UK Hydrographic Office

Annual Report and Accounts 2025/26

HC 312

UK Hydrographic Office

Annual Report and Accounts 2025/26

For the period 1 April 2025 to 31 March 2026

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

Ordered by the House of Commons to be printed on 14 July 2026

HC 312

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

Any enquiries regarding this publication should be sent to:

UK Hydrographic Office

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

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

gov.uk/ukho

ISBN 978-1-5286-6329-8

E03557962 07/26

Printed on paper containing 75% recycled fibre content minimum

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

Contents

This Annual Report and Accounts is dedicated to the memory of Andrew Millard, the UK Hydrographic Office's former Head of Finance of 17 years who sadly passed away in April 2026.

About us

Trusted hydrographic data and expertise **for safe navigation**

The UK Hydrographic Office (UKHO) is a world-leading centre for hydrography, delivering trusted data and expertise that support safe, secure and thriving oceans.

As an executive agency of the Ministry of Defence (MOD), we play a vital role in supporting defence, maritime security and safe navigation in the UK and worldwide. Our activity is focused on discharging the UK government's coastal state obligations under the International Convention on the Safety of Life at Sea (SOLAS), providing authoritative hydrographic information that underpins national security, operational awareness and maritime resilience, including supporting defence diplomacy, force readiness and the security of critical undersea infrastructure.

Through our Admiralty portfolio, we provide a leading range of navigational products and services trusted by over 90% of large ships trading internationally today. This widespread use helps mariners navigate safely and confidently across global maritime routes, supporting compliant and efficient operations that enable trade and economic growth.

Working with a network of partners and peers across the globe, we collect, process and publish hydrographic and marine geospatial data from seabed to surface. We also represent the UK government internationally as an authority on hydrography and seabed mapping, contributing to the UK's global influence and helping to shape the standards and technologies that will define the future of maritime navigation.

Our work supports global maritime safety today, while enabling the future resilience and security of the marine environment.

Financial highlights

Revenue (£m)

£233.8m

2022/23	189.1
2023/24	202.3
2024/25	220.7
2025/26	233.8

Profit (£m)

£19.3m

2022/23	22.0
2023/24	15.0
2024/25	23.2
2025/26	19.3

Dividend (£m)

£12.5m

2022/23	12.5
2023/24	12.5
2024/25	12.5
2025/26	12.5

Chair's foreword

Enduring purpose **in an age of change**

Having been involved with the UK Hydrographic Office (UKHO) for over a decade, first as an observer to the Board, then as a Non-Executive Director, and more recently as Chair, it is a privilege to reflect on my tenure as I hand over to my successor, Mark Barclay.

The powerful intersection of data and technology at the heart of its mission is what first drew me to the UKHO. Over time, I have come to appreciate even more deeply the extraordinary expertise within this organisation: a concentration of scientific, technical, and operational capability that is rightly regarded as a crucial national asset that has proved essential through periods of technological change and geopolitical uncertainty.

The UKHO's heritage stretches back more than 230 years. Its global Admiralty navigational chart series has evolved from paper charts drawn with line and sextant to today's sophisticated e-navigation services and satellite-derived bathymetry. Yet throughout this transformation, its core purpose has remained constant: the safety of life at sea. That enduring mission, combined with a strong mandate to serve the UK government, underpins the organisation's strategy, accountability and contribution to national security and maritime resilience.

The UKHO occupies a uniquely important position at the intersection of the government, defence and commercial enterprise. It serves the Royal Navy and the Ministry of Defence, whilst also supporting the Department for Transport and the Maritime and Coastguard Agency. It plays a vital role in maritime safety, economic prosperity, and the security and resilience of our nation.

As the organisation looks ahead, it does so against a backdrop of increasing geopolitical uncertainty, rapid technological change and growing demand for trusted maritime data. The UKHO Business Plan 2026 reflects these external factors and they will continue to be an influence on the delivery of UKHO's Vision 2034.

We are an island nation whose history and identity are inseparable from the sea. The UKHO is both a historical record and a living testament to our relationship with the marine environment. Its archives span defining moments, from preparations for the D-Day landings to voyages of exploration, while its modern work supports offshore renewable energy, subsea cables, marine conservation and the charting of environmentally sensitive areas. Across every era, advances in hydrography have mirrored progress in technology, data science, and our understanding of the oceans.

> **"For more than two centuries, the UK Hydrographic Office has adapted to profound change, while remaining unwavering in its purpose: the safety of life at sea.**

Within this context, the Board's role is advisory rather than one of formal decision making, but no less significant. Its strength lies in the depth and breadth of expertise members bring from industry, government, and the military and in the diversity of perspective that reflects the complex environment in which the UKHO operates. I am proud to have led a Board that acts as a trusted strategic adviser, bringing independent judgement, commercial insight and operational understanding to bear.

As Chair, appointed through and accountable to the Ministry of Defence, my responsibility has been to steward a Board capable of operating effectively in this environment.

That has meant appointing individuals of calibre and integrity, ensuring the Board fulfils its core role: to challenge, validate and support the strategy of the Executive Leadership Team.

Working with the Executive Leadership Team, the Board has overseen significant transformation, driving the adoption of new technologies while responding to events of national and international consequence. Throughout, the UKHO's hydrographic expertise has remained essential to national security and maritime resilience.

We have sought to support the Chief Executive in what is a uniquely demanding role, as Accounting Officer, responsible for both organisational performance and the enduring support for safety of life at sea. The Board has also supported the appointment of key members of the Executive Leadership Team, strengthening capability at a time when technological change and geopolitical uncertainty demand both resilience and vision. I am immensely proud of the strength of the current leadership team and particularly proud to have supported the appointment of the first female Chief Executive in the organisation's 230-year history, a milestone that reflects both progress and the inclusive future the UKHO continues to build.

During my time as Chair, I have learned a great deal not least about the dedication and professionalism of the people who work at the UKHO. It has been an honour to serve this remarkable institution, and I leave confident that the UKHO will continue to demonstrate technical excellence, thought leadership, and unwavering commitment to enabling safe, secure, and thriving oceans.

My sincere thanks to everyone across the organisation. It has been a genuine privilege to work alongside colleagues whose expertise, integrity, and quiet commitment to public service are evident every day.

I wish my successor, Mark Barclay, and the entire UKHO community every success as you continue this vital work. Mark is looking forward to joining the UKHO Board and working with the Executive Leadership Team to develop opportunities underpinning the UKHO's critical role in defence and the global maritime sector.

Marion Leslie
Non-Executive Chair
until 30 April 2026

"In an era of increasing geopolitical uncertainty and rapid technological change, trusted hydrographic expertise remains essential to national security and maritime resilience.

Marion Leslie
Non-Executive Chair

Chief Executive's foreword

A year of strong **delivery and progress**

2025/26 has been a year of strong delivery, strategic progress and growing confidence for the UK Hydrographic Office (UKHO). Against a backdrop of geopolitical instability, accelerating technological change and increasing regulatory complexity, the UKHO has continued to fulfil its public task while operating a successful global commercial business, reinvesting income for the public good and strengthening the UK's influence overseas.

At the heart of everything we do is our purpose: for safe, secure and thriving oceans. This year, around 90% of our activity continued to focus on discharging the UK government's coastal state obligations under the International Convention on the Safety of Life at Sea, underpinning safe navigation, national security and maritime resilience. Through this work, we support defence by providing trusted hydrographic data and specialist expertise that enhance operational and situational awareness, support freedom of manoeuvre, and contribute to the protection of critical undersea infrastructure.

This contribution supports delivery of the Strategic Defence Review and Defence Reform, strengthening defence readiness and resilience through authoritative maritime geospatial data and specialist insight. It also contributes to the Defence Diplomacy Strategy, with our long-standing international hydrographic partnerships and standards leadership underpinning UK influence with allies and partners overseas.

Alongside this, our commercial operations enabled us to return £12.5m to the Ministry

> **The progress made this year gives me confidence. We have a clear strategy, a motivated workforce, and a strong platform to remain customer-led, data-driven and technology-enabled.**
>
> **Vanessa Blake**
> Chief Executive

of Defence (MOD) and sustain a £234m international business. This symbiotic model remains a core strength of the UKHO, delivering defence value while strengthening organisational resilience in an increasingly complex maritime environment.

Financially, the organisation delivered a robust performance in 2025/26. Turnover reached £234m, with gross profit of £128m and net profit before dividend of £19m. These results reflect the continued global reliance on Admiralty products and services, with around 90% of large ships trading internationally depending on our data, and 95% of UK trade carried by sea supported by UKHO information.

Our approach to sustainability is grounded in environmental, social and governance (ESG) principles, and is built into how we innovate, how we work, and how we strengthen procurement and organisational resilience. During Business Plan 2026, this included practical actions such as reducing global travel. While measuring progress against standard ESG frameworks can be challenging in our operating context, we remain focused on taking meaningful, practical steps to reduce carbon emissions and minimise our environmental impact.

Operationally, the year marked significant progress in our transition to a customer-led, data-driven, technology-enabled future. The launch of Admiralty Digital Sailing Directions to operational vessels improved usability, geospatial awareness and laid critical foundations for S-100 Phase 2 route planning capabilities. End-to-end testing of S-100 value added reseller capability and the launch of an international S-100 sea trials programme further demonstrated the UKHO's leadership in shaping the future of global navigation standards.

A further highlight of the year has been the successful joint development of AutoChart with our partners CARIS, representing a

"

By combining our public task with a successful global commercial model, we continue to deliver defence value while strengthening the UK's maritime resilience.

significant step forward in modernising how we create and maintain paper charts. AutoChart enables us to generate paper charts directly from our digital chart data, reducing reliance on labour intensive manual processes and improving consistency, quality and turnaround times. This capability not only enhances the sustainability and resilience of our paper chart production, but also ensures closer alignment between our digital and analogue products. Crucially, it positions the UKHO to transition more seamlessly into a fully digital future, where data is created once and used many times, supporting both current customer needs and the long-term evolution of navigation services.

We also delivered further meaningful improvements in efficiency and resilience. Automation has reduced update processing times from days to minutes, and bespoke exchange sets were automated to enable customer self-service. Investment in our systems has strengthened security, reduced legacy risk and improved scalability across our technology estate.

Our people are our greatest asset, and I am particularly proud of the progress made this year in culture, leadership and engagement. The establishment of our Vision Framework has given the organisation a clear operating model to deliver against our Vision 2034, supported by the rollout of our newly established culture programme and extensive leadership development.

Alongside this, we completed the build and launch of our new on-site nursery, enhancing the support available to colleagues and their families.

Recognition of excellence has been an important feature of the year. Colleagues received national honours for their contribution to the UK's maritime capability, and UKHO teams were recognised at MOD Quality Awards for innovation, automation and leadership. These achievements reflect the depth of expertise within the organisation and our commitment to continuous improvement.

Looking ahead, we are clear-eyed about the challenges we face. Climate impacts, cyber threats, skills shortages and intensifying competition will continue to test legacy models. However, the progress made this year gives me confidence. We have a clear strategy, a motivated workforce, and a strong platform to remain customer-led, data-driven and technology-enabled.

I would also like to pay tribute to Marion Leslie as she steps down as our Non-Executive Chair, and to welcome Mark Barclay as he begins his tenure. I am grateful for Marion's steadfast support and challenge over the year, and I look forward to working with Mark as we continue to deliver our purpose.

The UKHO's story has always been one of adaptation and service. From our origins in 1795 to our Vision 2034 ambition to be the beacon for quality, innovative maritime navigation solutions, this year has shown that we are well positioned to create the future we need. I would like to thank our people, partners and customers for their continued commitment and trust as we move forward together.

Vanessa Blake
Chief Executive

Performance review

Financial review

Revenue grew by 6% to £234m (2024/25: £221m). Paper products' revenue increased by 18% due to the publication of the quinquennial Isogonal charts. Digital products' revenue grew by 11% and now account for 90% of total commercial revenue (2024/25: 90%).

Defence revenue decreased by £5m (22%), largely due to lower military data gathering activities.

This resulted in a £13m increase in income and a £9m increase in gross margin.

Our operating expenses have increased by £11.5m. Staff costs increased by £3.1m accounted for by a 3.75% increase in civil service salaries in accordance with the pay remit and increase in ERNIC despite civil service numbers decreasing by 11 Full-time equivalents (FTE) over the year. Staff costs overall outturned £1.6m below budget. Non-staff costs were £8.4m higher than 2024/25, largely driven by higher spend on professional services, technology and change activity.

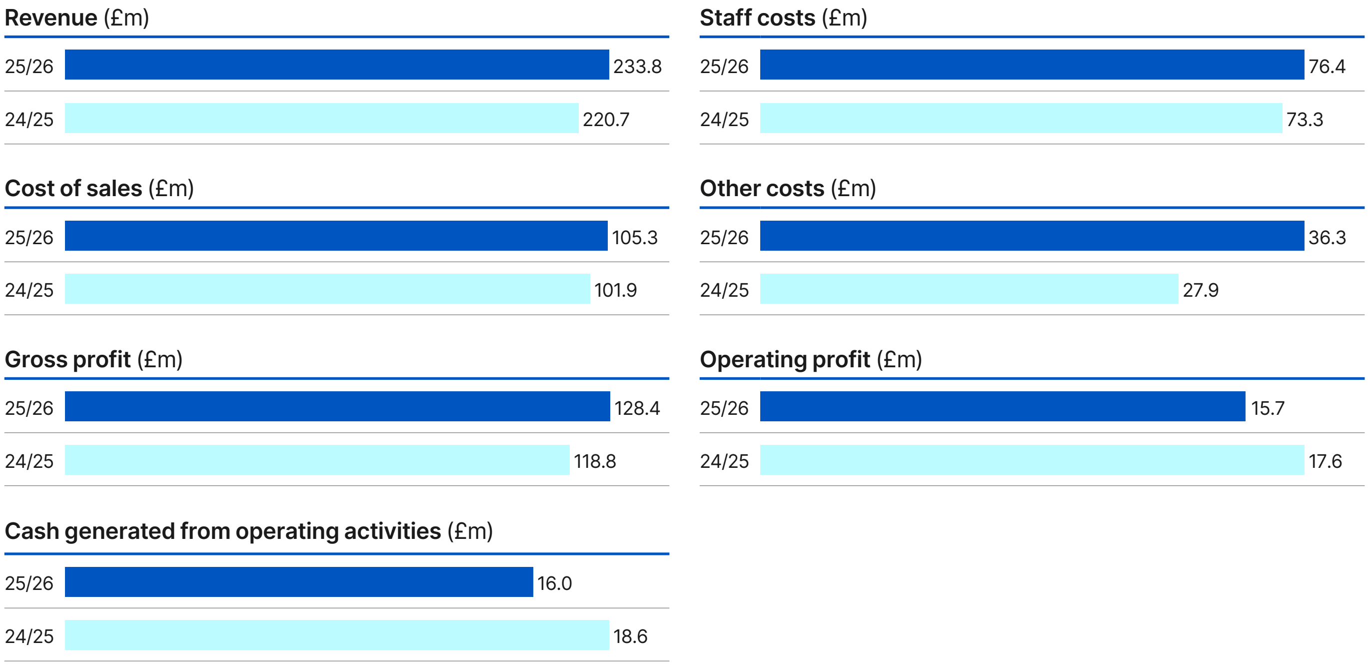
The result, a decrease in operating profit of £1.9m to £15.7m (2024/25: £17.6m).

Profits before tax have benefited from significant interest earnings again this year, £3.6m, slightly less than 2024/25: £5.6m as interest rates have reduced over the year.

Resulting profit before tax is £19.3m (2024/25: £23.2m).

We have declared a dividend of £12.5m (2024/25: £12.5m) to the MOD.

We saw a net inflow of cash from operating activities in year of £16m.



