -                 |
| Subsidies to private sector companies          | -                   | -                | -                | -                | -                | 160,790          | -                | -                | -                | -                 |
| Take up of provisions                          | 155,737             | 512,766          | 50,143           | 1,321,697        | 355,747          | 230,964          | 581,433          | -                | -                | -                 |
| <b>Total Resource Budget</b>                   | <b>10,859,935</b>   | <b>6,417,568</b> | <b>1,826,715</b> | <b>3,422,937</b> | <b>1,843,003</b> | <b>1,971,592</b> | <b>2,417,570</b> | <b>1,826,567</b> | <b>1,818,125</b> | <b>-</b>          |
| Of which:                                      |                     |                  |                  |                  |                  |                  |                  |                  |                  |                   |
| Current grants to persons and non-profit (net) | 645,197             | 458,781          | 537,894          | 709,588          | 753,717          | 769,556          | 718,639          | 121,018          | 125,432          | -                 |
| Depreciation                                   | (117,331)           | (534,631)        | 501,476          | 249,279          | 192,295          | (424,425)        | (26,267)         | 54,096           | 54,178           | -                 |
| Income from sales of goods and services        | (3,787)             | (7,358)          | (4,676)          | (7,545)          | (4,504)          | (4,714)          | (14,513)         | (10,000)         | (10,000)         | -                 |
| Net public service pensions                    | (5)                 | -                | -                | -                | -                | -                | -                | -                | -                | -                 |
| Other resource                                 | (867,342)           | (547,674)        | (689,104)        | (595,363)        | (699,972)        | (91,872)         | (116,018)        | (202,538)        | (211,277)        | -                 |
| Purchase of goods and services                 | 603,361             | 509,948          | 578,593          | 744,848          | 607,550          | 628,273          | 530,137          | 633,714          | 695,069          | -                 |
| Release of provision                           | (10,865,438)        | (45,357)         | (79,811)         | (232,332)        | (685,484)        | (816,003)        | (721,569)        | -                | -                | -                 |

|                                                | 2020-21          | 2021-22         | 2022-23         | 2023-24          | 2024-25         | 2025-26          | 2026-27          | 2027-28          | 2028-29          | 2029-30                         |
|------------------------------------------------|------------------|-----------------|-----------------|------------------|-----------------|------------------|------------------|------------------|------------------|---------------------------------|
|                                                | Outturn<br>£000  | Outturn<br>£000 | Outturn<br>£000 | Outturn<br>£000  | Outturn<br>£000 | Outturn<br>£000  | Plans<br>£000    | Plans<br>£000    | Plans<br>£000    | Plans<br>(CDEL<br>only)<br>£000 |
| Rentals                                        | 27,661           | 6,484           | (90)            | 316              | 938             | 622              | -                | -                | -                | -                               |
| Staff costs                                    | 611,930          | 671,996         | 746,011         | 824,027          | 912,309         | 1,050,149        | 965,873          | 820,508          | 796,435          | -                               |
| Subsidies to private sector companies          | 12,481,812       | 1,439,916       | 105,088         | 233,568          | 150,680         | 345,443          | 251,393          | 201,600          | 200,000          | -                               |
| Subsidies to public corporations               | 50,081           | 56,479          | 52,834          | 169,438          | 240,951         | 258,322          | 248,367          | 177,500          | 141,800          | -                               |
| Take up of provisions                          | 179,319          | 482,876         | 57,892          | 1,317,190        | 347,476         | 223,325          | 581,528          | 27,779           | 23,673           | -                               |
| Change in pension scheme liabilities           | 139              | 227             | 47              | 203              | 228             | 226              | -                | -                | -                | -                               |
| Current grants abroad (net)                    | 10,420           | 8,360           | 9,461           | 8,888            | 8,637           | 5,638            | -                | -                | -                | -                               |
| Current grants to local government (net)       | 8,103,779        | 3,917,521       | 41,124          | 831              | 18,182          | 27,052           | -                | 2,890            | 2,815            | -                               |
| <b>Capital DEL</b>                             |                  |                 |                 |                  |                 |                  |                  |                  |                  |                                 |
| DBT - Department for Business and Trade (DEL)  | 1,105,908        | 246,251         | (130,676)       | 614,195          | 492,484         | 1,339,075        | 1,373,470        | 1,430,635        | 1,368,035        | 1,202,173                       |
| DBT - Arm's Length Bodies (ALB) (Net) (DEL)    | 380,665          | 512,847         | 407,790         | 454,204          | 459,184         | 540,264          | 601,109          | 607,935          | 642,684          | 691,506                         |
| <b>Total Capital DEL</b>                       | <b>1,486,573</b> | <b>759,098</b>  | <b>277,114</b>  | <b>1,068,399</b> | <b>951,668</b>  | <b>1,879,339</b> | <b>1,974,579</b> | <b>2,038,570</b> | <b>2,010,719</b> | <b>1,893,679</b>                |
| Of which:                                      |                  |                 |                 |                  |                 |                  |                  |                  |                  |                                 |
| Current grants to persons and non-profit (net) | 23,060           | 31,920          | 23,025          | 304,036          | 313,198         | 370,700          | 262,475          | 269,713          | 303,351          | 367,689                         |
| Income from sales of assets                    | (121,493)        | (413)           | (857)           | (4,042)          | (1,494)         | (274)            | -                | -                | -                | -                               |
| Income from sales of goods and services        | -                | (2,000)         | (2,964)         | (1,942)          | (2,075)         | (2,305)          | (2,420)          | -                | -                | -                               |
| Net lending to the private sector and abroad   | 1,503,420        | 459,191         | 103,690         | 401,670          | 404,261         | 391,908          | 679,400          | 851,500          | 808,700          | 732,500                         |
| Other capital                                  | (62,025)         | (11,399)        | 23,173          | 6,175            | (27,842)        | 469              | -                | -                | -                | -                               |
| Purchase of assets                             | 58,703           | 42,701          | 6,281           | 47,405           | 50,554          | 117,396          | 22,511           | 114,733          | 86,694           | 70,932                          |
| Purchase of goods and services                 | 16,575           | 7,217           | 9,667           | 15,802           | 12,539          | 8,783            | 10,249           | 18,716           | 11,367           | (3,071)                         |

