



Submarine
Delivery Agency

Annual Report and Accounts 2025/2026



Submarine Delivery Agency

Annual Report and Accounts 2025/2026

For the period 1 April 2025 to
31 March 2026

Accounts presented to the House of Commons pursuant to section 7
of the Government Resources and Accounts Act 2000

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

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Contents

4 25/26 Delivery Highlights

5 Chair's Introduction

Annual Report – comprising of Sections 1 and 2

8 Section 1: Performance Report

9 Chief Executive Officer's Report

11 Chief Finance Officer's Report

13 About the Submarine Delivery Agency

23 Performance Analysis

27 Safety, Environmental Protection, Climate Change, Sustainability and Security

33 Looking Forward

36 Section 2: Accountability Report

37 Corporate Governance Statement

38 Directors' Report

40 Statement of Accounting Officer's Responsibilities

41 Governance Statement

61 Remuneration and Staff Report

83 Parliamentary Accountability Report

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

92 Section 3: The Financial Statements

93 Accounting Information

97 Notes to the Accounts

25/26 Delivery Highlights

Submarine acquisition

- His Majesty The King commissioned the sixth Astute Class Submarine HMS Agamemnon into the Royal Navy during a ceremony at Barrow-in-Furness.
- The then-Secretary of State for Defence led a steel cutting ceremony to mark the start of construction for the final Dreadnought Class submarine, King George VI. All four Dreadnought Class submarines are now under construction at Barrow.
- The Submarine Build Modernisation programme achieved a major construction milestone at Barrow with the completion of the final upper-deck concrete pour for the new Devonshire Dock Quay, delivered more than a month ahead of schedule. This marked a significant step towards providing the modern quay and support facilities needed for in-water testing and commissioning of Dreadnought and future submarine classes.
- We handed Excalibur over to the Royal Navy. Delivered by the Submarine Delivery Agency's (SDA) Project CETUS, the Royal Navy's first uncrewed submarine will accelerate its use of advanced technologies.
- HMS Agamemnon successfully completed her trim dive in Barrow's Devonshire Dock, a key commissioning milestone proving the vessel's stability, watertight integrity and readiness ahead of sailing for the first time. The achievement reflected close collaboration between the SDA, the Royal

Navy and BAE Systems, marking another important step towards introducing the sixth Astute Class submarine into the fleet.

Submarine support

- We completed base maintenance periods at His Majesty's Naval Base Clyde to deliver routine maintenance and upgrades in support of the Continuous At-Sea Deterrent.
- Our Chief Executive Officer (CEO), Sir Chris Gardner KBE, was appointed Senior Responsible Owner for Team Plymouth. One of the Government's landmark Defence Growth Deals, Team Plymouth is supporting the growth potential of the local Defence industry to strengthen our national security.

Submarine disposal

- A major milestone for the Submarine Dismantling Project's (SDP) demonstrator, Swiftsure, was achieved in June 2025, with the cutting and removal of her fin. The next key milestone involves removing the Intermediate Level Waste (ILW), including the Reactor Pressure Vessel. We anticipate over 90% of the demonstrator's total weight can be recycled and full dismantling remains on track for completion by the end of 2026. As of May 2026, a total of 2,284 tonnes have been removed from Swiftsure, equalling 57.5% of the platform's total weight.

- We are re-establishing a safe and secure Pressurised Water Reactor 1 defueling capability at Devonport Dockyard. In June 2025, Babcock International were awarded a £114 million contract to prepare for the defueling of four decommissioned Trafalgar Class submarines. This is taking place in parallel with ongoing infrastructure investment into Devonport to develop facilities to recommence defueling activities. This capability generation will help to free up valuable dockyard space as submarines are defueled and decrease costs associated with storage of decommissioned submarines.