Delivery against the Corporate Plan

Our corporate planning process is designed to maximise opportunities and mitigate the risks and uncertainties identified. We set Key Performance Measures (KPMs) that are agreed with our Owner, the Ministry of Defence. Together these represent achievement of our overall Corporate Plan. In 2025/26, our performance against these measures was:

	Key Performance Measure	Achievement
1. Defence	Achieve each of five elements of a composite index measuring the quality and timeliness of deliverables of the defence programme. We achieved all five.	Met
2. Safety	To achieve at least four of the six elements measuring the quality and timeliness of the operation of our safety system. Four of the six measures were met. Overall, the KPM was met.	Met
3. Profitability	Target EBIT of £8.6m. Achieved £15.7m.	Exceeded
4. Financial Sustainability	Target Gross profit per £ of resource cost of £1.11. Achieved £1.20.	Exceeded
5. Strategic plan	To achieve at least seven of 11 strategic programme deliverables. We achieved nine. Overall, the KPM was met.	Met

Performance review continued

Principal risks and uncertainties that we considered during 2025/26

Strategic risks 2025	Risk	Category	Impact
Safety error/delay to products/services	There is a risk UKHO causes or contributes to a maritime accident due to a safety error or delay in our products or services, resulting in loss of life, environmental impact or damage to property/service.	Getting the Basics Right	Financial Health, Safety and Environment Reputational
UKHO financial viability	There is a risk that competitive moves by others will negatively impact UKHO's profitability due to our inability to develop into a data and customer centric organisation and deliver what our customers need, leading to loss of USP or technologically-driven obsolescence resulting in reduced capability and capacity to meet future customer needs and an increase in cost to our owner.	Getting the Basics Right	Financial Reputational
Significant critical business event	There is a risk that the UKHO is unable to recover quickly enough from a significant critical business event due to a lack of preparedness.	External Drivers	Financial Reputational
SOLAS obligations	There is a risk that the UK may not be meeting its stated responsibility to support the British Overseas Territories and Crown Dependencies to fully meet their SOLAS obligations due to lack of clarity over ownerships of this responsibility. This could result in financial and reputational damage to wider government and UKHO. This risk was closed during 2025/26 as mitigating actions were completed and ongoing work transferred to business as usual.	Getting the Basics Right	Financial Reputational

Supplier payment performance

Where invoices are undisputed, the government aims to observe the Prompt Payment Code and pay 80% of suppliers within five days. We achieved 92.0% in 2025/26 (2024/25: 89.5%).

Going concern basis

We have prepared a five-year projection covering the years from 2026/27 to 2030/31 on a prudent basis. The strategic direction outlined in our plan sees the business remaining profitable for the foreseeable future and the Board are confident that the UKHO remains a viable business.

Sustainability report

Executive summary

Over the past year, the UKHO has continued to adapt to a rapidly changing operating environment, shaped by evolving customer needs, global pressures, and government priorities. Sustainability remains a core part of this response, with increasing emphasis on resilience, efficiency and long-term value in line with MOD direction and the GGCs.

This report outlines our environmental, social and governance (ESG) performance for 2025/26 and reflects a more mature stage in our sustainability journey. Our Sustainability Roadmap continues to provide structure, but the focus has shifted towards embedding sustainability into decision making, operational delivery, and organisational governance.

A key development this year is the progression of our climate-related disclosure. We have built on our initial alignment with the Task Force on Climate-related Financial Disclosures (TCFD) by expanding how we describe climate-related risks, opportunities and strategic responses. This includes clearer integration of climate considerations within governance structures, planning processes and performance frameworks, strengthening the link between environmental performance and organisational strategy.

Environmental performance has improved overall, with a significant reduction in total greenhouse gas (GHG) emissions compared to the previous year. This has been largely driven by a reduction in business travel, through more controlled demand, changes in working practices, and the cyclical nature of conference attendance. The reduction also reflects lower use of premium travel classes and updated Government greenhouse gas conversion factors for aviation reporting, which now account for improved post-pandemic passenger load factors. Emissions associated with energy use have also reduced compared to the baseline, although total energy consumption has increased slightly, reflecting ongoing transition and operational factors.

Water consumption has increased year-on-year and remains an area requiring closer management. In response, we are strengthening monitoring and identifying targeted interventions to improve efficiency. Waste volumes have continued to decline, with no waste sent to landfill, demonstrating sustained progress in resource management.

Improvements in data quality and transparency remain a priority. Adjustments made to previous years' travel data ensure that reported emissions more accurately reflect UKHO activity, providing a more reliable basis for comparison and decision making.

Overall, this year's performance demonstrates continued progress, while reinforcing the need for a more consistent and embedded approach. The priority now is to ensure that improvements are sustained over time, supported by stronger governance, clearer accountability, and better integration of sustainability into everyday decision making.

Sustainability report

This section provides a summary of the UKHO's full Sustainability Report, with detailed disclosures available in the annex.

Compliance statement

The UKHO continues to strengthen its approach to climate-related reporting and governance, aligning with the recommendations of the TCFD. The UKHO supports the GGCs and is focused on embedding sustainability within operational delivery, resilience planning, and long-term strategic decision making.

This year, our disclosure reflects a more integrated approach to climate-related reporting. We have expanded how climate considerations are incorporated across governance, strategy, and performance frameworks, in line with HM Treasury's (HMT) TCFD-aligned application guidance for the public sector.

Our disclosures are structured around the four core pillars of the TCFD framework:

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

The UKHO has met the recommended disclosures across Governance, Risk Management, and Metrics and Targets, and has further developed its position on Strategy. This represents continued progress against the central government implementation timetable, moving beyond initial compliance towards more embedded and decision-useful reporting.

TCFD summary

Governance

Oversight of climate-related matters is provided through established governance structures, with accountability sitting at Executive Leadership Team (ELT) level. This is supported by the Director of Finance and Corporate Services, the Head of Sustainability, and the Climate Adaptation and Resilience Working Group (CAWG).

During the year, there has been a stronger emphasis on integrating sustainability into core governance and planning processes, ensuring that climate-related considerations are consistently reflected in business planning, risk management, and investment decisions.

Sustainability report continued

Strategy

The UKHO continues to build its understanding of climate-related risks and opportunities through scenario analysis, considering a range of potential warming pathways. These scenarios support a structured assessment of both transition and physical risks, informing how the organisation responds over the medium to long term.

During the year, we have strengthened the integration of climate considerations within organisational strategy, moving beyond high-level commitments towards a more operational and delivery-focused approach. This reflects a broader shift in line with MOD direction, with increased emphasis on resilience, efficiency, and embedding sustainability into core business activity.

A key priority is developing organisational capability so that sustainability can be effectively applied in practice. This includes upskilling colleagues across the organisation to ensure they are equipped to understand, interpret, and operationalise sustainability within their roles, supporting more consistent and informed decision making.

In parallel, work has commenced to develop a high-level sustainability strategy, which will replace the existing Sustainability Roadmap. This will provide a clearer, more integrated framework aligned to MOD priorities, ensuring that sustainability is positioned as a strategic enabler of organisational outcomes rather than a standalone activity.

We are also placing greater focus on the role of the supply chain in delivering sustainable outcomes. This includes identifying opportunities to drive innovation through supplier engagement, with the aim of achieving both environmental and social benefits as well as operational efficiencies.

At a site level, further work is underway to develop a more defined site strategy, ensuring that environmental, social and governance considerations are embedded in estate planning and decision making. This will support alignment with our long-term Net Zero (Scope 1, 2 and 3 to include business travel and waste only) ambition, while improving the resilience and efficiency of our operations.

Risk management

Our key corporate climate-related risk appears on page 70. Climate risks are embedded in the UKHO's corporate risk management framework. These include:

- Transition risks – from regulation, market shifts, and reputational factors.
- Physical risks – such as sea level rise, extreme weather, and climate-driven geopolitical instability. Risk assessments are based on authoritative data (IPCC, UK Met Office, Defra), with scenario-based stress testing informing mitigation and adaptation strategies.

Targets

Our high-level targets continue to provide direction for our long-term sustainability ambitions, aligned with government expectations and organisational priorities:

- Achieve 100% renewable electricity use by 2030.
- Achieve Net Zero by 2050 (Scope 1, 2 and 3 to include business travel and waste only).
- Deliver 90% of strategic sustainability outcomes by 2040, transitioning from a roadmap-based approach to a high-level sustainability strategy.
- Allocate a minimum of 1% of annual turnover to sustainability initiatives.

Delivering against our targets

Over the past year, we have begun transitioning from the Sustainability Roadmap towards a more integrated strategic approach. This reflects a shift in focus from milestone tracking to embedding sustainability within organisational strategy, governance, and delivery.

Our approach to achieving these targets is centred on four priority areas:

- **Organisational capability:** Building the knowledge and confidence of colleagues to operationalise sustainability within their roles, supported by targeted training and improved ESG literacy across the organisation.
- **Strategic alignment:** Developing a high-level sustainability strategy to replace the existing roadmap, ensuring alignment with MOD direction and positioning sustainability as a core enabler of organisational outcomes.
- **Supply chain innovation:** Identifying and progressing opportunities to drive sustainable innovation through the supply chain, delivering both environmental and social benefits as well as operational efficiencies.
- **Site and operational integration:** Developing a clear site strategy that embeds environmental, social and governance considerations into estate planning and supports delivery of our Net Zero 2050 ambition (Scope 1, 2 and 3 to include business travel and waste only).

These priorities are underpinned by continued investment in energy efficiency, renewable energy, and data-driven approaches to environmental performance, alongside the integration of sustainability into procurement and governance processes.

Objectives for 2026/27

To support delivery, a set of focused objectives has been established for the coming year:

- **Investment:** Maintain a minimum allocation of 1% of annual turnover to ESG initiatives.
- **Carbon reduction:** Sustain progress on travel emissions, maintaining reductions against the 2017 baseline.
- **Workforce engagement:** Improve organisational capability so that employees can actively engage in ESG-related activity and apply sustainability principles in their roles.
- **Strategic delivery:**
  Develop a **high-level sustainability strategy** to replace the existing roadmap.
  Establish a clear **site strategy** aligned to Net Zero 2050 (Scope 1, 2 and 3 to include business travel and waste only).
  Undertake a focused **assessment of supply chain innovation** opportunities.
  Identify priority areas where the UKHO can deliver the greatest sustainability impact.

Reducing greenhouse gas (GHG) emissions

Progress has been made in reducing GHG emissions relative to the 2017/18 baseline, particularly through reductions in business travel and sustained improvements in energy-related emissions. However, increases in energy consumption and water use highlight the need for a renewed focus on resource efficiency and operational control.

In response, we are taking a more integrated approach, ensuring sustainability is considered alongside operational priorities, investment decisions, and organisational capability. This includes strengthening governance, improving data quality, and building the skills required across the organisation to operationalise sustainability effectively.

The UKHO currently reports Scope 3 GHG emissions for business travel and waste, where established reporting arrangements are in place. A wider assessment of Scope 3 emissions has not yet been undertaken and, as a result, the UKHO is not currently reporting across all Scope 3 categories. During 2026/27, the UKHO will undertake a phased assessment of its wider Scope 3 emissions to improve understanding of value chain emissions, identify the categories most material to the organisation and inform future reporting and supply chain improvement activities.

Continued progress will depend on sustained effort, targeted investment, and collaboration across functions and with external partners. Through this approach, the UKHO aims to ensure that sustainability is not only a stated commitment, but a practical and embedded part of how the organisation operates and delivers value over the long term.

Greenhouse gas emissions (Scope 1, 2 and 3)

Total emissions (tCO_2e)	2025/26	2024/25	2023/24	2017/18
Scope 1 (Fugitive emissions)	37	37	37	36
Scope 1 (Gas)	105	135	132	644
Scope 2 (Electricity)	404	429	421	1,354
Total Scope 1 and 2 (Energy)	**546**	**601**	**590**	**2,034**
Scope 3 (Official business travel)	**585**	**1,146**	**1,122**	**1,011**
Total GHG emissions	**1,131**	**1,747**	**1,712**	**3,045**

The corrections to the travel data for 2024/25, including spend, is due to the omission of travel undertaken by colleagues based in Singapore as they previously booked their travel independently of the Clarity System. This has now been rectified.

Flight emissions for the AAP staff of 76 tCO_2e have now been added to the figure for 2024/25 in the table above and amendments to relevant disclosures have been made.

Energy usage and costs (Scope 1 and 2)

Energy consumption		2025/26	2024/25	2023/24	2017/18
mKWh	Gas	0.57	0.74	0.72	3.00
	Electricity	2.28	2.07	2.03	4.70
	Total energy consumption	**2.85**	**2.81**	**2.75**	**7.70**
£'000	Gas	15[1]	46	38	–
	Electricity	505	497	431	–
	Total energy supply costs	**520**	**543**	**469**	**546**

1. Low gas cost is due to a large credit received in year.

Sustainability report continued

Official business travel (Scope 3)

	Domestic travel only	2025/26	2024/25	2023/24	2017/18
'000km	**Total domestic flight distance**	**38**	**47**	**47**	**–**
tCO_2e	Domestic flights	9	13	–	–
	UK Rail	11	9	–	–
	Care hire and pool car	9	15	–	–
	Hotels UK	5	6	–	–
	Total domestic emissions	**34**	**43**	**–**	**–**

	International travel only	2025/26	2024/25	2023/24	2017/18
'000km	Short-haul Economy Class	318	324	–	–
	Short-haul Premium Economy	2	6	–	–
	Short-haul Business Class	8	2	–	–
	Long-haul Economy Class	444	644	–	–
	Long-haul Premium Economy	1,637	1,669	–	–
	Long-haul Business Class	120	281	–	–
	Non-UK Economy Class	308	645	–	–
	Non-UK Premium Economy	154	206	–	–
	Non-UK Business Class	80	167	–	–
	Total international flight distance ('000 KM)	**3,071**	**3,944**[1]	**3,664**	**–**
tCO_2e	Short-haul flights	43	61	–	–
	Long-Haul flights	407	826	–	–
	Non-UK flights	86	196	–	–
	International Rail/ Eurostar	0	0	–	–
	Non-UK hotel stays	15	19	–	–
	Total international emissions	**551**[1]	**1,102**[1]	**–**	**–**
'000 km	**Total flight distance**	**3,109**[1]	**3,991**[1]	**3,711**	**–**
tCO_2e	**Total travel emissions**	**585**	**1,146**	**1,122**	**1,011**
£'000	**Expenditure on all travel**	**796**	**931**	**873**	**–**

1. Numbers are displayed to the nearest thousand and may not sum due to rounding. Detailed breakdown not available before 2024/25.

It should be noted that the reduction in travel emissions this year is influenced not only by reduced travel activity and changes in travel class usage, but also by updates to the Government greenhouse gas conversion factors for aviation reporting. The revised conversion factors reflect increased post-pandemic passenger load factors, resulting in lower emissions per passenger kilometre compared to previous years.

Mitigating climate change: working towards Net Zero by 2050

The UKHO remains committed to reducing its GHG emissions in line with UK government targets and our Net Zero 2050 ambition (Scope 1, 2 and 3 to include business travel and waste only). This year's performance demonstrates a significant step forward, supported by improved data quality and a more controlled approach to emissions management.

We continue to report transparently across Scope 1, 2 and 3 (business travel and waste) emissions, providing a consistent basis for tracking progress and informing decision making.

Key highlights and progress:

- **Overall GHG emissions:** Total emissions reduced to 1,131 tCO_2e, compared to 1,747 tCO_2e in 2024/25, representing a substantial year-on-year decrease and continued progress against the 2017/18 baseline.
- **Scope 3 emissions (business travel):** Travel emissions reduced significantly from 1,146 tCO_2e to 585 tCO_2e, driven primarily by a reduction in international travel, more deliberate demand management, and the cyclical nature of conference attendance. The reduction also reflects lower use of premium travel classes and updated Government greenhouse gas conversion factors for aviation reporting, which now account for improved post-pandemic passenger load factors.
- **Scope 1 emissions:** Emissions from gas consumption reduced from 135 tCO_2e to 105 tCO_2e, reflecting continued progress in reducing reliance on fossil fuels. Fugitive emissions remained stable.
- **Scope 2 emissions:** Electricity emissions reduced from 429 tCO_2e to 404 tCO_2e. Electricity consumption increased slightly, reinforcing the need to manage overall demand alongside electrification.

Improvements in data completeness have also been made. Adjustments to the 2024/25 baseline, including the inclusion of previously omitted travel from overseas colleagues, provide a more accurate comparison and strengthen confidence in the reported trend.

While overall performance has improved, the reduction in emissions is influenced by changes in travel activity, including the cyclical nature of conference attendance and updated aviation conversion factors. As such, maintaining this position will require continued focus to ensure reductions are sustained and not subject to operational variability.

Strategic approach

Our approach is evolving to place greater emphasis on embedding emissions reduction within operational delivery, rather than relying on discrete initiatives. Key areas of focus include:

- **Energy and estate management:** Continuing to reduce reliance on fossil fuels while improving energy efficiency and resilience across the estate, supported by ongoing development of site-level strategy and assessment of renewable energy opportunities.
- **Demand management:** Strengthening governance over travel and energy use to ensure that emissions reductions are driven by sustained behavioural and operational change.
- **Operational integration:** Embedding sustainability considerations within business planning, procurement, and investment decisions to support consistent delivery.

Looking ahead

Maintaining progress will require a continued focus on control, consistency, and integration. Priorities for the coming year include:

- Ensuring that reductions in travel emissions are sustained through strengthened governance and planning processes.
- Improving energy efficiency alongside ongoing electrification, to prevent increases in overall consumption.
- Continuing to enhance data quality to support more accurate tracking and decision making.
- Exploring opportunities to further reduce emissions through targeted interventions and, where appropriate, carbon insetting.