|                                                  | 2020-21           | 2021-22            | 2022-23          | 2023-24            | 2024-25          | 2025-26          | 2026-27        | 2027-28  | 2028-29  | 2029-30           |
|--------------------------------------------------|-------------------|--------------------|------------------|--------------------|------------------|------------------|----------------|----------|----------|-------------------|
|                                                  | Outturn           | Outturn            | Outturn          | Outturn            | Outturn          | Outturn          | Plans          | Plans    | Plans    | Plans (CDEL only) |
|                                                  | £000              | £000               | £000             | £000               | £000             | £000             | £000           | £000     | £000     | £000              |
| Staff costs                                      | 8                 | 1,195              | (137)            | 458                | 1,556            | 2,246            | 870            | -        | -        | -                 |
| Subsidies to private sector companies            | -                 | -                  | 343              | -                  | -                | 24,366           | 82,679         | 113,000  | 145,540  | 106,860           |
| Capital grants abroad (net)                      | 32                | -                  | (6,250)          | (104,325)          | 150              | 100              | -              | -        | -        | -                 |
| Capital grants to persons and non-profit (net)   | 331               | -                  | 6,718            | 37,713             | 1,270            | 162,236          | 195,000        | 152,808  | 180,167  | 189,769           |
| Capital grants to private sector companies (net) | 33,390            | 55,329             | 32,672           | 290,979            | 126,390          | 182,004          | 425,615        | 412,300  | 439,900  | 413,500           |
| Capital support for local government (net)       | 6,052             | 11,690             | 20,059           | 90                 | 10               | 3,024            | 26,300         | -        | -        | -                 |
| Capital support for public corporations          | 28,519            | 163,667            | 61,663           | 74,376             | 73,151           | 618,686          | 271,900        | 105,800  | 35,000   | 15,500            |
| Current grants abroad (net)                      | 1                 | -                  | 31               | 4                  | -                | -                | -              | -        | -        | -                 |
| <b>Capital AME</b>                               |                   |                    |                  |                    |                  |                  |                |          |          |                   |
| DBT - Department for Business and Trade (AME)    | 19,718,443        | (3,593,295)        | 1,316,687        | (1,138,905)        | (288,061)        | (130,843)        | 992,608        | -        | -        | -                 |
| DBT - Arm's Length Bodies (ALB) (Net) (AME)      | (221)             | (4,975)            | -                | -                  | 1,164            | 154              | -              | -        | -        | -                 |
| <b>Total Capital AME</b>                         | <b>19,718,222</b> | <b>(3,598,270)</b> | <b>1,316,687</b> | <b>(1,138,905)</b> | <b>(286,897)</b> | <b>(130,736)</b> | <b>992,608</b> | <b>-</b> | <b>-</b> | <b>-</b>          |
| Of which:                                        |                   |                    |                  |                    |                  |                  |                |          |          |                   |
| Net lending to the private sector and abroad     | (221)             | (4,975)            | -                | -                  | -                | -                | -              | -        | -        | -                 |
| Purchase of assets                               | -                 | 2,755              | -                | -                  | -                | 70               | -              | -        | -        | -                 |
| Take up of provisions                            | -                 | 151                | (28)             | 550                | 1,234            | 84               | -              | -        | -        | -                 |
| Capital grants to persons and non-profit (net)   | -                 | -                  | -                | -                  | 352,804          | 160,358          | 714,602        | -        | -        | -                 |
| Capital grants to private sector companies (net) | 19,781,449        | (3,524,201)        | 1,261,715        | (1,358,455)        | (571,935)        | (294,201)        | -              | -        | -        | -                 |
| Capital support for public corporations          | (63,006)          | (72,000)           | 55,000           | 219,000            | (69,000)         | 3,000            | 278,006        | -        | -        | -                 |