AUKUS

- HMS Anson arrived in Western Australia for maintenance with AUKUS partners. This major milestone in the AUKUS programme saw Australian personnel work alongside UK engineers to conduct maintenance on an Astute Class submarine for the first time.
- The then-Secretary of State for Defence, the Right Honourable John Healey MP, and Australia's Deputy Prime Minister and Minister for Defence, the Honourable Richard Marles MP, signed the bilateral Nuclear-Powered Submarine Partnership and Collaboration Treaty (the Geelong Treaty).

Other achievements

- Under Programme Evolve, we continued to grow our technical capability through new schemes and initiatives to ensure the SDA has the skills needed to deliver our complex programmes. For example, the SDA Specialist Fellowship scheme was launched in January 2026 to provide a pinnacle to our Subject Matter Expert career pathway. Our personnel capability improvement initiatives will help us recruit, grow and retain the specialists we need.
- The SDA became the first organisation in the world to be awarded Association for Project Management Gold accreditation.
- Over 300 suppliers came together for the inaugural Submarine Production Alliance Supply Chain Conference. The Submarine Production Alliance will bring together the Dreadnought, SSN-AUKUS (SSN-A) and future submarine production programmes under a single portfolio, to allow for greater efficiency, economy of scale and long-range enablement.
- We launched our new Additive Manufacturing Strategy, outlining how we will adopt this emergent technology to boost supply chain resilience, address obsolescence and enable equipment availability improvements.

Chair's Introduction

by David Goldstone CBE, SDA Interim Board Chair



The SDA Annual Report and Accounts details the Agency's performance during the 25/26 financial year. It reflects how we, together with our partners, have been delivering available and capable submarines for the Royal Navy in defence of the nation.

As the CEO explains in his statement, we have demonstrated continued progress in addressing the challenges we face. The UK's nuclear deterrent is a truly national endeavour, one that the SDA has played a crucial role in as the Defence Nuclear Enterprise's (DNE) delivery agent for submarines. We have continued to work closely with the Royal Navy and Babcock International to maintain the Vanguard Class that delivers the deterrent today, while working with BAE Systems and Rolls-Royce Submarines to build the Dreadnought Class that will replace it. We have made good progress in delivering the final two Astute Class submarines and investing in infrastructure to support continuous submarine production

for the SSN-A programme. Finally, we have continued to make progress addressing the legacy of decommissioned submarines, with full dismantling of Swiftsure on track for completion by the end of 2026.

Our improvement strategy has provided an important guide for progress in the organisation's performance and effectiveness. Launched in 23/24, it set out the improvements required to better deliver our mission, and a review in 24/25 confirmed it remained the right approach. In 25/26, the Board and Executive Committee helped further refine the strategy to ensure a clear focus on impact and outputs. While I am pleased with the progress made, there is still more to do to achieve the intent of being recognised for sustained excellence in through-life submarine delivery.

After the conclusion of the 25/26 financial year, changes have been made to the SDA's governance model that are summarised in

the 'operating as an Executive Agency' and 'how we are organised' sections of this report. However, of immediate effect was the decision to dissolve the SDA Board and terminate all Non-Executive Director (NED) appointments in May 2026. The organisation will transition to a new structure, as the Submarine Delivery Group, fully embedded within the Defence Nuclear Organisation (DNO). As it does so, I reflect on the Board's important role providing independent advice, scrutiny and challenge to the Executive and I want to thank the other NEDs for the important and valuable

contributions they have made. We are all proud to have played a role in supporting the Continuous At-Sea Deterrent, which for more than 55 years has deterred the most extreme threats to our national security, and we wish the Executive and team well for their continuing endeavours.

David Goldstone CBE, May 2026¹
SDA Interim Board Chair (2024-2026)

¹ The Chair's statements in this ARA were written in May 2026, shortly after the dissolution of the SDA Board and prior to the end of David Goldstone CBE's appointment. Commentary reflects the position as at that time.



Section 1

Performance Report



Chief Executive Officer's Report

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



Following on from last year's statement, I am pleased to be able to report further progress in meeting the challenges we face to restore the capability, capacity and resilience we need to deliver and enhance our outputs. The Submarine Delivery Agency is an integral part of the DNE and over the last 12 months we have continued to build on and deliver against our improvement strategy and to position ourselves within a more integrated and aligned operating model, reflecting both wider Defence Reform and further evolution of the DNE as the fourth pillar of Defence.