Through this approach, the UKHO will continue to reduce its environmental impact while strengthening the resilience and efficiency of its operations.

Water

		2025/26	2024/25	2023/24	2017/18
m^3	Water consumption	3,744	3,732	3,416	18,339
£'000	Water supply costs	10	10	8	73

Water consumption has increased year-on-year and remains an area of ongoing focus. While this continues to represent a significant reduction compared to the 2017/18 baseline, the upward trend reflects the limits of infrastructure-based efficiency measures and the influence of operational activity on demand.

During the year, we have changed water supplier arrangements and strengthened our understanding of site-level water use. In parallel, ecological surveys have been commissioned to support the development of a site-wide environmental management plan. This will provide a more comprehensive view of how the natural environment can be used to support water resilience, including opportunities for improved retention, drainage, and reuse.

Previous efforts have focused on reducing consumption through infrastructure and efficiency measures. These opportunities have now largely been exhausted. As a result, the focus is shifting towards environmental interventions and longer-term resilience planning, recognising the role of natural systems in managing water more effectively.

Looking ahead, priority will be placed on embedding water considerations within site strategy and environmental planning, ensuring a more integrated approach that supports both operational needs and long-term sustainability outcomes.

Waste

		2025/26	2024/25	2023/24	2017/18
Tonnes	Incinerated	16	19	22	128
	Landfill	0	0	0	54
	Reused/Recycled	11	11	15	1
	Food waste	5	7	3	
	Total tonnes of waste	**32**	**37**	**40**	**183**
tCO_2e	**Waste water treatment**		**0.69**	**0.69**	**–**

Waste volumes have continued to decline year-on-year, supporting progress against the GGCs on waste reduction and resource efficiency. This reflects a more controlled approach to waste management, alongside sustained efforts to reduce overall material use.

We continue to work closely with our waste management provider, who has provided assurance that no waste generated through our operations is sent to landfill. This supports compliance with government requirements and provides confidence in the integrity of our waste disposal processes.

Recycling levels have seen a slight increase, while reductions in incineration and food waste indicate incremental improvements in operational practices. Waste streams continue to be managed through established processes, including specialist arrangements (e.g. dog waste) where required.

Looking ahead, the focus will shift towards reducing waste at source and improving resource efficiency. This includes strengthening our understanding of waste generation across the organisation, engaging with suppliers to minimise upstream waste, and exploring opportunities to apply circular economy principles, including reuse and refurbishment where practical.

Sustainability report continued

Sustainable construction

The UKHO continues to embed sustainability throughout the lifecycle of its construction and infrastructure projects, from initial commercial strategy through to delivery. Sustainability remains a key consideration in contractor selection, with expectations clearly set for both contractors and their supply chains to support our approach and contribute to defined environmental outcomes.

Our procurement processes continue to incorporate Government Buying Standards and sustainability criteria where relevant, ensuring alignment with broader government expectations while maintaining a focus on operational requirements.

All major infrastructure projects are delivered against established sustainability frameworks, with our key buildings achieving or working towards recognised environmental standards. These include Building Research Establishment Environmental Assessment Method (BREEAM) ratings for the HQ and the Security Building, and Defence Related Environmental Assessment Methodology (DREAM) standards for both the new specialist building currently under construction and the new nursery constructed this year.

Waste management continues to be integrated into project delivery, with construction and demolition waste monitored and managed through established processes. Associated sustainability credits are tracked through the DREAM framework and reported to the Defence Infrastructure Organisation DREAM team as part of formal certification.

This approach ensures that sustainability is consistently applied across our construction portfolio, supporting both environmental performance and long-term operational resilience.

Sustainable procurement and social value

We recognise the critical role our supply chain plays in supporting the UKHO's sustainability ambitions. Procurement and sustainability continue to work in a coordinated way, ensuring an integrated approach across functions and embedding sustainability considerations within decision making where appropriate.

Over the past year, our focus has evolved from establishing a baseline understanding of supply chain emissions to developing a more informed view of supplier activity. Through targeted engagement, including supplier questionnaires, we now have clearer insight into where suppliers are focusing their efforts. This strengthens our ability to engage more effectively and target areas of greatest impact.

We have continued to build our understanding of supply chain emissions, with further work undertaken to define and quantify impacts. This remains an important foundation for future action, enabling more meaningful conversations with suppliers and supporting the development of proportionate and achievable expectations.

Procurement processes continue to incorporate Government Buying Standards (GBS) and relevant sustainability criteria where appropriate. This aligns with the UKHO's ESG Policy and supporting frameworks, including ISO 19001 and the Supply Chain Sustainability Action Tracker. Our approach also reflects the principles of the Procurement Act, ensuring that sustainability and broader value considerations are appropriately integrated into procurement decisions. Sustainability requirements are embedded within key contractual arrangements, including construction projects and associated service delivery.

Building on our social value initiatives, further progress has been made in strengthening how sustainability is reflected in procurement activity. This includes ongoing review of policies and procedures, and improvements in the quality and consistency of bids and contracts through the inclusion of appropriate sustainability evaluation criteria.

The introduction of the Supplier Relationship Management (SRM) function has enabled deeper engagement with key strategic suppliers. Structured 'deep dive' discussions are supporting a clearer understanding of existing sustainability activity, identifying opportunities for improvement, and enabling the co-development of practical actions.

Looking ahead, the focus will shift towards supply chain innovation, using this improved understanding to identify opportunities that deliver both environmental and operational benefits. Social value will form a core component of this work, ensuring broader outcomes are considered alongside environmental performance.

We will also continue to strengthen accountability and integration by:

- Embedding measurable sustainability KPIs within contract renewals where appropriate.
- Ensuring sustainability remains a consistent theme in supplier engagement and relationship management.
- Using improved data and insight to inform more targeted and effective action.

Through this approach, the UKHO is moving towards a more mature and collaborative model, where sustainability is embedded within procurement activity and supported through stronger supplier partnerships, enabling the delivery of a more resilient and future-ready supply chain.

Paper use

Description	Quantity – tonne	Supplier	Contract
Bespoke chart paper	109.08	Antalis	Chart paper
Text paper	51	Hobbs	Book publications
Cover paper/board	6	Hobbs	Book publications
Text paper	191.76	Bell and Bain	Book publications
Cover paper/board	10.15	Bell and Bain	Book publications

Paper consumption remains a material consideration within the UKHO's wider resource efficiency agenda and GGCs reporting. During the year, paper use continued to be associated primarily with chart production and publication activity, reflecting the operational requirements of the organisation and the ongoing need to support customers who continue to rely on our physical products.

This year, total reported paper consumption was approximately 368 metric tonnes across chart paper, text paper, and cover stock supplied through our publication and charting contracts. The majority of this use relates to operational delivery requirements, including chart production and associated publications.

While digital delivery continues to reduce reliance on some physical products, paper-based outputs remain necessary for certain operational and customer requirements. As a result, the focus is on better understanding consumption patterns and identifying practical opportunities to reduce material use over time.

Looking ahead, the UKHO will continue to work with suppliers to improve visibility of paper consumption and explore opportunities to support more efficient and sustainable use of materials over time.

Single-use plastics

Our on-site restaurant provider continues to minimise the use of single-use plastics across its operations. Canned drinks are prioritised over plastic alternatives, and takeaway containers are provided using compostable materials, supporting a reduction in overall environmental impact.

We recognise the need to improve transparency and consistency of reporting in this area. Work is underway to strengthen our understanding of single-use plastic use across the organisation, with a view to establishing a clearer baseline.

This will enable more comprehensive disclosure in future reporting periods and support a more structured approach to reducing material use over time.

Nature recovery

In line with the Greening Government Commitments, the UKHO continues to strengthen its approach to biodiversity and nature recovery as part of its wider environmental strategy.

During the year, we have developed a site-wide ecological management framework, providing a structured basis for managing biodiversity and integrating natural capital considerations into site planning and decision making. This builds on earlier ecological assessments, which identified that much of the site already supports favourable conditions for wildlife, particularly in areas of lower-intensity management.

The framework enables a more coordinated and long-term approach, with a focus on:

- Enhancing habitat diversity and connectivity through targeted interventions that support native species and ecological resilience.
- Aligning grounds management practices with nature recovery objectives, ensuring interventions deliver measurable environmental value.
- Embedding biodiversity considerations within wider site strategy and operational planning.

The focus now shifts to implementation, ensuring that planned interventions are delivered in a way that supports both environmental outcomes and operational requirements.

This approach reflects a move towards a more structured and integrated model of land stewardship, contributing to improved environmental outcomes across the public estate while supporting the UKHO's broader sustainability objectives.

Adapting to climate change

Risk management, governance, integration and resilience

The UKHO continues to recognise the growing impact of climate change on our operations, assets, and the wider maritime environment. Our approach is focused on strengthening resilience by embedding climate considerations within governance, planning, and operational decision making.

Climate-related risks are managed through established governance structures and integrated within the organisation's wider risk management framework. This ensures that both physical and transition risks are considered alongside broader organisational priorities, supporting a more coordinated and proactive response.

Sustainability report continued

Policy integration and project management

Environmental, social and governance (ESG) considerations are now consistently incorporated into business cases presented to the Executive Leadership Team, ensuring that climate and sustainability impacts are factored into investment and delivery decisions. The Head of Sustainability is now part of the Scrutiny function, strengthening independent challenge and ensuring ESG considerations are consistently applied and assessed within decision making processes.

During the year, progress has been made in strengthening the integration of ESG across organisational policies and processes. This includes the ongoing review of key policies to ensure alignment with sustainability priorities, with a particular focus on travel. This supports a more structured approach to managing emissions associated with business travel and reinforces expectations around lower-carbon ways of working.

Looking ahead, the focus will remain on ensuring that climate considerations are fully embedded across governance, policy, and operational delivery, supporting a more resilient and adaptive organisation.

TCFD alignment and transparency

The UKHO continues to strengthen its alignment with the TFCD, reinforcing its commitment to transparency and responsible environmental stewardship.

Building on initial implementation, this year's report expands how climate-related information is presented, providing a more integrated view of governance, strategy, risk management, and metrics. This reflects a shift from standalone disclosure towards embedding climate considerations within core organisational processes and decision making.

Detailed disclosures are provided in the Annex, offering stakeholders a clearer and more comprehensive understanding of how climate-related risks and opportunities are identified, managed, and incorporated into the UKHO's strategic and operational approach.

Climate Adaptation and Resilience Working Group (CAWG)

The CAWG continues to play a central role in supporting the UKHO's approach to climate risk management. Over the past year, the focus has evolved from establishing governance structures to strengthening how climate-related risks and opportunities are identified, assessed, and integrated into decision making.

A key development has been the introduction of a more structured engagement approach, led by the Head of Sustainability. This involves working directly with CAWG stakeholders to develop individual questionnaire responses, capturing a broader and more detailed view of climate-related risks and opportunities across the organisation. This approach provides more substantive insight, enabling a clearer understanding of how climate considerations impact different functions and areas of delivery.

The process is continuing to be refined to improve efficiency, ensure wider representation, and strengthen the robustness of the outputs. This reflects a move towards a more evidence-based and organisation-wide view of climate risk, supporting better-informed strategic and operational decisions.

CAWG continues to support:

- Identification and assessment of key organisational climate-related risks and opportunities.
- Development of appropriate mitigation and adaptation responses.
- Ongoing improvement of governance and oversight of climate-related issues.

Climate-related considerations are embedded within core organisational frameworks, including the Corporate Plan, Business Plan, and risk management processes. This ensures that climate risks are treated alongside other strategic risks and are integrated into planning, prioritisation, and delivery.

Through this approach, the UKHO is strengthening its ability to respond to climate-related challenges in a coordinated and resilient way, ensuring alignment between governance, strategy, and operational activity.

Information and communications technology (ICT)

Managing the environmental impact of ICT and digital solutions

As UKHO continues to digitalise its products and services, the environmental impact of ICT is becoming an increasingly important consideration. While this remains an emerging area of focus, initial steps have been taken to better understand and integrate sustainability within technology strategy and operations.

Our approach is guided by the Greening Government: ICT and Digital Services Strategy and aligned with MOD principles, focusing on reducing environmental impact, using digital capabilities to support resilience and efficiency, and ensuring sustainability considerations are reflected in procurement where appropriate.

During the year, a workshop was held with senior technology leaders to establish a clearer direction for embedding environmental, social and governance (ESG) considerations within the technology function. This marks the beginning of a more structured approach, recognising that further development is required to define priorities, responsibilities, and delivery pathways.

The UKHO continues to provide an annual Sustainability Technology Assessment Reporting (STAR) return for IT infrastructure, supporting wider government reporting requirements. This provides a baseline view of current performance and highlights areas for further development.

We also recognise the growing role of emerging technologies, including artificial intelligence, and the potential implications for energy use and wider environmental impact. As adoption increases, we are working closely with suppliers to improve transparency and ensure that environmental considerations are appropriately managed and accounted for within technology delivery.

Looking ahead, the focus will be on embedding ESG considerations within the future technology strategy and establishing baseline metrics to support monitoring and improvement. This will enable a more informed understanding of ICT-related impacts and provide a foundation for future reporting and decision making.

Over time, this will support the development of more consistent measures, including energy consumption, lifecycle management of equipment, and broader environmental impacts associated with digital operations.

At this stage of the UKHO's journey, priority is placed on building the necessary understanding, governance, and data to support a more mature and integrated approach in future years.

UKHO Directors' report

Executive Leadership

Vanessa Blake
Chief Executive

Alex Bowen
Chief Digital and Technology Officer
(from 14 April 2025)

Amy Carrillo
Chief People Officer

David English
Director of Finance
and Corporate Services

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

Elinor Skelley
Interim Chief Customer Officer

David Tomaney
Chief Operating Officer

Sally Meecham
Interim Chief Technology Officer
(up to 30 April 2025)

Conflicts of interest

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

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

Pensions

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

Auditor

Our financial statements are audited by the Comptroller and Auditor General of the National Audit Office (NAO) in accordance with section 4(6) of the government Trading Funds Act 1973. The cost of performing the statutory audit was £138.5k, (2024/25: £133.0k).

The Comptroller and Auditor General provided no other services to the UKHO in 2025/26.

Non-Executive Directors

Marion Leslie
Non-Executive Chair

Tom Betts
Non-Executive Director

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

Captain Matt Syrett
Non-Executive Director – Defence Customer and Safety of Navigation Advisory Committee Chair

Natasha Toothill
Non-Executive Director
Remuneration and Nominations Committee Chair

Tara Usher
Non-Executive Director – MOD Sponsor Representative (National Armaments Director Group)

Full biographies: gov.uk/ukho

Financial instruments

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

Report of protected personal data-related incidents

HM government is committed to Parliament and the public to safeguard personal information. As part of this commitment, all government departments and agencies publish details of unauthorised disclosure of personal data. The UKHO had no reported incidents of such in 2025/26.

Post-reporting period events

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

Vanessa Blake
Chief Executive
9 July 2026

Statement of Responsibilities of the Chief Executive as Accounting Officer

Under section 4(6) (a) of the Government Trading Funds Act 1973, the UK Hydrographic Office is required to prepare, for each financial year, a statement of accounts in the form and on the basis set out in the Accounts Direction issued by HMT on 18 December 2025. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the trading fund and of its income and expenditure, Statement of financial position, changes in taxpayers' equity and cash flows for the financial year.

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

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

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

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

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

Governance Statement

The Governance Statement covers the period from 1 April 2025 to the date the accounts are signed.

Scope of responsibility

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

To form an opinion on our system of internal control for the period 1 April 2025 to the date the accounts are signed, I have relied on and received advice and assurances from various sources including:

- Government Internal Audit Agency.
- Other external assurance partners, e.g. Defence Maritime Regulator, Defence Safety Authority, and British Standards Institution (ISO 9001/27001/22301).
- UKHO internal assurance.
- The Board and its sub-committees.
- The Directors and senior managers through their annual assurance statements.
- International Maritime Organization.

Details of this advice are covered further within this report.

Ownership and financial structure

Established as a trading fund in 1996 in accordance with Statutory Instrument S1 1996/773, we are 100% owned by the Secretary of State for Defence by way of public dividend capital.

Minister responsible for the UKHO

The minister responsible for the UKHO is the Minister of State for Defence ('the Minister'). During the financial year the Minister was Lord Coaker.

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

Financial statements

Our financial statements, drawn up to 31 March each year, are prepared in accordance with the HMT Accounts Direction of 18 December 2025 as per section 4(6) (a) of the Government Trading Funds Act 1973.

Status and governance framework

Our governance structure is defined in our Framework Document which was last updated (a factual update) in March 2025. This, together with our Public Task Statement, can be found at: www.gov.uk/government/organisations/uk-hydrographic-office/about#our-framework-document.