|                                                  | 2020-21           | 2021-22            | 2022-23          | 2023-24         | 2024-25        | 2025-26          | 2026-27          | 2027-28          | 2028-29          | 2029-30           |
|--------------------------------------------------|-------------------|--------------------|------------------|-----------------|----------------|------------------|------------------|------------------|------------------|-------------------|
|                                                  | Outturn           | Outturn            | Outturn          | Outturn         | Outturn        | Outturn          | Plans            | Plans            | Plans            | Plans (CDEL only) |
|                                                  | £000              | £000               | £000             | £000            | £000           | £000             | £000             | £000             | £000             | £000              |
| <b>Total Capital Budget</b>                      | <b>21,204,795</b> | <b>(2,839,172)</b> | <b>1,593,801</b> | <b>(70,506)</b> | <b>664,771</b> | <b>1,748,650</b> | <b>2,967,187</b> | <b>2,038,570</b> | <b>2,010,719</b> | <b>1,893,679</b>  |
| Of which:                                        |                   |                    |                  |                 |                |                  |                  |                  |                  |                   |
| Current grants to persons and non-profit (net)   | 23,060            | 31,920             | 23,025           | 304,036         | 313,198        | 370,700          | 262,475          | 269,713          | 303,351          | 367,689           |
| Income from sales of assets                      | (121,493)         | (413)              | (857)            | (4,042)         | (1,494)        | (274)            | -                | -                | -                | -                 |
| Income from sales of goods and services          | -                 | (2,000)            | (2,964)          | (1,942)         | (2,075)        | (2,305)          | (2,420)          | -                | -                | -                 |
| Net lending to the private sector and abroad     | 1,503,199         | 454,216            | 197,865          | 401,670         | 404,261        | 391,908          | 679,400          | 851,500          | 808,700          | 732,500           |
| Other capital                                    | (62,025)          | (11,399)           | 49,027           | 6,175           | (27,842)       | 469              | -                | -                | -                | -                 |
| Purchase of assets                               | 58,703            | 45,456             | 6,281            | 47,405          | 50,554         | 117,466          | 22,511           | 114,733          | 86,694           | 70,932            |
| Purchase of goods and services                   | 16,575            | 7,217              | 9,667            | 15,802          | 12,539         | 8,783            | 10,249           | 18,716           | 11,367           | (3,071)           |
| Staff costs                                      | 8                 | 1,195              | (137)            | 458             | 1,556          | 2,246            | 870              | -                | -                | -                 |
| Subsidies to private sector companies            | -                 | -                  | 343              | -               | -              | 24,366           | 82,679           | 113,000          | 145,540          | 106,860           |
| Take up of provisions                            | -                 | 151                | (28)             | 550             | 1,234          | 84               | -                | -                | -                | -                 |
| Capital grants abroad (net)                      | 32                | -                  | (6,250)          | (104,325)       | 150            | 100              | -                | -                | -                | -                 |
| Capital grants to persons and non-profit (net)   | 331               | -                  | 6,718            | 37,713          | 354,074        | 322,594          | 909,602          | 152,808          | 180,167          | 189,769           |
| Capital grants to private sector companies (net) | 19,814,839        | (3,468,872)        | 1,294,387        | (1,067,476)     | (445,545)      | (112,197)        | 425,615          | 412,300          | 439,900          | 413,500           |
| Capital support for local government (net)       | 6,052             | 11,690             | 20,059           | 90              | 10             | 3,024            | 26,300           | -                | -                | -                 |
| Capital support for public corporations          | (34,487)          | 91,667             | 116,663          | 293,376         | 4,151          | 621,686          | 549,906          | 105,800          | 35,000           | 15,500            |
| Current grants abroad (net)                      | 1                 | -                  | 31               | 4               | -              | -                | -                | -                | -                | -                 |