Supporting the Deterrent remains our highest priority and I am committed to continuing to lay strong foundations for the effective transition from Vanguard to Dreadnought. This remains an incredibly challenging operating environment as we extend the life of the Vanguard Class. We are working closely with the Royal Navy under the new First Sea Lord's direction to support submarine maintenance recovery

on the Clyde and also to restore capacity at Devonport. Dock availability continues to be a constraining factor, but with 9 Dock now fully back in commission alongside 15 Dock in Devonport and ongoing infrastructure regeneration investment we will start to see the benefits of this play through into restoring submarine availability and greater programme stability. The arrival of the remaining two Astute Class submarines into the Fleet will also bolster capability. I was pleased to see the sixth Astute Class submarine, HMS Agamemnon, commissioned into the Royal Navy by His Majesty The King in September 2025, marking a key milestone in her route to exit Barrow.

I am also pleased to be able to report further sustained and improving performance in the submarine build programme, with Dreadnought remaining on track to enter operations in the early 2030s. During 2025, over one million hours of Dreadnought build were delivered – three times that of 2023 – demonstrating

a significant benefit in both throughput and productivity from our ongoing investment in the Barrow yard and supply chain. With all four boats now in production, investment through the Submarine Build Modernisation programme will further enhance our submarine build capabilities and capacity in preparation for SSN-A and our commitments to AUKUS Pillar 1. This marks our ambition to enable continuous submarine production in the UK to meet the requirement for up to 12 SSN-A submarines for the UK and to double the rate of submarine production.

At the other end of the submarine lifecycle, Swiftsure's fin was removed in June 2025, and remains on track for full dismantling by the end of 2026 in line with our commitment to the Public Accounts Committee. The learning from this demonstrator project is informing our long-term dismantling solution and marks a further positive step forward in dealing with this legacy.

So, as I enter my fourth and penultimate year as CEO of the SDA, we are starting to see the impact of our strategy and approach and deliver positive outcomes across the whole DNE. Clearly there is still much more to do and no time to let up on the sustained effort required to deliver the levels of performance needed.

In last year's statement I emphasised the importance of building the industrial capacity needed to deliver our programmes. Looking slightly further ahead, moving Dreadnought into Delivery Phase 4, the setting up of the

Submarine Production Alliance, and the negotiation of the Gateway Agreement with Babcock International covering submarine maintenance and support will bolster our industrial partnerships enabled by the right commercial frameworks to drive performance.

I was also delighted to have been appointed as the Senior Responsible Owner for Team Plymouth, one of five Defence Growth Areas announced in the Defence Industrial Strategy. This reflects not just the importance of Plymouth as a national strategic asset, but also the recognition that a whole of government approach is required to meet the needs to sustain and grow the skills and workforce required for the future. I look forward to working with the Ministry of Housing, Communities and Local Government, Babcock International and Plymouth City Council in the coming months to bring this to life and deliver our aspirations for Defence-driven growth and local and regional regeneration.

We also continued to enhance the SDA's organisational effectiveness through our ongoing improvement strategy and investment in graduates and apprentices. We utilised the 24/25 stocktake to refine our improvement strategy, which remains relevant. Through this, we continue to thicken our technical skills and to streamline and optimise our operating model. These efforts will ensure we have the expertise needed to deliver our complex programme of work and we will continue to evolve our approach under the DNE 'one team' banner.

Following the end of 25/26, we continued to enhance our organisational effectiveness through the evolution of our operating model and governance arrangements. We transitioned the SDA to a Model 1 Executive Agency structure, bringing our governance arrangements into closer alignment with the wider DNO, and established the SDG to bring together the SDA and Submarine Capability areas. These changes enable better governance, faster decisions, and stronger accountability, helping us to deliver the DNE mission more effectively. Further detail is provided in the 'operating as an Executive Agency' and 'how we are organised' sections of this report.