Following Defence Reform restructuring, the UKHO is sponsored by the National Armaments Director (NAD) Group in MOD, and Director General Corporate is the Senior Sponsor.

The UKHO Board

The role of the UKHO Board is to provide effective challenge, support and assurance in relation to the UKHO strategy and the delivery of its objectives. The Board reviews the quality and adequacy of management information on a regular basis and is satisfied that the information provided during the year was appropriate, timely and fit for purpose.

An internal Board Effectiveness Review (BER) was completed in March 2026, following the full implementation of the actions arising from the previous review undertaken in March 2025. In line with Cabinet Office guidance, the review assessed how effectively the Board operates, including its behaviours, decision making, use of information and the level of constructive challenge provided. The review concluded that overall Board effectiveness had improved compared with the previous year.

The Board agreed a focused set of areas for continued development in the year ahead. These include further strengthening the contribution of Non-Executive Directors through greater use of their skills and experience outside formal meetings, improving engagement with staff, and continuing to enhance the quality and clarity of Board papers. Progress against these actions will be monitored by the Board over the coming year.

The Board Charter, together with the Terms of Reference of the Board and its sub-committees, was reviewed and published in July 2025 to ensure continued alignment with good governance practice and statutory requirements.

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

	Board	ARAC	REMNCO
Vanessa Blake	5/5	4/5	3/3
Marion Leslie	5/5	–	3/3
Tom Betts	5/5	5/5	3/3
Matthew Syrett	5/5	5/5	3/3
Tara Usher	4/5	5/5	–
Natasha Toothill	5/5	4/5	3/3
Paul Boyle	5/5	5/5	3/3
David English	4/5	5/5	–
Angus Essenhigh	5/5	–	–
Average attendance	**95.6%**	**94.3%**	**100%**

Compliance with the corporate governance code

The Board assessed itself against the NAO corporate governance code of good practice checklist in July 2025 and considers that it complies with the corporate governance code as far as is deemed relevant and practical.

Governance Statement continued

Audit and Risk Assurance Committee (ARAC)

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

An ARAC Effectiveness Review was carried out in Autumn 2025 on a self-assessment basis by the ARAC members using the GIAA ARAC effectiveness tool. Results indicate that the standard is being met by the UKHO ARAC, however two areas have been highlighted as areas for improvement, these include:

- ARAC to have a more detailed understanding of the anti-fraud and whistleblowing policies and how special investigations are conducted.
- ARAC to have a better understanding of their responsibilities with respect to the reporting of sustainability measures.

Action has been taken on the two areas identified.

The Terms of Reference were reviewed and updated in Autumn 2025.

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

Remuneration and Nominations Committee (REMNCO)

The role of the REMNCO is to advise the UKHO Board on matters including the remuneration and recruitment of Non-Executive Board members and the Executive Leadership Team. Executive leadership performance, succession planning and talent management have been a key focus for the committee this year.

Executive Leadership Team (ELT)

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

The governance structure has been streamlined and simplified to reduce bureaucracy and enable agile decision making and accountability. The monthly Executive Committee is attended by all of the ELT members and, as such, their purpose is to support the Chief Executive in managing the UKHO.

The Transformation Committee has been disbanded and all items related to managing transformation and change-related activity including programme and project performance are presented to the Executive Committee. Items requiring Investment Committee approval are also presented to the Executive Committee (as required), to review and advise the Chief Executive as Accounting Officer on investment decisions. The scrutiny process has been improved and continues to follow MOD best practice whereby the Director of Finance and Corporate Services scrutinises business cases and advises the Chief Executive on the HMT 5-case business case dimensions.

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

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

Safety of Navigation Advisory Committee (SONAC)

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

Admiralty Holdings Limited (AHL)

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

Risk management

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

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

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

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

The UKHO has used the Central Government's Assurance Directory to provide the evidence to confirm that we comply with the principles in the Orange Book and the components of the Risk Control Framework that are applicable to the UKHO in a way which is proportionate and appropriate. This, together with the assurance gained through assurance mapping demonstrates that the risk management principles are applied appropriately and support the efficient and effective operation of the risk management framework.

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

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

The 2025/26 Strategic risks managed throughout this period can be found on page 10.

UKHO internal control

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

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

First line of defence

Activities at the first line include the day-to-day execution of policy and process, active management of risks, compliance with government functional standards and monitoring performance; together this information provides assurance on how well objectives are being met and risks managed. We have actions in hand to address improvements required at the first line, as identified in our Assurance Heatmap.

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

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

Governance Statement continued

Second line of defence

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

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

This year the team conducted seven Quality/Compliance audits. The findings highlighted a number of procedure deficiencies which are being addressed, many of which are already actioned. Areas of good practice were also identified.

Bi-annually, the team conducts a review of assurance across all three lines with senior managers across the whole organisation. Mapping all the sources of assurance provides a greater understanding of the different contributions the various sources of assurance provide and together presents a comprehensive picture of the level of control and highlights any weaknesses. There are active plans in place to address the issues identified to improve the control framework.

Third line of defence

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

This effort, together with our actions to improve the first and second line are beginning to pay off as we have improved in several areas since last year's assessment. Each year we seek to improve this system of internal control by refining our system of controls using continuous improvement. We continue to regularly review, update, and map all assurance sources across the three Lines of Defence; this provides a greater understanding of the different contributions the various sources of assurance provide and together provides a comprehensive picture of the level of control and highlights any weaknesses. This insight allows us to identify problem/priority areas, improve the breadth of reporting to the ELT, the ARAC and the Board, and inform the development of the quality, compliance, and internal audit programmes.

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

Specific aspects of risk management and internal control

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

Functional standards

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

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

Financial and commercial controls

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

No third line audits of financial controls were conducted by GIAA during the year.

The UKHO Business Assurance team conducted the annual compliance audits of payroll and expenses as well as a review of the Royalty Offsets process. The results are as follows:

Financial audits by the Business Assurance team during 2025/26 have been:

Audit area	Year	Opinion
Payroll	2025/26	Substantial
Personal Expenses & Royalty Offsets	2025/26	Moderate

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

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

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

Exchange rate risk

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

Improving quality

The UKHO has successfully maintained its certification to ISO9001 (Quality Management Systems) and ISO27001 (Information Security Management Systems). Together these internationally recognised standards provide assurance that our quality and information security practices are embedded, integrated, and aligned to recognised best practice. The combined audit, review, and continual-improvement cycles of both standards ensure that strong quality management, governance, operational discipline, and a culture of continuous improvement remain central to how we operate.

In addition to ISO 9001 and ISO 27001, the UKHO has successfully been certified to ISO 22301 (Business Continuity Management Systems) during the year. The decision to pursue ISO 22301 reflects the UKHO's commitment to continuous improvement and to ensuring the reliability and resilience of the products and services it provides to partners, customers, and the wider maritime community.

Fraud and whistleblowing

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

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

No instances of fraud or whistleblowing reports were recorded in 2025/26.

Information security and assurance

During 2025/26, the UK Hydrographic Office operated within a cyber threat environment characterised by sustained hostile activity, increasing geopolitical tension and a rapid acceleration in the pace of technological change. Advancements in artificial intelligence have increased the speed, scale and sophistication with which cyber threats can be developed and exploited. This has reinforced the need for the UKHO to maintain momentum in improving its cyber maturity and to ensure security controls evolve in line with both the threat landscape and organisational change.

The UKHO has continued to strengthen its cyber security posture through a structured, risk-led approach aligned with government and MOD security expectations and recognised industry good practice. Cyber security governance is supported by regular gap analysis, maturity assessments and evidence-led reporting, enabling risks to be clearly understood, prioritised and managed at senior levels. Improvement activity is focused on areas of highest organisational risk and operational impact.

Throughout the year, the UKHO has maintained certification to ISO/IEC 27001, demonstrating the ongoing effectiveness of its Information Security Management System. This is supported by a comprehensive programme of internal audit, external assurance and independent assessment activity, providing an objective view of cyber risk and control effectiveness. During 2025/26, the UKHO further increased the depth and rigour of its technical assurance, strengthened vulnerability management arrangements and enhanced monitoring and detection capabilities. These activities have improved visibility of risk, supported informed decision making and driven a prioritised programme of cyber improvement.

Governance Statement continued

Investment in cyber security capability and capacity has continued, including the development of specialist roles and closer integration of cyber security within wider technology delivery and operational functions. Insight from assurance, testing and trend analysis is used systematically to inform remediation activity, embed secure by design principles and strengthen resilience across systems and services.

Alongside cyber defence, the UKHO remains committed to meeting its obligations under UK data protection legislation and other relevant regulatory frameworks. The organisation maintains a robust privacy framework designed to protect personal and sensitive information and to uphold the principles of confidentiality, integrity, availability and action traceability. Data protection considerations are embedded within security policy, assurance activity and incident management arrangements.

These arrangements are supported by ongoing organisation wide training and targeted awareness activity to ensure staff understand their responsibilities for cyber security and data protection. This sustained focus on governance, assurance and organisational culture recognises that effective cyber resilience depends on informed behaviour and accountability at all levels of the organisation.

Business continuity

The UKHO continues to manage, maintain and improve our Business Continuity Management System achieving certification to the business continuity standard ISO 22301:2019 in 2025/26. This certification outlines the UKHO's commitment to ensuring business continuity and the delivery of our critical outputs. Required learning for Business Continuity continues to see over 90% staff current with their training. Exercises continue to be utilised to test procedures and embed activities, building confidence and capturing lessons learnt and corrective actions to further refine procedures.

Resilience risks continue to be managed focusing on technology, supply chain, energy, climate and people resilience. Business Impact Analysis continues to be conducted so we understand what our priority products and services are as well as the activities, people and systems that are required to support these products and services. Facilitating the development of robust and tested continuity strategies to ensure the safety of life at sea and keep international shipping moving.

The role of internal audit

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

During 2025/26, the Government Internal Audit Agency (GIAA) provided this service to the UKHO and carried out a programme of audits to Public Sector Internal Audit Standards. The ARAC approved the plan of work for the year, ensuring that it was risk-based and struck a balance between providing assurance over core business processes and areas of strategic risk.

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

The GIAA's opinion on the work completed during 2025/26 provided a 'Limited Assurance' opinion based on the results of the five assignments conducted during the year.

GIAA's audit programme this year provided coverage of strategic risk areas including Bilateral Arrangements with Data Suppliers, and Distributor Onboarding and Management, as well as core business processes including Sustainability Reporting, Technology Governance and Oversight, and Privileged Access Management.

GIAA acknowledge that I had specifically requested that the audit programme focused on areas of known weaknesses and they identified instances of significant weaknesses in the governance, risk management and control framework in some of the areas audited. Whilst GIAA noted some key gaps, they also recognised that we already had awareness of many of the issues identified and are in the process of implementing new controls to strengthen the governance and oversight where necessary. Action plans are in place to address these weaknesses with a number of measures already completed.

Examples of good practice were identified.

It was also noted that there are mature and effective ARAC processes in place supported by a well-maintained risk register and regular risk deep dives. They also found that the UKHO have a well-developed assurance map, based on key business processes which contains details of recent assurances from across the UKHO's three lines of defence. This map is used by both the second and third lines to develop programmes of work to deliver proportionate assurance coverage.

Their report highlighted that a robust process is in place to monitor completion of agreed management actions and recognised the significant improvement in the timely and effective implementation of Agreed Management Actions (AMAs).

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

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

Overall assurance assessment

The Business Assurance team has undertaken an assurance mapping exercise which summarises the findings from all three lines of defence. The overall assessment from the assurance mapping exercise is that of 'Moderate Assurance' which reflects the fact that most risk and control areas were found to be satisfactory, however, we will continue to improve the control environment where it is required.

In the opinion of the ARAC, a sound system of governance, risk management and internal control has been in operation throughout the year ended 31 March 2026 and up to the date of approval of this Annual Report and Accounts. Whilst there remain areas for improvements, there is no evidence of systemic issues. In reaching their conclusion, ARAC considered all the sources of assurance that have been presented to and reviewed by ARAC during the course of the year including, the annual reports submitted by the internal and external auditors, the UKHO Assurance Heatmap, regular updates on risk management, fraud and the individual assurance statements.

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

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

Conclusion

We continue to make progress in developing and improving our governance, risk management and control framework. Having reviewed the outcome of the assurance mapping, the assessment of our strategic risks and issues arising from our internal and external annual audit opinions, I recognise that further work is required to ensure that the control framework remains strong during what will be a period of rapid organisational change. We will continue to develop our people to adapt to changing needs and priorities whilst investing in transforming our technology estate and data handling capability to provide the suite of products and services that our defence and commercial customers rely on.

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

Vanessa Blake
Chief Executive
9 July 2026

Remuneration and staff report

Directors' remuneration policy

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

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

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

Service contracts

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

Unless otherwise stated below, 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.independent.gov.uk.

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

Executive Directors' remuneration

Salary entitlements

The table on page 31 provides details of the remuneration and pension interests of the executive members of the UKHO Board and other Executive Directors. Full year equivalent (FYE) amounts are shown in brackets within the table.

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

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the UKHO and treated by HM Revenue and Customs as taxable. No benefits in kind were provided during the year (2024/25: £nil).

Performance awards

Performance awards are based on performance assessed in the appraisal process. Performance awards relate to the year in which they become payable to the individual. The performance awards reported in 2025/26 relate to performance in 2024/25 and the comparative performance awards reported for 2024/25 relate to 2023/24.

Pensions

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

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

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

Cash Equivalent Transfer Values

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

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

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

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.

Remuneration details

(This section has been subject to audit.)

2025/26	Contract Terms	Notes	Salary band £k	Performance awards £k	Termination payment £k	Total £k	Pension benefit (Notes 3 & 4) £k
Vanessa Blake – Chief Executive	SCS		135–140	0–5	–	140–145	53
Amy Carrillo – Chief People Officer	SCS		85–90	10–15	–	95–100	28
David English – Director of Finance and Corporate Services	SCS		95–100	0–5	–	100–105	18
Rear Admiral Angus Essenhigh – Director of Data Acquisition, UK National Hydrographer	Royal Navy		150–155	–	–	150–155	–
Alexander Bowen – Chief Digital and Technology Office (from 14 April 2025)	SCS	1	110–115 (115–120)	–	–	110–115 (115–120)	44
Elinor Skelley – Interim Chief Customer Officer	SCS		85–90	–	–	85–90	51
David Tomaney – Chief Operating Officer	SCS	5	95–100	0–5	–	100–105	36
Sally Meecham – Interim Chief Technology Officer (until 30 April 2025)	Off Payroll	2 1	35–40 (355–360)	–	–	35–40 (355–360)	–

Notes

1. Numbers in brackets in the tables above denote annual full-time equivalent.
2. Sally Meecham was a contractor, not a civil servant.
3. The value of Pension Benefit disclosed is calculated as the real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual during the year. The real increases exclude increases due to inflation or any increases or decreases due to a transfer of pension rights. This is an estimate of the assumed value of the increase in pension that will be payable on retirement to the individual and has not been paid in the year. For serving naval staff on loan to the UKHO, pension and CETV figures are not disclosed. The pension benefits of any members affected by the public service pensions remedy which were reported in 2022/23 on the basis of alpha membership for the period between 1 April 2015 and 13 March 2022 are reported in 2025/26 on the basis of PCSPS membership for the same period.
4. Accrued pension benefits included in this table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the relevant legacy scheme for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the alpha scheme for the period from 1 April 2015 to 31 March 2022.
5. David Tomaney's title changed from Chief Data Officer to Chief Operating Officer during the 2025/26 financial year.