Table 2: Administration Budget, 2020-21 to 2029-30

|                                                | 2020-21        | 2021-22        | 2022-23        | 2023-24        | 2024-25        | 2025-26        | 2026-27        | 2027-28        | 2028-29        | 2029-30           |
|------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------|
|                                                | Outturn        | Outturn        | Outturn        | Outturn        | Outturn        | Outturn        | Plans          | Plans          | Plans          | Plans (CDEL only) |
|                                                | £'000          | £'000          | £'000          | £'000          | £'000          | £'000          | £'000          | £'000          | £'000          | £'000             |
| <b>Resource DEL</b>                            |                |                |                |                |                |                |                |                |                |                   |
| DBT – Department for Business and Trade (DEL)  | 282,217        | 313,527        | 332,091        | 365,964        | 417,376        | 444,863        | 429,727        | 418,185        | 416,224        | -                 |
| DBT – Arm's Length Bodies (ALB) (Net) (DEL)    | 8,581          | 18,360         | 24,787         | 24,336         | 23,521         | 28,877         | 29,280         | 28,691         | 28,734         | -                 |
| <b>Total administration budget</b>             | <b>290,798</b> | <b>331,887</b> | <b>356,878</b> | <b>390,300</b> | <b>440,897</b> | <b>473,740</b> | <b>459,007</b> | <b>446,867</b> | <b>444,958</b> | <b>-</b>          |
| Of which:                                      |                |                |                |                |                |                |                |                |                |                   |
| Current grants to persons and non-profit (net) | 15             | 265            | 39             | 72             | (1)            | 40             | -              | -              | -              | -                 |
| Depreciation                                   | 4,040          | 8,768          | 14,656         | 15,914         | 11,774         | 12,224         | 12,716         | 12,876         | 12,958         | -                 |
| Income from sales of goods and services        | (743)          | (438)          | (492)          | (607)          | (614)          | (972)          | (5,375)        | -              | -              | -                 |
| Net public service pensions                    | (5)            | -              | -              | -              | -              | -              | -              | -              | -              | -                 |
| Other resource                                 | 1,228          | (2,901)        | (20)           | (818)          | (3,779)        | (1,402)        | -              | -              | -              | -                 |
| Purchase of goods and services                 | 63,449         | 78,069         | 96,429         | 133,520        | 149,485        | 111,649        | 124,879        | 119,707        | 119,115        | -                 |
| Rentals                                        | 18,018         | 7,085          | (506)          | (53)           | 317            | 90             | -              | -              | -              | -                 |
| Staff costs                                    | 202,622        | 240,862        | 245,574        | 241,651        | 283,458        | 351,953        | 326,692        | 313,162        | 311,714        | -                 |
| Subsidies to public corporations               | -              | 4              | 2              | -              | -              | -              | -              | -              | -              | -                 |
| Take up of provisions                          | -              | -              | -              | 124            | -              | -              | 95             | -              | -              | -                 |
| Current grants to local government (net)       | -              | -              | -              | -              | -              | -              | -              | 1,131          | 1,131          | -                 |
| Change in pension scheme liabilities           | 26             | 54             | (10)           | (36)           | 22             | 42             | -              | -              | -              | -                 |
| Current grants abroad (net)                    | 2,148          | 119            | 1,206          | 533            | 235            | 71             | -              | -              | -              | -                 |

# Annex D – Financial information by Consolidated Body

The table below shows the total operating income, total operating expenditure, net expenditure for the year, and staff numbers and costs for each of the consolidated bodies. The figures below will not tie directly to the consolidated bodies' published accounts as they include some adjustments which would have been captured in the bodies' accounts in the previous year. Note that the Competition Appeal Tribunal is not included as a separate line below as these figures are included within Competition Service.