Remuneration and staff report continued

2024/25	Contract terms	Notes	Salary band £k	Performance payment £k	Termination payment £k	Total £k	Pension benefit (Note 3) £k
Vanessa Blake – Chief Executive (Interim from 13 May 2024, Permanent 19 March 2025)	SCS		110–115 (125–130)	–	–	110–115 (125–130)	49
Vanessa Blake – Chief Customer Officer (until 12 May 24)	SCS		10–15 (110–115)	–	–	10–15 (110–115)	–
Peter Sparkes – Chief Executive (until 12 May 24)	SCS		20–25 (145–150)	–	–	20–25 (145–150)	9
Amy Carrillo – Chief People Officer	SCS		85–90	10 –15	–	95–100	37
David English – Director of Finance and Corporate Services (from 6 January 2025)	SCS		20–25 (90–95)	–	–	20–25 (90–95)	20
Rear Admiral Angus Essenhigh – Director of Data Acquisition, UK National Hydrographer	Royal Navy		145–150	–	–	145–150	–
Sally Meecham – Interim Chief Technology Officer from 1 May and Interim Director of Transformation prior to that)	Off Payroll	2	335–340	–	–	335–340	–
Elinor Skelley – Interim Chief Customer Officer (from 1 August 2024)	SCS		60–65 (80–85)	–	–	60–65 (80–85)	35
David Tomaney – Chief Data Officer	SCS		95–100	–	–	95–100	37
Stephen Potts – Director of Finance and Corporate Services (until 1 October 2024)	SCS		55–60 (100–105)	5–10	–	60–65 (100–105)	21
Andrew Millard – Interim Director of Finance and Corporate Services (between 2 October 2024 and 31 December 2024)	CS		25–30 (75–80)	–	–	25–30 (75–80)	(1)
Mark Sautereau – Chief Technology Officer (until 30 April 2024)	Off Payroll	2	50–55 (345–350)	–	–	50–55 (345–350)	–

Notes

1. Numbers in brackets in the tables above denote annual full-time equivalent.
2. Sally Meecham and Mark Sautereau are contractors, not civil servants.
3. The value of Pension Benefit disclosed is calculated as the real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual during the year. The real increases exclude increases due to inflation or any increases or decreases due to a transfer of pension rights. This is an estimate of the assumed value of the increase in pension that will be payable on retirement to the individual and has not been paid in the year. For serving naval staff on loan to the UKHO, pension and CETV figures are not disclosed. The pension benefits of any members affected by the public service pensions remedy which were reported in 22/23 on the basis of alpha membership for the period between 1 April 2015 and 13 March 2022 are reported in 24/25 on the basis of PCSPS membership for the same period.

Pension benefits

(This section has been subject to audit.)

	Accrued benefits*		Real increase in benefits		CETV	CETV	CETV
	Pension (Note a) £k	Lump sum £k	Pension (Note a) £k	Lump sum £k	31/03/2026 £k	31/03/2025 £k	Real increase £
Vanessa Blake	5–10	Note b	2.5–5	Note b	125	73	37
Amy Carrillo	20–25	Note b	0–2.5	Note b	330	290	17
David English	50–55	Note b	0–2.5	Note b	991	927	6
Elinor Skelley	25–30	Note b	2.5–5	Note b	459	399	33
David Tomaney	35–40	Note b	0–2.5	Note b	674	613	30
Alexander Bowen	0–5	Note b	2.5–5	Note b	30	–	22

* As at 31 March 2026.

Notes

a. Pension is as at pension age.

b. No automatic lump sum payable as member is in the premium/nuvos/alpha scheme.

c. The pension benefits of any members affected by the public service pensions remedy which were reported in 2022/23 on the basis of alpha membership for the period between 1 April 2015 and 13 March 2022 are reported in 2025/26 on the basis of PCSPS membership for the same period.

d. Opening balances for pension disclosures for a member is not consistent with the closing balance reported in the prior year. This is due to the availability in 2025/26 of more up-to-date data relevant to the calculation of the prior year benefits.

Fees paid to Non-Executive Directors (NEDs)

(This section has been subject to audit.)

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

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

NEDs and their fees as at 31 March 2026 were:

	Appointed	Current term end date	Notes	2025/26 £k	2024/25 £k
Marion Leslie	1 January 2015	30 April 2026		25–30	25–30
Tom Betts	1 August 2024	31 July 2027		15–20	10–15 (15–20)
Natasha Toothill	23 May 2022	22 May 2028		15–20	15–20
Paul Boyle	1 March 2023	31 August 2026		15–20	15–20
Tom Loosemore	1 September 2017	31 July 2024		–	5–10 (15–20)
Tara Usher	1 December 2019		1	–	–
Captain Matt Syrett	5 July 2024		2	–	–

Notes

Numbers in brackets in the tables above denote annual full-time equivalent. The following NEDs do not receive separate remuneration for their role:

1. Tara Usher is an MOD SCS representing our Owner and does not have a contracted end date.
2. Captain Matt Syrett is a serving Royal Navy Officer and does not have a contracted end date.

Fair Pay Report

(This section has been subject to audit.)

Reporting bodies are required to disclose:

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

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

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

For our pay remit year 1 August 2025 – 31 July 2026, the civil service Pay Remit Guidance stated: "Departments are able to make average pay awards up to 3.25% with additional flexibility to pay up to a further 0.5%, to be targeted at specific workforce issues (3.75% total)".

The average salaries of our staff have increased by 3.9%, slightly ahead of the pay award. This is due to a slight shift in the percentage of total staff between our two lowest paid grades.

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

The Team Performance Award makes up most of these bonuses and the year-on-year movement in these bonuses was 9% (2024/25: -3.6%).

Remuneration and staff report continued

	2025/26	2024/25
Highest paid Director (HPD) – % change in:		
Salary and allowances[1]	3.4%	3.5%
Performance pay and bonuses payable[1]	0%	0%
All UKHO employees excluding HPD		
Salary and allowances[2]	3.9%	5.7%
Performance pay and bonuses payable[2]	9%	-3.6%
Band of highest paid Director's remuneration (£'000)[3]	150–155	145–150

	25th percentile		Median pay		75th percentile	
	2025/26 £000	2024/25 £000	2025/26 £000	2024/25 £000	2025/26 £000	2024/25 £000
Total pay and benefits	33.5	33.5	40.0	40.2	50.9	50.8
Salary element of above	32.7	31.2	39.1	37.8	50.0	48.3
Ratio to HPD	4.6:1	4.4:1	3.8:1	3.7:1	3.0:1	2.9:1
Ratio to Interim Chief Technology Officer		10.1:1		8.4:1		6.6:1

Notes
1. HPD % change is calculated based on the mid-point of the salary band this year and last year. The HPD did not receive any performance pay or bonuses.
2. The average year-on-year percentage movement of all UKHO employees is calculated as the total for all employees as at 31 March on an annualised basis, excluding the highest-paid Director, divided by the FTE number of employees.
3. The HPD in 2025/26 was Rear Admiral Angus Essenhigh and in 2024/25 was Rear Admiral Angus Essenhigh.

Our staff

Staff numbers (averages over the year)

(This section has been subject to audit.)

	2025/26	2024/25
Civil servants	921	945
Agency staff	99	98
Service personnel	4	4
Total staff numbers	1,024	1,047

Staff turnover

Staff turnover in 2025/26: 5.8% (2024/25: 9.7%). Staff turnover is calculated as number of leavers divided by average staff numbers in the year.

Staff costs

(This section has been subject to audit.)

	2025/26 £k	2024/25 £k
Salaries, wages, etc.	42,233	41,592
Social security costs	5,799	4,414
Pension costs	11,444	11,187
Apprentice levy	193	189
Agency staff costs	16,007	15,187
Service personnel costs	717	728
Staff costs capitalised within intangible assets	(1,976)	(2,102)
Total staff costs	74,417	71,195

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

Agency staff

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

Consultancy

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

During the year, the UKHO spent £2,635k on consultancy (2024/25: £1,391k). The main areas of expenditure in the year relate to supporting the development of our technical transformation plans and support for our people-focused initiatives to build on our culture, behaviours and leadership skills.

Staff composition

(Number of staff at 31 March)

2025/26	Male	Female
Number of persons of each gender who were Executive Directors at year end	3	3
Number of persons of each gender who were senior managers at year end*	78	41
Total number of persons who were employed at the year end	668	394

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

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

Diversity and inclusion

We remain committed to advancing equality, diversity and inclusion at the UKHO, creating an environment where everyone feels respected, listened to, empowered and safe to contribute. Our ambition is to foster a strong sense of belonging, ensuring that all colleagues can fulfil their potential and contribute to the successful delivery of the UKHO's strategic aims and objectives. We continue to embed equality, diversity and inclusion principles across our business practices, culture, and employee behaviours.

Team Charters have been developed across the business at team, divisional and senior management level providing a consistent and inclusive framework that supports respectful ways of working, team cohesion and diversity of thought allowing everyone an opportunity to contribute how people and teams work together to support business priorities in line with The UKHO way.

Improved management information – remains a priority to support fair, transparent evidence-based decision making. We continue to capture and enhance meaningful workforce data and identify trends through the responsible use of technology.

We updated the 'UKHO Levels of Ambition' that align with MOD's, with clear improvement actions aligned to our values and The UKHO way. This plan will combine insight from the Diversity, Inclusion & Belonging (DI&B) survey and will focus on ways that the UKHO can improve diversity and inclusion (D&I) in a practical way with a focus on bias decision making, behaviours, attitudes and tackling perceptions of unfair treatment. This has been planned and monitored using workforce and people insights.

An updated D&I Action Plan has also been developed with improvement actions that link to our values and The UKHO way. The action plan incorporates the results from the DI&B survey with a focus on biased decision making, behaviours and attitudes, and perceived unfair treatment.

Following the introduction of a new requirement and policy to comply with the mandatory duty on employers to prevent sexual harassment in the workplace, we established agreed actions to support this responsibility.

We continue to make progress with diversity declaration rates across protected characteristics, currently at c.71%, which strengthens our opportunity to meet our obligations as an employer and understand the diverse needs of our workforce.

The adoption of Culture Champions embedded within the business offers a new two-way communication channel that has been key to the success of diversity and inclusion and people-related initiatives, including the roll-out of The UKHO way, which is paramount in supporting delivery of our Corporate Plan.

Remuneration and staff report continued

Policies relating to disability

The UKHO aligns with Civil Service disability policies on disability, including participation in the Disability Confident Scheme, which reinforces our commitment to attract, recruit, retain and develop disabled people and those with long-term health conditions.

Through this scheme, disabled applicants who meet the minimum selection criteria are guaranteed an interview, ensuring access to employment. The UKHO are committed to removing barriers in the recruitment process, with reasonable adjustments being offered and support provided to enable individuals to perform at their best.

Where a disability or long-term health condition arises during an individual's employment, we work proactively with the employee to provide appropriate support. This may include reasonable adjustments, the use of a Workplace Adjustment Passport (WAP), or where appropriate and in the individual's best interests, support with redeployment.

Where a disability or long-term health condition arises during an individual's employment, we work pro-actively with the individual to provide appropriate support. This may include making reasonable adjustments, take advice from expert occupational health advisers, supporting with a Workplace Adjustment Passport (WAP) or where appropriate and in the individual's best interests, support redeployment.

Our Diversity and Inclusion Affinity Groups, in particular our Disabilities and Neurodiversity Group, play an important role in promoting awareness of both visible and non-visible disabilities. The groups promote a more inclusive culture by encouraging consideration of physical adjustments and behavioural changes, helping colleagues and managers to meet the needs of disabled employees across the UKHO.

The UKHO offers disability leave as a form of paid special leave, to support employees who are disabled or have a long-term health condition, as defined in the Equality Act 2010. Disability leave may form a wider package of workplace adjustments and can be supported by a Workplace Adjustment Passport (WAP).

The WAP, a key part of the Civil Service Diversity Strategy, supports employees with a disability, long-term health condition or those who are undergoing gender reassignment. It provides continuity of support and is maintained if individuals' cross departments.

Sickness absence

The average number of days lost through sickness in 2025/26 was 4.85 (2024/25: 5.31).

Mental health is the main reason presenting for sickness at 27% (2024/25: 27.4%), with 19% relating to stress. To mitigate sickness days where possible, we support all individuals through a variety of initiatives listed under the wellbeing section and through dedicated one-to-one line management support.

Communication and engagement

Our primary benchmark for assessing colleague engagement and performance is the Civil Service People Survey. Participation in the 2025 survey was strong, with an 80% response rate, an increase of 9 percentage points on 2024 (71%). Engagement rose to 68%, and advocacy reached its highest level on record, with 76% of colleagues saying they would recommend the UKHO as a great place to work.

These results demonstrate clear momentum in our cultural priorities, underpinned by The UKHO way, which sets expectations for our shared values, behaviours, and how we work and lead together. Since the survey closed, senior managers and their teams have analysed their results, refreshed their Team Charters, and developed local action plans.

Looking ahead, embedding The UKHO way remains a corporate priority for 2026. Building on recent progress, the Internal Communications and Engagement team will focus on strengthening leadership visibility and the quality of dialogue across the organisation, helping colleagues to clearly understand expectations, feel supported, and connect their work to customer outcomes and Vision 2034.

Partnering with senior leaders, managers, and the Change Management function, we will support the behaviours required for a high-performing, people-focused culture. Through clear, human-centred communication, we will help colleagues understand, influence, and adopt change – balancing delivery today with preparation for tomorrow. This will sustain momentum as the organisation evolves, positioning Business Plan 2026 as a key milestone on our journey towards Vision 2034.

This is Us: The UKHO way

During 2025, focus shifted from raising awareness to the systematic delivery and embedding of The UKHO way. Workshops on 'How to Lead' have been delivered to all people and team leaders, strengthening consistency in leadership behaviours and mindset when modelling our shared values. In parallel, the rollout of Insights Discovery has progressed at pace; all colleagues are on track to have completed an Insights profile and attended an Insights workshop by October 2025, supporting greater self-awareness, inclusive leadership, and more effective communication and collaboration across teams.

This year's engagement survey reflects an organisation beginning to bring The UKHO way to life, with clear signs of progress across key areas. Participation was strong, with an 80% (+9 percentage points) response rate, demonstrating growing employee commitment to shaping the UKHO's future. The overall Engagement Index increased to 68% (+2 percentage points). Employees' perception of the UKHO as a great place to work continues to strengthen, with 76% (+7 percentage points) saying they would recommend the organisation, the highest level recorded. Improvements were also seen in clarity of purpose, belief in Vision 2034, and confidence in how we lead and manage change.

Embedding The UKHO way remains a priority for 2026, with continued emphasis on lived experience, leadership consistency and sustained impact.

Health, safety and welfare

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

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

	2025/26	2024/25
RIDDOR reportable (incidents reportable under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations)	–	–
Incidents (health and safety incidents, from minor injuries not requiring first aid, up to incidents just below the RIDDOR threshold)	12	4
Near misses (health and safety incidents not resulting in any injury)	13	11

Of the incidents reported in 2025/26, 0 required hospital treatment (2024/25: 0).

Wellbeing

The wellbeing of our people is a priority at the UKHO. We recognise that a healthy and supported workforce is essential for both individual fulfilment and the sustainable delivery of our organisational objectives by having a well and engaged workforce. Our approach includes promoting both physical and mental wellbeing, ensuring that individuals feel valued, engaged, and empowered to perform at their best.

Key interventions include:

- The UKHO Wellbeing Group – aims to help raise awareness of mental health issues and foster an open culture within UKHO, which includes a Peer Support Group (Mental Health First Aiders), mindfulness sessions and wellbeing rooms.
- Wellbeing and emotional wellbeing support – including free access to the Headspace app. It allows individuals to learn the essentials of meditation and mindfulness at anytime, anywhere via their mobile phone. Support includes guided meditations, animations, articles, and videos.
- Employee Assistance Programme (EAP) continues to be promoted and utilised by UKHO individuals. Majority of users access confidential counselling services for emotional support including work and personal. Access to an active dashboard helps us review usage and analyse trends on a regular basis.
- Occupational Health (OH) referrals are engaged to support colleagues in the workplace. The reports from professional health practitioners enable us to provide the individual and line manager with advice and support. Our provider also provides a wide variety of online resources related to wellbeing and topical wellbeing issues.
- Physical wellbeing – including access to an on-site gym with subsidised fitness classes, health checks, eye tests, flu vaccination vouchers and other initiatives to support colleagues to maintain a healthy lifestyle.
- NHS checks delivered on site via Somerset Council for a second year as a preventative wellbeing initiative.
- We have spaces within our office location such as the ‘Wellbeing room’ – a confidential, calm space to decompress, access EAP or meet Peer Supporters.
- Financial wellbeing support, including access to benefits, discounts and cost-of-living resources through the UKHO intranet and benefits platforms.
- Inclusive wellbeing networks, such as the Women’s Network, Menopause Support Group, Carers Group, Disabilities Group and the Diversity & Inclusion Forum, which provide peer support, raise awareness of specific needs and contribute to continuous improvement in wellbeing and inclusion across the UKHO.
- Everywoman – everyone, regardless of gender has access to Allbright’s Everywoman subscription service. It provides useful information, updates, webinars and training opportunities across a range of subjects supporting women in the workplace and helping to navigate their careers.
- Work-life-balance – We support flexible working through our flexi-time policy but also flexible working arrangements and promote a culture that prioritises balance.

The UKHO monitors wellbeing outcomes through anonymised data, staff feedback and survey insight, ensuring our approach evolves in response to the needs of our workforce and aligns with best practice across the Civil Service.