## Financial Information by Consolidated Body

|                                                  |                        |                             |                                                    |                            |             | 2025-26             |             |
|--------------------------------------------------|------------------------|-----------------------------|----------------------------------------------------|----------------------------|-------------|---------------------|-------------|
|                                                  | Total operating income | Total operating expenditure | Net expenditure for the year (including financing) | Permanently employed staff |             | Other staff         |             |
|                                                  |                        |                             |                                                    | Number of employees        | Staff costs | Number of employees | Staff costs |
|                                                  | £m                     | £m                          | £m                                                 |                            | £m          |                     | £m          |
| Core Department                                  | (207)                  | 2,745                       | 2,598                                              | 5,638                      | 583         | 1,893               | 25          |
| Insolvency Service                               | (196)                  | 669                         | 474                                                | 1,839                      | 111         | 87                  | 9           |
| Companies House                                  | (255)                  | 255                         | 1                                                  | 2,188                      | 109         | 23                  | 16          |
| ACAS                                             | (6)                    | 72                          | 67                                                 | 1,012                      | 58          | 19                  | -           |
| Financial Reporting Council Ltd                  | (69)                   | 66                          | (3)                                                | 457                        | 51          | -                   | 1           |
| Competition Service                              | -                      | 7                           | 7                                                  | 22                         | 4           | 1                   | -           |
| Trade Remedies Authority                         | -                      | 20                          | 20                                                 | 160                        | 13          | 12                  | 2           |
| BBB PLC                                          | (131)                  | (214)                       | (345)                                              | 586                        | 69          | 16                  | -           |
| BIS (Postal Services Act 2011) Company Limited   | (10)                   | 12                          | 1                                                  | -                          | -           | -                   | -           |
| Northern Powerhouse Investment Limited           | (7)                    | 5                           | (2)                                                | -                          | -           | -                   | -           |
| Midlands Engine Investments Limited              | (7)                    | 5                           | (2)                                                | -                          | -           | -                   | -           |
| Cornwall and Isles of Scilly Investments Limited | (5)                    | 5                           | -                                                  | -                          | -           | -                   | -           |
| Fleetbank Funding Limited                        | (21)                   | -                           | -                                                  | -                          | -           | -                   | -           |

|                                 |                        |                             |                                                    |                            |             | 2025-26             |             |
|---------------------------------|------------------------|-----------------------------|----------------------------------------------------|----------------------------|-------------|---------------------|-------------|
|                                 |                        |                             |                                                    | Permanently employed staff |             | Other staff         |             |
|                                 | Total operating income | Total operating expenditure | Net expenditure for the year (including financing) | Number of employees        | Staff costs | Number of employees | Staff costs |
|                                 | £m                     | £m                          | £m                                                 |                            | £m          |                     | £m          |
| Consolidation adjustments       | 152                    | (264)                       | (133)                                              | -                          | -           | -                   | -           |
| <b>Total Departmental Group</b> | <b>(762)</b>           | <b>3,383</b>                | <b>2,683</b>                                       | <b>11,902</b>              | <b>998</b>  | <b>2,051</b>        | <b>53</b>   |

# Annex E: Business Critical Models

Below are Business Critical Models maintained by the Department and listed according to the Department's Priority Outcomes.

## **Outcome 1 – Make the UK the best place in the world to do business**

### **National Minimum Wage Impact Assessment Model (NMW IA Model)**

Estimates the impacts of changes to NMW rates on workers and employers. Used to support decisions on whether to accept Low Pay Commission recommendations and to produce the Impact Assessment.

### **National Minimum Wage Naming Model**

Processes HMRC enforcement data to determine which employers should be publicly “named” for underpaying minimum wage. Produces the published list of non-compliant employers.

## **Repayable Launch Investment Valuation Model**

Values the government's aerospace investment portfolio by calculating net present value based on aircraft/engine sales and inflation/discount data. Feeds into Departmental accounts.

## **National Automotive Industry Model**

Assesses the value for money of DRIVE35 by estimating how the programme affects UK vehicle production, jobs, and R&D spillovers. Used in the full business case.

## **ATF Value for Money Toolkit**

Calculates Benefit Cost Ratios for automotive transformation grants using jobs, production and R&D information from applicants. Supports decisions on capital grant funding.

## **Horizon Shortfall Scheme Simplified Model**

Forecasts redress and legal costs for the HSS. Used to monitor expected total spend and inform departmental financial planning.

## **Horizon Shortfall Scheme Appeals Model**

Estimates costs for appeals under HSSA, including award uplifts and legal/admin costs.



## **GLO Redress Cost Model**

Predicts compensation and legal costs for the GLO redress scheme using actual claims data.

## **Horizon Convictions Redress Scheme Cost Model**

Estimates total redress, legal and administrative costs of the HCRS based on uncertain claimant numbers and settlement patterns.

## **Capture BLTA (Banded Light Touch Approach) Cost Model**

Estimates the cost of the Capture scheme redress costs and legal fees to ensure the Department retains oversight of likely total spend.

## **Family Member (FM) Redress Cost Model**

Estimates redress, legal and administrative costs for the upcoming Family Member scheme.

## **eRGF Toolkit**

Produces Benefit Cost Ratios to assess the value for money of eRGF.

## **ETS CPS Baseline & Compensation Model**

Calculates annual compensation owed to companies for energy costs from carbon pricing schemes (ETS CPS), based on company activity data and DESNZ price inputs.

## **Steel Value for Money Toolkit**

Assesses the value for money of interventions in the steel sector by estimating the quantitative benefits of carbon emissions reductions, employment and closure avoidance.

## **APC Automotive R&D / Innovation VfM Toolkit**

Produces Benefit Cost Ratios for DRIVE35 innovation and scale-up funding applications.

## **ATI VfM Toolkit**

Produces Benefit Cost Ratios to inform funding decisions for aerospace investments under the ATI programme.

## **Energy Price Cohort Model**

Estimates the cost of providing different levels of electricity price support to sector cohorts under the British Industrial Competitiveness Scheme, producing exemption values, support costs and competitiveness impacts using survey data and internal forecasts.

## **Energy Intensive Industries Compensation Scheme Eligibility Model**

Determines sector and firm eligibility for the EII compensation scheme using trade and electricity intensity thresholds.

## **Energy Intensive Industries Schemes Value for Money Assessment Model**

Estimates the costs, benefits and value for money of EII compensation options for policy appraisal.

## **Outcome 2 – Make the UK the best connected economy**

### **PETRA Trade Model**

An R based model estimating first-order impacts of trade shocks on sectors, products, and countries. Used widely across the Department for FTA analysis and sanctions assessments.

### **PE-D (Krugman) Partial-Equilibrium Model**

Simulates tariff and non-tariff barrier impacts on trade flows at detailed level. Complements broader Computable General Equilibrium models.

## **Services Gravity Model**

Estimates how changes to the Services Trade Restrictiveness Index affect bilateral services trade. Used for services negotiations.

## **NTM Changes Gravity Model**

Estimates changes in non-tariff measures resulting from trade policy and produces ad-valorem equivalents used as inputs to other trade models.

## **New Quantitative Trade Model (NQTM)**

Estimates the impacts of changes to trade costs on trade flows, welfare prices, and wages. Used to inform FTA analysis. Expected to replace multiple older models.

## **Static GTAP CGE Model**

Simulates economic impacts of trade agreements and other counterfactual scenarios.

## **Dynamic CGE Model**

Simulates economic impacts of trade agreements and other counterfactual scenarios, with investment and capital accumulation, on a year per year basis.

## **GTAP-E Model**

Simulates economic impacts of trade agreements and other counterfactual scenarios. This extension of the GTAP Model, static and dynamic, allows for the capture of the environmental impacts of economic and trade policy.

## **Domestic Industry Payment Shock Model**

A Python-based network simulation model using ONS payments data to analyse how supply-chain shocks propagate across UK industries. Helps identify sectors most vulnerable to disruption, given a specific shock scenario.

## **Foreign Direct Investment Regulatory Restrictiveness Index (FDI-RRRI) Tool**

Estimates how removing investment related regulatory restrictions in partner countries could increase UK FDI and associated earnings.

It applies OECD-estimated elasticities to current UK FDI positions to generate a five-year indicative (upper-bound) valuation. These are potential additional earnings through removal of FDI related restrictions in partner country.

## **Outcome 3 – Deliver great services for business**

### **Demand Forecast Model**

Forecasts future demand for Companies House filing activity across core workstreams using statistical time-series methods, to support operational, workforce and financial planning.

### **Companies House Fees Model**

Uses an activity-based costing methodology to set cost-recovery fee levels for Companies House services, based upon projections of demand generated by other models.

### **IFRS9 Expected Credit Loss and Claims model – DBT Financial Guarantee schemes**

Estimates IFRS9 Expected Credit Loss and claims for DBT financial guarantee schemes (administered by the British Business Bank), contributing to financial reporting and departmental accounts.