Pensions

Employer pension contribution rates are as follows:

Scheme and annual salary bands to which rates apply	2025/26 %	2024/25 %
PCSPS – Band 1 – £23,000 and under	28.97	28.97
PCSPS – Band 2 – £23,001 to £45,500	28.97	28.97
PCSPS – Band 3 – £45,501 to £77,000	28.97	28.97
PCSPS – Band 4 – £77,001 and over	28.97	28.97

Civil Service pensions

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

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

Remuneration and staff report continued

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

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

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

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The public service pensions remedy5 is made up of two parts. The first part closed the PCSPS on 31 March 2022, with all active members becoming members of alpha from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023. This is known as 'rollback'.

For members who are in scope of the public service pension remedy, the calculation of their benefits for the purpose of calculating their Cash Equivalent Transfer Value and their single total figure of remuneration, as of 31 March 2025 and 31 March 2026, reflects the fact that membership between 1 April 2015 and 31 March 2022 has been rolled back into the PCSPS. Although members will in due course get an option to decide whether that period should count towards PCSPS or alpha benefits, the figures show the rolled back position, i.e. PCSPS benefits for that period.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member).

The employee does not have to contribute but, where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution).

Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

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

Off-payroll engagements

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

No. of existing engagements as at 31 March	**2025/26 79**	2024/25 **103**
Of which ...		
No. that have existed for less than one year	7	49
No. that have existed for between one and two years	22	21
No. that have existed for between two and three years	16	23
No. that have existed for between three and four years	23	7
No. that have existed for four or more years	11	3

No. of new engagements, or those that reached six months in duration, during the year	**2025/26 50**	2024/25 **59**
Of which ...		
No. assessed as within scope of IR35	23	59
No. assessed as not within scope of IR35	–	–
No. engaged directly and/or on the UKHO's payroll	–	–
No. of engagements reassessed for consistency/ assurance purposes during the year	–	–
No. of engagements that saw a change to IR35 status following the consistency review	–	–

Board members and/or senior officials with significant financial responsibility, during the year	**2025/26**	2024/25
No. of off-payroll engagements or Board members, and/or senior officials with significant financial responsibility during the financial year	1	2
No. of individuals that have been deemed 'Board members, and/or senior officials with significant financial responsibility' during the financial year	13	17

Civil Service Exit Packages

(This section has been subject to audit.)

There were no exit packages paid in either 2025/26 or 2024/25. No ex-gratia costs were paid.

Vanessa Blake
Chief Executive
9 July 2026

Parliamentary accountability and audit report

The Chief Executive is personally responsible for the performance and management of the trading fund. Our Annual Report and Accounts are subject to audit by the Comptroller and Auditor General, who heads the NAO and is responsible for scrutinising public spending and safeguarding the interests of taxpayers on behalf of Parliament. The audit certificate is presented on page 40.

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

Public spending and administration budgets

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

Pricing and charges

(This section has been subject to audit.)

Our products are priced with reference to their cost, and to our assessment of their market value in relation to other similar products and the value our end users derive from these products. Our revenue, analysed by our operating segments, can be found in Note 2 page 53.

Losses and special payments

(This section has been subject to audit.)

	2025/26 £k	2024/25 £k
Constructive losses	–	–
Special payments	80	22
Realised foreign exchange (gain)/loss	654	1,034

2025/26 Realised foreign exchange loss is mainly a result of the weaker USD through the whole year. The special payments relate to 2 CILON payments.

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

Remote contingent liabilities

(This section has been subject to audit.)

Error in our products and services

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

Vanessa Blake
Chief Executive
9 July 2026

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

Opinion on financial statements

I certify that I have audited the financial statements of the UK Hydrographic Office for the year ended 31 March 2026 under the Government Trading Funds Act 1973.

The financial statements comprise the UK Hydrographic Office's

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

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

In my opinion, the financial statements:

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

Opinion on regularity

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

Basis for opinions

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

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

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

Conclusions relating to going concern

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

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

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

Other information

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

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

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

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

I have nothing to report in this regard.

Opinion on other matters

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

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

- the parts of the Parliamentary Accountability Report subject to audit have been properly prepared in accordance with HMT directions issued under the Government Trading Funds Act 1973;
- the information given in the Performance Review and Parliamentary Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

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

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

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

Responsibilities of the Accounting Officer for the financial statements

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

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the UK Hydrographic Office from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view and are in accordance with HMT directions issued under the Government Trading Funds Act 1973;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HMT directions issued under the Government Trading Funds Act 1973; and
- assessing the UK Hydrographic Office's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

- considered the nature of the sector, control environment and operational performance including the design of the UK Hydrographic Office's accounting policies, key performance indicators and performance incentives.
- inquired of management, UK Hydrographic Office's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the UK Hydrographic Office's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the UK Hydrographic Office's controls relating to the UK Hydrographic Office's compliance with the Government Trading Funds Act 1973, Managing Public Money, The Hydrographic Office Trading Fund Order 1996, Public Records Act, Data Protection Act, the Privacy and Electronic Information Regulations and the Infrastructure for Spatial Information in the European Community Regulations 2009 (INSPIRE);
  - inquired of management, UK Hydrographic Office's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud,

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

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

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

I obtained an understanding of the UK Hydrographic Office's framework of authority and other legal and regulatory frameworks in which the UK Hydrographic Office operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the UK Hydrographic Office. The key laws and regulations I considered in this context included Government Trading Funds Act 1973, Managing Public Money, The Hydrographic Office Trading Fund Order 1996, Public Records Act, Data Protection Act, the Privacy and Electronic Information Regulations and the Infrastructure for Spatial Information in the European Community Regulations 2009 (INSPIRE), employment law, pensions legislation and tax legislation.

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

Audit response to identified risk

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

I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;

- I enquired of management, the Audit and Risk Assurance Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

Other auditor's responsibilities

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

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

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General
10 July 2026

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

Statement of comprehensive income

For the year ended 31 March 2026

	Note	2025/26 £k	2024/25 £k
Income	2	233,761	220,666
Cost of sales		(105,340)	(101,858)
Gross margin		128,421	118,808
Operating expenses		(112,718)	(101,196)
Operating profit		**15,703**	17,612
Profit on ordinary activities before interest		**15,703**	17,612
Interest Lease liability		(19)	(26)
Interest receivable and similar income		3,623	5,645
Profit before taxation		**19,307**	23,231
Taxation	5		
Dividend	6	(12,500)	(12,500)
Retained (loss)/profit for the financial year		6,807	10,731
Other comprehensive income			
Revaluation of non-current assets	16	1,425	1,981
Total comprehensive income		**8,232**	12,712

The notes on pages 47-61 form part of these accounts.

Statement of financial position

As at 31 March 2026

	Note	2025/26 £k	2024/25 £k
Non-current assets:			
Property, plant and equipment	7	77,370	60,537
Intangible assets	8	31,730	29,104
Right of use assets		443	590
Total non-current assets		**109,543**	90,231
Current assets:			
Inventories	9	1,109	1,006
Trade and other receivables	10	61,957	62,488
Short-term investments		–	40,000
Cash and cash equivalents	11 & 12	100,418	76,571
Total current assets		163,484	180,065
Total assets		**273,027**	270,296
Current liabilities:			
Trade and other payables	13	(104,870)	(109,875)
Provisions	14	(507)	(742)
Total current liabilities		(105,377)	(110,617)
Total assets less current liabilities		**167,650**	159,679
Non-current liabilities:			
Trade and other payables	13	(7,139)	(7,256)
Lease liability		(276)	(420)
Total non-current liabilities		(7,415)	(7,676)
Assets less liabilities		**160,235**	152,003
Taxpayers' equity:			
Public dividend capital		13,267	13,267
Revaluation reserve		21,834	22,900
Profit and loss account		125,134	115,836
Total taxpayers' equity		**160,235**	152,003

The notes on pages 47-61 form part of these accounts.

Vanessa Blake
Chief Executive
9 July 2026

Statement of cash flows

For the year ended 31 March 2026

	Note	2025/26 £k	2024/25 £k
Net cash flow from operating activities	20	16,035	18,571
Cash flows from investing activities			
Interest received	4	3,623	5,645
Purchase of property, plant and equipment	7	(17,471)	(6,491)
Purchase of intangible assets	8	(5,721)	(7,566)
Decrease (Increase) in short-term investments		40,000	30,000
Net cash outflow from investing activities		20,431	21,588
Cash flows from financing activities			
Dividend paid	6	(12,500)	(12,500)
Rent payable for right of use asset		(144)	(219)
Provision for early release		25	–
Net cash outflow from financing activities		(12,619)	(12,719)
Net financing			
Net increase in cash and cash equivalents in the period		23,847	27,440
Cash and cash equivalents at beginning of year	11 & 12	76,571	49,131
Cash and cash equivalents at end of year		**100,418**	76,571

The notes on pages 47-61 form part of these accounts.

Statement of changes in taxpayers' equity
As at 31 March 2026

	Note	Profit and Loss Reserve £k	Revaluation Reserve £k	Public Dividend Capital £k	Total Reserves £k
Balance at 1 April 2025		**115,836**	**22,900**	**13,267**	**152,003**
Revaluation of property, plant and equipment (PPE)	7	–	1,425	–	1,425
Transfer between reserves profit/loss	16	2,491	(2,491)	–	0
Total other comprehensive income	16	2,491	(1,066)	–	1,425
Net income for the period		19,307	–	–	19,307
Total recognised income and expense for the period		21,798	(1,066)	–	20,732
Dividend	6	(12,500)	–	–	(12,500)
Balance at 31 March 2026		**125,134**	**21,834**	**13,267**	**160,235**
Balance at 1 April 2024		**104,616**	**21,409**	**13,267**	**139,292**
Revaluation of property, plant and equipment (PPE)	7	–	1,315	–	1,315
Revaluation of intangible assets	16	–	666	–	666
Transfer between reserves profit/loss	16	490	(490)	–	–
Total other comprehensive income		490	1,491	–	1,981
Net income for the period		23,230	–	–	23,230
Total recognised income and expense for the period		23,720	1,491	–	25,211
Dividend	8	(12,500)	–	–	(12,500)
Balance at 31 March 2025		**115,836**	**22,900**	**13,267**	**152,003**

The notes on pages 47-61 form part of these accounts.

Notes to the accounts

1. Accounting policies

A. Basis of accounting

We operate as a trading fund within the MOD in accordance with Statutory Instrument SI 1996/773. The accounts have been prepared in accordance with the direction given by HMT on 18 December 2025 in pursuance of section 4(6) (a) of the Government Trading Funds Act 1973 and the government Financial Reporting Manual (FReM) issued by HMT. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context in the UK.

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

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

B. Accounting convention

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

C. Going concern

We have prepared a five-year projection covering the years from 2026/27 to 2030/31 on a prudent basis. The strategic direction outlined in our plan sees the business remaining profitable for the foreseeable future and the Board are confident that the UKHO will remain a viable business.

D. Basis of consolidation

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

E. Changes in accounting policies and disclosures

The UKHO capitalisation thresholds were last changed in 2012/13. The limits were reviewed in 2024/25 and changed prospectively effective from April 2025. The new limits are as follows:

Asset Category	New Limit	Old Limit
Plant and machinery, furniture and fittings	£10,000	£5,000
Information technology	£10,000	£1,000
Development software	£100,000	£5,000

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

Valuation of Non-Investment assets

The requirement to consider alternative locations when valuing an asset using Depreciated Replacement Cost (DRC) is being withdrawn. This is expected to be implemented from 2028/29. While the UKHO has not yet fully assessed the potential impact of this change, it is not expected to have a material impact on these Accounts.

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 1 January 2027 in the private sector. The impact of IFRS 18 on the Public Sector is still being assessed, and a decision has not yet been taken on an implementation date.

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

G. IFRS, amendments and interpretations in issue effective in current period

Non-Investment asset valuations

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

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

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

Intangible assets are held at historical (deemed) cost from 1 April 2025. The revaluation reserve brought forward from March 2025 has been moved to the Profit and loss account.

IFRS 17: Insurance Contracts

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

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

Notes to the accounts continued

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

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

There has been no impact on the UKHO on adoption of IFRS 17.

H. Property, plant and equipment non-current assets

Recognition

In respect of all asset classes, new additions and improvements are capitalised where the value of discrete items exceeds £10,000. Assets are recognised initially at cost, which comprises purchase price, construction costs, after deducting for any discounts or rebates and any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended.

Valuation

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

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

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

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

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

Depreciation, impairment and review of estimated useful life

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

- Buildings 50 years.
- Plant and equipment between three and 20 years.
- Furniture and fittings over ten years.
- Information technology assets between two and five years.

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

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

I. Intangible non-current assets

Recognition

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

Software licences

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

Developed software

Research costs are charged to the Statement of comprehensive income in the period in which they are incurred.

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

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

Valuation

The UKHO's capitalisation threshold is £100,000. Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it can operate in the manner intended by management.

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

Developed software is no longer revalued effective from 1 April 2025 in line with the FreM. These assets are held at historical (deemed) cost.

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

Amortisation, impairment and review of estimated useful life

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

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

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

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

J. Leases

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

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

We have completed a review of contracts that the UKHO holds for 2025/26 and we continue to only have one contract which falls within IFRS 16 and have capitalised this in accordance with the standard. There are no other material contracts currently that meet the criteria of IFRS 16.

K. Hydrographic data

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

L. Inventories and work in progress

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

M. Financial instruments

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

Trade and other receivables

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

Trade and other payables

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

Cash and cash equivalents

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

N. Cash and cash equivalents

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

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

O. Short-term investments

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

P. Provisions

Provisions for liabilities and charges have been established under the criteria of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets and are based on realistic estimates of the expenditure required to settle legal or constructive obligations that exist at 31 March 2026.

Q. Capital and reserves

Public dividend capital

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

Retained earnings

The retained earnings represent the cumulative retained net income (after dividends) since the UKHO became a trading fund.

Revaluation reserve

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

Notes to the accounts continued

R. Foreign currencies

Assets and liabilities denominated in a foreign currency are translated into sterling at the rate of exchange ruling as at 31 March 2026. Transactions are recorded at the rate ruling at the time of the transaction. Exchange differences are taken to the Statement of comprehensive income.

S. Revenue

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

Performance obligations

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

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

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

A provision is made against current sales in respect of future credits for superseded inventories held by Admiralty Distributors. The provision represents a 5% credit allowance for returns of publications inventory following the release of new editions (2024/25: 4%) and a 2% credit allowance in relation to inventory cleanses (2024/25: 2%).

Contract balances

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

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

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

T. Operating segments

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

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

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

U. Royalties and ENCs costs

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

V. Salaries, wages and employment-related payments

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

W. Retirement benefit costs

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

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

Details of rates and amounts of contributions during the year are given in the Remuneration and staff report (pages 37-38). Our staff may have benefits accrued in one of five statutory based defined benefit schemes: alpha, classic, premium, classic plus, and nuvos. From 1 April 2022, all staff were transferred to the alpha scheme, a career average defined benefits scheme. Pensions for future retirees will be paid from both their accrued benefits in their previous schemes and the alpha scheme. Classic, premium, classic plus and nuvos are now closed to both new and existing members.

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

X. Taxation

Corporation Tax

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

VAT

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

Notes to the accounts continued

Y. Critical accounting judgements and key sources of estimation uncertainty

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

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

Valuation of property, plant and equipment assets

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

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

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

Estimation of deferred revenue

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

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

Years	Deferral	Impact on revenue and profits
9	£9.5m	-£2.1m
8	£8.6m	-£1.2m
7	£7.4m	–
6	£6.1m	+£1.3m
5	£5.0m	+£2.4m
4	£3.9m	+£3.5m
3	£2.9m	+£4.5m
2	£1.9m	+£5.5m

2. Operating segments

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

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

	Commercial 2025/26 £k	**Defence 2025/26 £k**	**Other government 2025/26 £k**	**Total 2025/26 £k**	Commercial 2024/25 £k	Defence 2024/25 £k	Other government 2024/25 £k	Total 2024/25 £k
Income	215,653	18,052	56	233,761	197,433	23,134	99	220,666
Cost of sales	(99,920)	(5,361)	(59)	(105,340)	(92,107)	(9,595)	(156)	(101,858)
Gross profit	115,733	12,691	(3)	128,421	105,326	13,539	(57)	118,808
Operating expense				(112,718)				(101,196)
Lease liability interest				(19)				(26)
Interest receivable and similar income				3,623				5,645
Total per financial statements				**19,307**				**23,231**

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

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

Revenue by geographic market

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

	2025/26 £k	2024/25 £k
Europe, Middle East & Africa	190,408	172,749
Asia Pacific	40,935	45,836
North America	2,266	1,948
Central & Latin America	152	133
Total revenue	**233,761**	220,666

Information about major customers

Revenues from two customers (2024/25: three) exceeded 10% of UKHO's total revenues in 2025/26.