### **OPSS Detriment Model**

Estimates the monetary harm caused by unsafe or non-compliant products in the UK market, across multiple types of detriment. Used for policy appraisal and evaluating enforcement impact.

## Export Promotion Value for Money Model

Links spend on export support services to estimated additional economic outcomes, including additional exporters, export value and GVA, and supports strategic spending decisions across the Department.



# Glossary

Abbreviations and acronyms used in the Annual Report and Accounts

## A

- **ACAS:** Advisory, Conciliation and Arbitration Service
- **ACF:** Angel CoFund
- **AI:** Artificial Intelligence
- **ALB:** Arm's Length Bodies
- **AME:** Annually Managed Expenditure
- **APPS:** Adjusted Price Per Share or Average Price Per Share
- **AQuA:** Analytical Quality Assurance Book (UK government guidance document)
- **ARA:** Annual Report and Accounts
- **ARAC:** Audit and Risk Assurance Committee
- **ATF:** Automotive Transformation Fund
- **ATI:** Aerospace Technology Institute
- **AWS:** Amazon Web Services

## B

- **BAR:** Business Appointment Rules
- **BBB:** British Business Bank Plc

- **BBFL:** British Business Finance Ltd
- **BBI:** British Business Investments Limited
- **BBLs:** (Covid) Bounce Bank Loans Scheme
- **BCM:** Business Critical Models
- **BEIS:** The former Department for Business, Energy & Industrial Strategy
- **BFP:** Business Finance Partnership
- **BICS:** British Industrial Competitiveness Scheme
- **BPC:** British Patient Capital
- **BREEAM:** Building Research Establishment Environmental Assessment Method
- **BVCA:** British Private Equity and Venture Capital Association (as of 2026, now UK Private Capital)

## C

- **CAT:** Competition Appeal Tribunal
- **CBILS:** Coronavirus Business Interruption Loan Scheme
- **CBS:** Country Based Staff
- **CDFI:** Community Development Finance Institutions
- **CDEL:** Capital Departmental Expenditure Limit
- **CEF:** Community Enable Funding
- **CETV:** Cash Equivalent Transfer Value
- **CFC:** Common Fund for Commodities

- **CLN:** Convertible Loan Notes
- **CMA:** Competition and Markets Authority
- **CPS:** Crown Prosecution Service
- **CPTPP:** Comprehensive and Progressive Agreement for Trans-Pacific Partnership
- **CRS:** Capture Redress Scheme
- **CSCS:** Civil Service Compensation Scheme
- **CSOPS:** Civil Servants and Other Pension Scheme

## D

- **DDaT:** Digital, Data and Technology
- **DEFRA:** Department for Environment, Food and Rural Affairs
- **DEL:** Departmental Expenditure Limit
- **DESNZ:** Department for Energy Security and Net Zero
- **DIT:** The former Department for International Trade
- **DMAS:** The Digital Market Access Service
- **DSIT:** Department for Science, Innovation and Technology

## E

- **EAF:** Electric Arc Furnaces
- **ECF:** Enterprise Capital Funds
- **ECL:** Expected Credit Loss

- **EII:** Energy Intensive Industries
- **eRGF:** Exceptional Regional Growth Fund
- **ETS CPS:** Emissions Trading Scheme and Carbon Price Support Mechanism
- **ExCo:** the Executive Committee of the Department

## F

- **FCDO:** Foreign, Commonwealth and Development Office
- **FDI:** Foreign Direct Investment
- **FFL:** Fleetbank Funding Ltd
- **FOIA:** Freedom of Information Act 2000
- **FRC:** Financial Reporting Council
- **FReM:** The Government Financial Reporting Manual
- **FTA:** Free Trade Agreement
- **FTE:** Full Time Equivalent
- **FVTOCI:** Fair Value Through Other Comprehensive Income
- **FVTPL:** Fair Value Through Profit or Loss
- **FWA:** Fair Work Agency

## G

- **GAAP:** Generally Accepted Accounting Principles
- **GCC:** Gulf Cooperation Council

- **GGC:** Greening Government Commitments
- **GGS:** Growth Guarantee Scheme
- **GIAA:** Government Internal Audit Agency
- **GLD:** Government Legal Department
- **GLO:** Group Litigation Order
- **GPA:** Government Property Agency
- **GRAA:** Government Resources and Accounts Act 2000
- **GVA:** Gross Value Added

## H

- **HCRS:** Horizon Convictions Redress Scheme
- **HMG:** His Majesty's Government
- **HMRC:** His Majesty's Revenue and Customs
- **HSS:** Horizon Shortfall Scheme
- **HSSA:** Horizon Shortfall Scheme Appeals

## I

- **IAS:** International Accounting Standards
- **ICO:** Information Commissioner's Office
- **ICT:** Information and Communications Technology
- **IDA:** Industrial Development Act
- **IDAB:** Industrial Development Advisory Board

- **IFRS:** International Financial Reporting Standards
- **INSS:** Insolvency Service
- **IPEV:** International Private Equity and Venture Capital Valuation
- **IT:** Information Technology
- **IS-8:** the eight growth-driving sectors identified as having the greatest potential to raise national levels of investment and productivity
- **IVA:** Individual Voluntary Agreement

## L

- **LGD:** Loss Given Default

## M

- **MCP:** The Department's Major Change Portfolio
- **MoU:** Memorandum of Understanding
- **MPM:** Managing Public Money (HM Treasury Guidance)

## N

- **NABERS:** NABERS UK is a system for rating the energy efficiency of commercial buildings across England, Wales, Scotland and Northern Ireland
- **NAO:** National Audit Office
- **NATIS:** National Investigation Service

- **NAV:** Net Asset Value
- **NDPB:** Non-Departmental Public Body
- **NGC:** Nominations and Governance Committee
- **NIF:** National insurance Fund
- **NLW:** National Living Wage
- **NMW:** National Minimum Wage
- **NPIL:** Northern Powerhouse Investment Limited
- **NTS:** National Trading Standards

## O

- **OAB:** Old Admiralty Building, the Department's London headquarters
- **OC:** Overturned Convictions
- **OCBC:** Oversea-Chinese Banking Corporation
- **OCI:** Other Comprehensive Income
- **ODI:** Outward Direct Investment
- **ODP:** The Department's Outcome Delivery Plan
- **OECD:** Organisation for Economic Co-operation and Development
- **OGD:** Other Government Department
- **OPSS:** Office for Product Safety and Standards
- **OR:** Official Receiver
- **ORBC:** Office for Responsible Business Conduct



## P

- **PAC:** Public Accounts Committee
- **PCPF:** Parliamentary Contributory Pension Fund
- **PCSPS:** Principal Civil Service Pension Scheme
- **PD:** Probability of Default
- **PFI:** Private Finance Initiative
- **PHSO:** Parliamentary and Health Service Ombudsman
- **PMA:** Post Model Adjustment
- **POL:** Post Office Limited
- **PORI:** Price of Recent Investment
- **PPE:** Plant, Property and Equipment
- **PPR:** Post Office Process Review
- **PRC:** Performance and Risk Committee
- **PRR:** Principal Risk Register
- **PSFA:** Public Sector Fraud Authority
- **PSH:** Postal Services Holding Company Limited

## R

- **RIS:** Regional Investment Summit
- **RLS:** Recovery Loan Scheme
- **RLI:** Repayable Launch Investment
- **RMPP:** Royal Mail Pension Plan
- **ROU:** Right Of Use

- **RPS:** Redundancy Payments Service
- **RTC:** Report to Creditors
- **RICS:** Royal Institution of Chartered Surveyors
- **R&D:** Research and development

## S

- **SCS:** Senior Civil Service / Servant
- **SICR:** Significant Increase in Credit Risk
- **SISMA:** Steel Industry Special Measures Act
- **SME:** Small and Medium-Sized Enterprises
- **SOCNE:** Statement of Comprehensive Net Expenditure
- **SOFP:** Statement of Financial Position
- **SOPS:** Statement of Outturn against Parliamentary Supply
- **SPEI:** Service of Public Economic Interest
- **SRO:** Senior Responsible Owner
- **SRR:** Suspension Remuneration Review
- **SSRB:** Senior Salaries Review Body
- **SSUK:** Speciality Steel UK Ltd
- **STP:** (Post Office) Strategic Transformation Plan
- **SUL:** Start Up Loans
- **SULCo:** Start Up Loans Company
- **S&P:** Standard & Poor's

## T

- **TCFD:** Task Force on Climate Related Financial Disclosures
- **TME:** Total Managed Expenditure

## U

- **UKEF:** UK Export Finance
- **UKGI:** UK Government Investments
- **UKRI:** UK Research and Innovation

## V

- **VfM:** Value for Money

## W

- **WTO:** World Trade Organization











ISBN 978-1-5286-6608-4

E03628308