	Commercial 2025/26 £k	**Defence 2025/26 £k**	**Other government 2025/26 £k**	**Total 2025/26 £k**	Commercial 2024/25 £k	Defence 2024/25 £k	Other government 2024/25 £k	Total 2024/25 £k
Customer 1	56,901	–	–	56,901	54,555	–	–	54,555
Customer 2	34,251	–	–	34,251	31,067	–	–	31,067
Customer 3	–	–	–	–	–	23,134	–	23,134

Timing of revenue recognition

	2025/26 £k	2024/25 £k
Products transferred at a point in time	35,134	39,772
Products and services transferred over time	198,627	180,894
Total revenue	**233,761**	220,666

Notes to the accounts continued

3. Profit on ordinary activities before interest

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

	2025/26 £k	2024/25 £k
Salaries, wages, etc.	42,233	41,592
Social security costs	5,799	4,414
Apprentice levy	193	189
Pension costs	11,444	11,187
Agency staff costs	16,007	15,187
Service personnel costs	717	728
Staff costs capitalised within intangible assets	(1,976)	(2,102)
Total staff costs	**74,417**	71,195
Depreciation	2,041	1,907
Depreciation - right of use asset	148	148
Amortisation development software	3,095	2,631
Loss/(gain) on disposal of fixed assets	18	56
Realised foreign exchange loss/(gain)	654	1,034
Unrealised foreign exchange (gain)/loss	707	(2,764)
Auditors remuneration	139	133
Development and transformational activities	18,827	13,117

4. Interest receivable and similar income

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

	2025/26 £k	2024/25 £k
Interest receivable and similar income	3,623	5,645

5. Taxation

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

6. Dividend

	2025/26 £k	2024/25 £k
Dividend	12,500	12,500
Total dividend	**12,500**	12,500

7. Property, plant and equipment

	Freehold land £k	Buildings £k	Plant and machinery £k	Furniture and fittings £k	Information technology £k	Assets under construction £k	Total 2024/25 £k
Cost or valuation:							
At 1 April 2025	11,597	46,315	811	784	3,975	6,293	69,775
Additions	–	–	–	–	1,319	16,152	17,471
Transfer	–	1,087	605	–	–	(1,692)	–
Disposals	–	(90)	–	–	(334)	–	(424)
Revaluation	116	1,465	61	–	–	–	1,642
At 31 March 2026	**11,713**	**48,777**	**1,477**	**784**	**4,960**	**20,753**	**88,464**
Depreciation:							
At 1 April 2025	–	6,487	208	483	2,060	–	9,238
Charged	–	1,028	133	77	803	–	2,041
Disposals	–	(90)	–	–	(316)	–	(406)
Revaluation	–	205	16	–	–	–	221
At 31 March 2026	**–**	**7,630**	**357**	**560**	**2,547**	**–**	**11,094**
Net book value:							
At 31 March 2026	**11,713**	**41,147**	**1,120**	**224**	**2,413**	**20,753**	**77,370**
Cost or valuation:							
At 1 April 2024	11,482	44,957	495	784	5,325	1,335	64,378
Additions	–	–	419	–	1,114	4,958	6491
Disposals	–	–	(109)	–	(2,464)	–	(2,573)
Revaluation	115	1,358	6	–	–	–	1,479
At 31 March 2025	11,597	46,315	811	784	3,975	6,293	69,775
Depreciation:							
At 1 April 2024	–	5,335	253	406	3,692	–	9,686
Charged	–	991	22	77	816	–	1,906
Disposals	–	–	(71)	–	(2,448)	–	(2,519)
Revaluation	–	161	4	–	–	–	165
At 31 March 2025	–	6,487	208	483	2,060	–	9,238
Net book value:							
At 31 March 2025	11,597	39,828	603	301	1,915	6,293	60,537

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

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

Material projects under construction relates to: A new specialist building under construction £15,088k (2024/25 £5,616k).

Notes to the accounts continued

8. Intangible assets

	Development software £k	Assets under construction £k	Total £k
Cost or valuation:			
At 1 April 2025	44,400	18,892	63,292
Additions	–	5,721	5,721
Reclassification	17,016	(17,016)	–
Disposals	(954)	–	(954)
Revaluation	–	–	–
At 31 March 2026	**60,462**	**7,597**	**68,059**
Amortisation:			
At 1 April 2025	34,188	–	34,188
Charged	3,095	–	3,095
Disposals	(954)	–	(954)
Revaluation	–	–	–
At 31 March 2026	**36,329**	**–**	**36,329**
Net book value:			
At 31 March 2026	**24,133**	**7,597**	**31,730**
Cost or valuation:			
At 1 April 2024	42,176	11,457	53,633
Additions	–	7,566	7,566
Reclassification	131	(131)	–
Disposals	(234)	–	(234)
Revaluation	2,327	–	2,327
At 31 March 2025	44,400	18,892	63,292
Amortisation:			
At 1 April 2024	30,128	–	30,128
Charged	2,630	–	2,630
Disposals	(234)	–	(234)
Revaluation	1,660	–	1,660
At 31 March 2025	34,188	–	34,188
Net book value:			
At 31 March 2025	10,212	18,892	29,104

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

Material projects under construction are:

S-124/RNW – upgrade to Radio Navigations Warning systems £910k

ADDS S-100 – Admiralty S-100 Sales platform £6,180k (2024/25 £3,326k)

Admiralty Digital Delivery Service (ADDS) and Admiralty Digital Sailing Directions (ADSD) which were in AUC as at March 2025 with balances of £11,407k and £3,236k respectively were capitalised in 2025/26.

Analysis of intangible non-current assets

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

Project	Description	Carrying value 31/03/2026 £k	Remaining amortisation period (months)
Admiralty Digital Delivery Service (ADDS)	A series of cloud-based services, subscriptions and APIs	**10,084**	180
Next Generation Sailing Directions	An improved Digital Sailing Directions product	**5,341**	60
Various delivery capabilities	Systems for the support of efficient data delivery to our customers	**8,709**	12-84

Project	Description	Carrying value 31/03/2025 £k	Remaining amortisation period (months)
Hydrographic Database (HDB) and Chart Production Tools	Production system for holding data and compiling charts	3,359	60
Fleet Manager	Fleet Manager is our integrated digital catalogue, product viewer and passage planning aid	4,715	60
Various delivery capabilities	Systems for the support of efficient data delivery to our customers	3,880	12-84

9. Inventories

	2025/26	2024/25
Finished inventories	828	769
Materials	281	237
Total inventories	**1,109**	1,006

10. Trade and other current receivables

	Note	2025/26	2024/25
Falling due within one year			
Trade receivables		35,580	37,127
Prepayments		24,405	23,458
Contract assets-accrued income		1,961	1,899
Net investments and finance leases		11	4
Total receivables		**61,957**	62,488

11. Cash and cash equivalents

	Note	2025/26	2024/25
Balance 1 April		76,571	49,131
Net change in cash and cash equivalent balances		63,847	7,440
Net change in short-term investment with maturity dates within three months of 31 March		(40,000)	20,000
Balance 31 March		**100,418**	76,571

The following balances at 31 March were held at:

	Note	2025/26	2024/25
Commercial banks short-term investments		–	40,000
Commercial banks instant access accounts		100,418	36,571
Cash and cash equivalents		**100,418**	76,571

The carrying amounts of cash and cash equivalents approximate their fair values.
Commercial banks – instant access, high-interest accounts earn interest between 0.5% and 1.55%. Short-term investments earn interest of above 5.1% and are made for varying periods of between three and 12 months.
The UKHO holds £37,707k (2024/25: £24,106k) in cash on behalf of the members of IC-ENC.
This cash represents income due to IC-ENC members. It is not an asset of the UKHO and is not included in the numbers above.
Net cash and cash equivalents held in currencies other than sterling have been converted into sterling at 31 March 2026.

Notes to the accounts continued

12. Short-term investments

2025/26

There are no short-term investments as at 31 March 2026.

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

13. Trade and other payables

	2025/26 £k	**2024/25 £k**
Accruals	16,221	13,736
Contract liabilities-deferred income	55,389	49,996
Proposed dividend	12,500	12,500
Trade payables	19,539	32,504
Other taxation and social security	1,084	1,014
Lease Liability	137	125
Total payables	**104,870**	109,875
Non-current liabilities		
Contract liabilities-deferred income	**7,139**	7,256
Lease Liability	**276**	420
Total non-current liabilities	**7,415**	7,676

14. Provisions

	2025/26	**2024/25**
Opening balance at 1 April	742	882
Charged to operating cost	507	742
Applied	(742)	(882)
Total current liabilities	507	742
Total liabilities at 31 March	**507**	742
Analysis of expected timing of cash flows at 31 March		
	2025/26	**2024/25**
Sales credits	482	742
Early release	25	
Total liabilities at 31 March	**507**	742

15. Public dividend capital

	2025/26	2024/25
Public dividend capital	**13,267**	13,267

Public dividend capital represents capital invested by the MOD in the UKHO becoming a trading fund.

16. Revaluation reserve

	Land	Buildings	Plant and machinery	Developed software	Total
Balance at 1 April 2025	8,591	11,627	191	2,491	22,900
Revaluation	116	1,263	46	–	1,425
Transfer to P&L reserve	–	–	–	(2,491)	(2,491)
Balance at 31 March 2026	**8,707**	**12,890**	**237**	–	**21,834**
Balance at 1 April 2024	8,477	10,431	186	2,315	21,409
Revaluation	114	1,196	5	666	1,981
Transfer to P&L reserve	–	–	–	(490)	(490)
Balance at 31 March 2025	8,591	11,627	191	2,491	22,900

17. Financial instruments

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

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

Foreign exchange risk

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

Credit risk

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

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

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

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

Notes to the accounts continued

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

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

Trade receivables beyond the due date

	Not overdue £k	Over due 31–60 days	Over due 61–90 days	Over due 91–120 days	Over due over 121 days	Total £k
2025/26						
Receivables – not impaired	35,708	(2,131)	2,077	(61)	(13)	35,580
Bad debt provision		–	–	–	–	–
Net total receivables	35,708	(2,131)	2,077	(61)	(13)	**35,580**
2024/25						
Receivables – not impaired	37,062	(1,738)	1,709	25	69	37,127
Bad debt provision		–	–	–	–	–
Net total receivables	37,062	(1,738)	1,709	25	69	37,127

Liquidity risk

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

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

	2025/26 £k	2024/25 £k
Financial liabilities		
Trade and other payables	**48,366**	60,299

Fair values

We are subject to some credit risk. The carrying amount of receivables, net of impairment losses (doubtful debt provision), represents the current value of all our financial instruments and is considered to equate to fair value at 31 March 2026.

Significant accounting policies

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

18. Capital commitments

	2025/26 £k	2024/25 £k
Property, plant and equipment	4,657	20,212
Intangibles	769	2,812
Total	**5,426**	23,024

19. Other financial commitments

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

	2025/26 £k	2024/25 £k
Due within one year	14,311	7,129
Due after one year but within five years	15,085	5,227
Total	**29,396**	12,356

Material contracts included above largely relate to software maintenance and support contracts with the largest contracted commitment being £8.5m (2024/25: £2.1m).

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

	2025/26 £k	2024/25 £k
Profit on ordinary activities before interest and after exceptionals	15,703	17,612
Depreciation on right of use asset	148	148
Depreciation and amortisation	5,136	4,536
Loss on sale and disposal of non-current assets	18	59
(Increase)/Decrease in inventories	(103)	156
(Increase)/Decrease in receivables	1,921	(5,948)
(Decrease)/Increase in payables	(6,528)	2,148
increase/(Decrease) in provisions	(260)	(140)
Net cash inflow from operating activities	**16,035**	**18,571**

21. Contingent liabilities

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

22. Related party transactions

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

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

Other related parties

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

23. Events after the reporting period

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

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

Sustainability report (annex)

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

Compliance statement

The UKHO is committed to addressing climate change in alignment with the recommendations of the TCFD. As an executive agency and trading fund of the MOD, the UKHO supports the GGCs and seeks to lead by example in advancing sustainability across the maritime and geospatial domains.

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

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

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

This annex has been prepared in line with HMT's TCFD-aligned disclosure application guidance and reflects UKHO's Phase 3 disclosures.

	Phase 1 (FY23/24)	Phase 2 (FY24/25)	Phase 2 (FY24/25)	Phase 3 (FY25/26)
Thematic areas/ core areas	**Governance**	**Risk Management**	**Metrics and Targets**	**Strategy**
Recommendations	Disclose the organisation's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning (where such information is material).	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.
Recommended disclosures	**a.** Describe the board's oversight of climate-related risks and opportunities.	**a.** Describe the organisation's processes for identifying and assessing climate-related risks.	**a.** Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with strategy and risk management process.	**a.** Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	**b.** Describe the organisation's processes for managing climate-related risks.	**b.** Disclose Scope 1, 2 and if appropriate Scope 3 greenhouse gas emissions, and the related risks.	**b.** Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.
		c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	**c.** Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	**c.** Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

1. Governance

Board and ELT oversight

The UKHO's ELT oversees climate-related risks and opportunities through several governance processes. The Director of Corporate and Financial Services (DFCS) sponsors the UKHO sustainability initiatives and sits on the UKHO CAWG, which manages, integrates and directs responses to climate-related risks and opportunities.

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

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

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

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

Ultimate accountability for climate-related risks and disclosures sits with the Executive Leadership Team, with supporting analysis and coordination provided through the Climate Adaptation and Resilience Working Group.

Climate adaptation

The UKHO is embedding climate adaptation within its governance, decision making, and operational planning processes. Climate considerations are incorporated into business planning, estate strategy, and investment decisions, including through the Energy Resilience Working Group and sustainability governance structures. Adaptation requirements are increasingly reflected within programme and project delivery, ensuring that resilience and sustainability considerations are considered at key decision points. Workforce engagement and capability are supported through ESG training and stakeholder engagement, enabling informed participation across the organisation. The UKHO will continue to strengthen its approach to climate adaptation by further integrating resilience considerations into planning, delivery, and performance monitoring processes.

Climate Adaptation and Resilience Working Group (CAWG)

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

Key roles and responsibilities in the CAWG include:

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

Sustainability report (annex) continued

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

The CAWG has identified a clear strategic opportunity to strengthen the integration of climate-related KPIs within the UKHO's organisational balanced scorecard and wider corporate strategy. This has been actively considered at executive level, supporting more robust and forward-looking discussions on embedding sustainability as a core component of business performance and decision making.

During the reporting year, ESG considerations were further embedded within the strategic context, with defined objectives and outcomes aligned to the UKHO 2034 Vision Framework. The organisation recognises that effective KPIs are critical to translating strategic intent into measurable outcomes and enabling ongoing performance monitoring.

In line with the expectations of the TCFD, and the evolving requirements under IFRS S2, the UKHO is progressing the development of decision-useful climate-related metrics and targets. As the organisational balanced scorecard undergoes review, the formal integration of additional corporate-level ESG KPIs is being advanced to ensure clear alignment between climate-related risks and opportunities, strategic objectives, and performance management. This will support enhanced transparency, accountability, and comparability in future disclosures.

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

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

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

During the reporting year, the UKHO has strengthened its approach to the identification and management of climate-related risks and opportunities, ensuring greater integration within the existing enterprise risk management framework. Climate-related risks and opportunities identified through the materiality assessment are systematically cross-referenced against the corporate risk register, supporting the consistent application of a climate lens across organisational risk processes. This includes consideration of both transition risks (such as policy, regulatory, and behavioural changes) and physical risks (including the potential impacts of climate variability on operations and infrastructure).

The CAWG has maintained a focused approach to performance management by prioritising a single, high-impact climate-related KPI for the current business planning cycle: the reduction of business travel emissions, a material component of the UKHO's Scope 3 GHG emissions. Since the introduction of this KPI in 2024/25, travel-related emissions have decreased by 57%. This reduction reflects targeted interventions, including enhanced scrutiny of travel requirements, behavioural change across the organisation, and reduced conference attendance, noting that some variation is expected year-on-year. Performance is monitored through governance structures and informs ongoing policy and operational decision making.

This focus on business travel also supports the organisation's response to transition risks, including evolving stakeholder expectations, carbon reduction commitments, and cost pressures associated with travel and emissions.

Building on this progress, the UKHO is working to sustain a future minimum 10% reduction in business travel emissions relative to a 2017/18 baseline. This is being supported through continued refinement of the business travel policy and active engagement with internal stakeholders to embed more sustainable travel practices.

As the organisation's climate risk assessment and adaptation capabilities continue to mature, CAWG will progressively expand and refine the suite of climate-related KPIs. This will include broader coverage of both transition and physical risk exposures, supporting deeper integration of climate considerations into decision making, resource allocation, and long-term value creation.

The UKHO recognises that effective management of climate-related risks and opportunities is fundamental to organisational resilience and long-term success and remains committed to strengthening its approach in line with evolving best practice and disclosure expectations.

Environmental Management System (EMS)

The Environmental Management System (EMS) provides a structured framework for managing environmental performance across the UK Hydrographic Office estate in Taunton, operating within the organisation's broader governance arrangements and supporting Executive-level accountability for sustainability. It ensures alignment with national sustainability priorities and MOD environmental policy, enabling a coordinated approach to reducing carbon impact, safeguarding natural resources, and promoting responsible environmental stewardship.

Operational management of environmental aspects is embedded within Facilities Management, working in collaboration with the Head of Sustainability and key stakeholders. This includes the setting and review of environmental objectives, monitoring performance against key targets, and ensuring compliance with MOD JSP 816 requirements. These activities support the effective implementation and continual improvement of the EMS at site level.

The recently established Energy Resilience Group further strengthens this framework by enhancing focus on energy security, efficiency, and long-term resilience. Its work supports the organisation's response to both transition and physical climate-related risks, ensuring that energy considerations are embedded within operational and strategic decision making.

Together, these structures provide a clear line of sight from executive oversight through to operational delivery, enabling the UKHO to systematically integrate environmental considerations across its activities. This coordinated approach supports a culture of environmental responsibility and underpins the organisation's strategic ambition to demonstrate environmental leadership within the defence and maritime sectors.

Compliance with UK regulatory frameworks

The UKHO is committed to aligning its sustainability disclosures and governance practices with the recommendations of the TCFD as well as the HMT 2025/26 Sustainability Reporting Guidance for Central Government. This alignment ensures transparency, consistency, and accountability in the organisation's management of climate-related risks and opportunities, as well as its broader environmental and social performance.

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

By adhering to the TCFD recommendations, the GGCs and the GHG protocol, the UKHO demonstrates robust environmental governance and reinforces its role as a responsible public sector body. The organisation's sustainability disclosures cover key areas such as GHG emissions, energy consumption, waste management, water use, and social value contributions, reflecting its commitment to contributing to government-wide sustainability goals, including achieving net zero, enhancing resource efficiency, and supporting biodiversity.

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

Risk management and governance

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

2. Strategy

Our key corporate climate-related risk

There is a risk that the UKHO does not meet its climate commitments and trajectory aligned to government policy and the Sustainability Roadmap, due to insufficient timely sustainability investment and limited organisational sustainability governance, resulting in reputational damage which has longer term implications for UKHO financial sustainability.

Time horizons

The UKHO has defined its climate-related time horizons to align with organisational planning cycles, asset lifecycles, and government policy commitments. The short term is defined as 0–3 years, reflecting business planning and delivery cycles. The medium term is defined as 3–10 years, aligning to estate planning, technology refresh cycles, and programme delivery timelines. The long term is defined as beyond 10 years, reflecting infrastructure lifespans and the UK Government's Net Zero 2050 commitment. These time horizons are used to assess the potential impacts of climate-related risks and opportunities on UKHO's operations, strategy, and financial planning.

Financial impacts of climate-related risks and opportunities

Climate-related risks and opportunities are expected to influence the UKHO's financial planning across both the short and longer term. Physical risks may lead to increased operating expenditure through disruption, maintenance, and resilience measures, alongside potential impacts on productivity and service continuity. Transition risks may result in increased compliance, reporting, and assurance costs, as well as capital investment requirements to support estate decarbonisation, energy resilience, and low-carbon operations. These factors are considered within business planning and investment decisions to ensure affordability and value for money. In parallel, climate-related opportunities may support improved cost efficiency through energy optimisation, as well as longer-term value creation through the development of data, products, and services that support customers operating in a changing climate.

These risks and opportunities are further assessed through scenario analysis to test the resilience of the UKHO's strategy under different climate futures. This ensures that climate-related risks and opportunities directly inform prioritisation of investment, resource allocation, and long-term financial planning decisions.

Sustainability report (annex) continued

Scenario analysis

The UKHO actively uses climate-related scenario analysis to test the resilience of its strategy, operations, and governance in the face of an evolving climate landscape. Scenarios are based on IPCC-aligned warming pathways: <2°C, 2–3°C, and >3°C and are used to explore plausible futures to 2025, 2030, and 2050.

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

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

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

Strategic scenarios

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

Time-based scenarios

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

Sustainability report (annex) continued

Resilience of UKHO's strategy

The scenario analysis indicates that the UKHO's strategy remains broadly resilient across a range of climate futures, supported by its focus on operational efficiency, digital delivery, and long-term estate planning. However, increasing physical climate impacts and dependencies on critical infrastructure present areas of potential vulnerability, particularly in relation to energy resilience and workforce productivity. Transition risks, including evolving regulatory expectations and cost pressures, are expected to increase over time but are considered manageable within existing governance and planning frameworks. In response, the UKHO is strengthening its approach to energy resilience, integrating climate considerations into business planning and investment decisions, and building organisational capability in ESG. These actions are intended to ensure that the UKHO remains adaptable and continues to deliver value under a range of future climate conditions.

Associated opportunities, targets and metrics:

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

These metrics are being progressively refined and introduced as part of the UKHO's developing ESG performance framework and are used to inform investment prioritisation, operational decision making and performance monitoring through established governance, including ELT oversight.

Climate-related opportunities

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

3. Risk management

Identifying and assessing climate risks

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

Materiality-led risk identification

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

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

A double materiality assessment was conducted by the CAWG, involving two perspectives:

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

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

Risk categorisation and assessment methodology

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

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

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

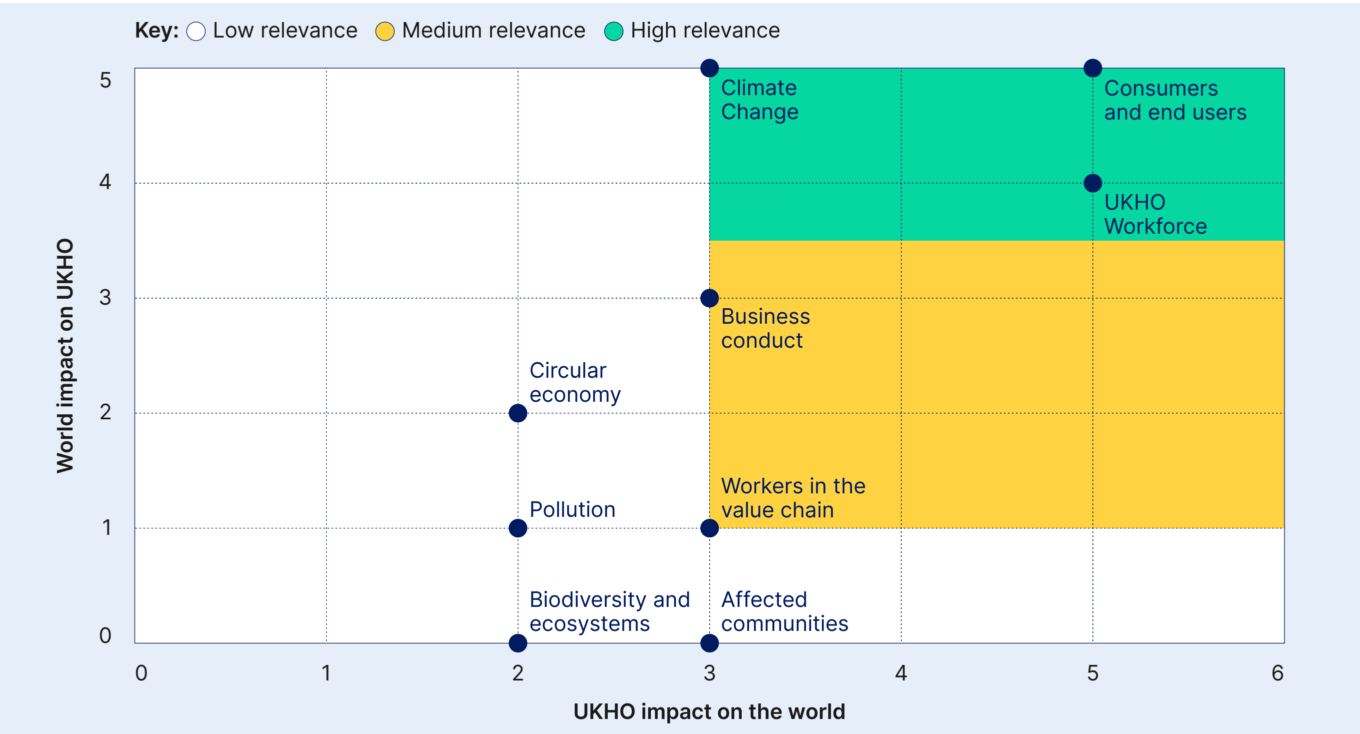
Integration with Enterprise Risk Management (ERM)

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

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

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

Materiality matrix



Sustainability report (annex) continued

Overview of transferred climate risks

The FY25/26 materiality assessment was informed through structured interviews with Climate Adaptation Working Group (CAWG) stakeholders across key functions, providing an enterprise-wide view of climate-related risks and opportunities. The outputs have been consolidated to highlight the most material themes impacting the UKHO's operations, workforce, supply chain, and long-term strategic positioning.

Key risks

- **Physical risks:** Increasing exposure to extreme weather, infrastructure disruption, and impacts on workforce productivity and service continuity.
- **Transition risks:** Evolving regulatory expectations, cost pressures, and the complexity of embedding climate considerations into organisational planning and delivery.

Key opportunities

- **Operational resilience:** Improving estate resilience, energy efficiency, and long-term site sustainability.
- **Workforce capability:** Strengthening employee understanding, engagement, and confidence in ESG.
- **Supply chain innovation:** Increasing focus on low-carbon, efficient, and resilient supply chain solutions.
- **Strategic value:** Leveraging UKHO data, products, and services to support customers in a changing climate.

These findings directly inform the UKHO's strategy by:

- Supporting a clear site strategy aligned to the Net Zero 2050 commitment.
- Supporting our efforts towards achieving the UKHO strategic vision 2034 framework.
- Enabling employees to actively participate in ESG conversations.
- Advancing targeted supply chain innovation activity.
- Identifying areas of greatest organisational sustainability impact, underpinning a high-level sustainability strategy aligned to TCFD expectations.

The sections below set out the detailed climate-related risks identified through this assessment, structured across key impact areas.

Climate risks

Risk 1: There is a risk that the UKHO does not meet its climate targets as set out in the Sustainability Roadmap due to insufficient or delayed sustainability investment and limited organisational governance. This may result in reputational damage with longer-term implications for financial sustainability.

Mitigation: ESG governance has been strengthened. The Head of Sustainability is a member of the Scrutiny Board, ensuring ESG considerations are systematically embedded within business plans, and was part of the core planning team for the Business Plan 2026 to support effective integration of ESG within the organisation's core strategy.

Risk 2: Increasing exposure to physical climate impacts (e.g. extreme weather, infrastructure disruption, and utility outages) may affect the UKHO's estate, operations, and service continuity, leading to increased operational costs, reduced productivity, and potential disruption to delivery.

Mitigation: The Energy Resilience Working Group has been established to drive resilience and efficiency across the estate. ESG interventions are embedded within this forum, with the Head of Sustainability providing oversight to ensure alignment with GGCs and future adaptation requirements.

Risk 3: Evolving regulatory requirements, reporting expectations, and policy changes associated with the transition to a low-carbon economy may increase compliance costs, place additional demands on governance and assurance processes, and impact long-term financial planning.

Mitigation: The Assurance function, alongside the Head of Sustainability, maintains ongoing horizon scanning to monitor regulatory developments and ensure the UKHO adapts its approach appropriately as an arm's length body.

Risk 4: Dependencies on critical infrastructure (including energy, water, and digital systems), combined with the need to transition to more resilient and low-carbon operations, may expose the UKHO to operational and financial risk if adaptation and investment are not effectively coordinated.

Mitigation: Engagement with senior leadership has been strengthened. ELT and Heads of Business (HOB) sustainability training sessions have been scheduled to improve ESG understanding, support informed decision making, and ensure climate-related risks are effectively considered and managed.

Workforce risks:

Risk 1: Increasing demand for sustainability-related skills and capability, alongside the need to embed climate considerations into workforce planning and delivery, may expose the UKHO to capability gaps if upskilling and strategic workforce planning do not keep pace.

Mitigation: Organisation-wide upskilling on ESG concepts and language is being delivered to improve understanding and enable colleagues to engage more effectively in ESG discussions and embed sustainability within their roles.

Risk 2: Acute and chronic climate impacts (e.g. extreme heat, flooding, and transport disruption) may affect workforce wellbeing, availability, and productivity, with potential implications for operational delivery.

Mitigation: The UKHO operates a flexible working model, supported by monitoring of workplace conditions, enabling staff to work remotely where required and maintain continuity of operations with minimal disruption.

Consumer and end user risks:

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

Managing climate risks

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

Investments in risk mitigations

Sustainability, both in design and in day-to-day behaviours, remains a foundational element of the UKHO's HQ Site Strategy. Beyond its alignment with broader strategic goals, the decarbonisation of the site continues to be a critical lever within the organisation's Sustainability Roadmap. The Sustainability Site Plan (SSP) established a comprehensive longlist of decarbonisation actions, informed by the site's carbon footprint and assessed through stakeholder engagement alongside technical and commercial feasibility considerations.

In FY25/26, delivery of the SSP has evolved and is now being managed through the Energy Resilience Working Group, ensuring a more systemic and integrated approach. This shift reflects the need to balance decarbonisation with wider resilience and adaptation requirements, recognising the interdependencies between energy, infrastructure, and operational continuity. Activities are therefore being reviewed, prioritised, and sequenced based on their contribution to both emissions reduction and organisational resilience.

A phased investment approach remains in place. Initial priorities include interventions that strengthen on-site energy resilience, including the development of solar photovoltaics (PV) to support on-site renewable generation. A detailed feasibility study is underway to assess technical potential, financial viability, and operational implications, providing the evidence base for future investment decisions.

Subsequent phases will consider additional low-carbon technologies and energy efficiency measures, aligned to both feasibility outcomes and evolving resilience requirements. This integrated approach ensures that decarbonisation activities not only contribute to operational emissions reduction but also enhance long-term site resilience, supporting UKHO's ability to operate effectively under future climate conditions.

Organisational resilience mitigations

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

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

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

Climate risk oversight

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

Risk escalation

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

Climate compliance and external engagement

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

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

Sustainability report (annex) continued

Climate opportunities

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

4. Target and metrics

The UKHO uses a defined set of metrics and targets to assess and manage climate-related risks and opportunities, aligned to its Sustainability Roadmap and wider organisational strategy. These metrics support decision making across estate management, workforce activity, and operational delivery.

Key metrics include operational GHG emissions (Scope 1 and 2), with Scope 3 emissions considered where data is available and material. Performance against emissions reduction targets is monitored in line with the UK government's Net Zero 2050 commitment and Greening Government Commitments.

The UKHO currently reports Scope 3 GHG emissions for business travel and waste, where established reporting arrangements are in place. A wider assessment of Scope 3 emissions has not yet been undertaken and, as a result, the UKHO is not currently reporting across all Scope 3 categories. During 2026/27, the UKHO will undertake a phased assessment of its wider Scope 3 emissions to improve understanding of value chain emissions, identify the categories most material to the organisation and inform future reporting and supply chain improvement activities.

Additional operational metrics are used to support risk management and performance monitoring, including energy consumption across the estate, business travel emissions, and progress against energy efficiency and resilience interventions. These metrics are reviewed regularly to assess performance, inform investment decisions, and ensure alignment with organisational priorities.

Targets are set to drive continuous improvement in emissions reduction, energy efficiency, and operational sustainability. Performance against these targets is monitored through established governance structures, including executive-level oversight, ensuring that climate-related risks and opportunities are actively managed and integrated into business planning. Performance against these metrics and targets is reported annually within the Sustainability Report and supporting disclosures and are used to inform investment prioritisation, operational decision making and performance monitoring through established governance, including ELT oversight.

5. Policies and governance enhancements

Climate policies and frameworks

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

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

Engagement and stakeholder communication

Climate risks and opportunities have been actively socialised across the organisation through a structured stakeholder engagement process. The CAWG has committed to engaging stakeholders on a quarterly basis to maintain visibility, foster a culture of shared responsibility, and ensure that climate action is embedded across all functions. These engagements will support continuous learning, co-development of solutions, and timely integration of climate considerations into planning, operations, and investment decisions.

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

Glossary of key terms

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

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

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

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

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

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

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

GHG protocol
The most widely used global standard for measuring and managing GHG emissions.

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

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

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

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

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

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

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

UK Hydrographic
Office

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

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

gov.uk/ukho

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

admiralty.co.uk

E03557962
ISBN 978-1-5286-6329-8