In sum, last year I reported on the scale of the challenges we faced, but that our plans were starting to have effect. The last 12 months

has delivered further evidence of the progress we are making and we can now see some of those benefits being realised. The next 12 months will require further focus on driving for the improvements we need to see delivered and I look forward to continuing to lead the SDA within the DNE in support of the Chief of Defence Nuclear and the First Sea Lord.

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



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



HMS Anson

Chief Finance Officer's Report

by Georgina Benzies, Chief Finance Officer



The past year has seen continued growth in the scale, complexity and ambition of the Submarine Delivery Agency's portfolio, alongside significant progress in how we organise and deliver as part of the DNE.

A key milestone is the establishment of the Submarine Delivery Group (SDG) in April 2026, bringing together the SDA and Submarine Capability functions within the DNO. This integration will further strengthen Enterprise alignment and support a more integrated approach to delivering submarines across their lifecycle – from design and build to in-service support and disposal – reflecting our ambition to operate as 'one team', improve delivery coherence, and maximise the impact of our combined capabilities.

This organisational evolution builds on our improvement strategy, which sets out how we are modernising the Agency to deliver sustained performance improvement. Our focus remains on Enterprise alignment, enhancing agency effectiveness, and improving

supplier performance – underpinned by digitisation, stronger business management systems and long-term partnering with industry.

Performance continues to be managed through our Objectives, Goals, Strategies and Measures (OGSM) framework, with a clear focus on delivering on time, improving submarine availability, and increasing organisational effectiveness. This framework is enabling a more consistent line of sight from strategic intent to delivery outcomes, with lessons learned continuing to inform its ongoing development.

Equipment Plan

In 25/26, the Agency delivered £7,350 million of expenditure against the Equipment Plan (24/25: £6,693 million), a 10% increase year-on-year. This sustained growth reflects the expanding scale of the UK's submarine programmes, including build, in-service support, infrastructure, and disposal.

Looking ahead, the programme will continue to grow, with significant investment required to deliver future submarine classes, modernise supporting infrastructure, and address the long-term challenge of submarine disposal. The breadth of this portfolio reinforces the importance of strong commercial, financial, people and technical integration across the DNE.

Operating costs

This period, we spent £369 million on the operating costs of the agency (24/25: £313 million), against a budget of £424 million. Whilst this is £55 million below budget it is still an 18% increase compared to the prior year, reflecting the additional capacity and capability needed to support a growing and more complex portfolio.

Workforce costs remain the primary driver of operating expenditure. While headcount growth has been modest, we have continued to rely on contingent labour and external expertise to meet delivery demand. Our focus is on developing a more sustainable workforce model - strengthening internal capability, reducing reliance on external support where appropriate, and investing in skills and early talent.

Payables remain the most significant component of the Agency's balance sheet at £50 million (24/25: £48 million), reflecting liabilities for staff performance awards, accrued leave, and obligations under the departmental Voluntary Exit Scheme. The profile of payables continues to be weighted towards the year end.

Looking ahead

The SDA is operating in a context of sustained portfolio growth and increasing delivery demand. Meeting this challenge requires both continued investment and further modernisation of how we work.

Through our improvement strategy and the creation of the Submarine Delivery Group, we are continuing to embed a more integrated, agile and data-driven operating model – supported by improved digital capability, stronger governance, and closer collaboration with our DNE partners and industry.

Our priority remains to ensure that we have the right funding, skills, and organisational capability required to deliver a safe, secure and sustainable submarine programme for the UK.

About the Submarine Delivery Agency

Who we are and what we do

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

DNE mission

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

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

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

SDA vision

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

SDA mission

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

SDA purpose

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

DNE behavioural principles

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

DNE behavioural principles:

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

SDA structure

Our corporate framework

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

Since 31 March 2025, the Ministry of Defence (MOD) has moved to a new organisational design as the first step in Defence Reform. The DNE became one of four new areas, alongside the Department of State, the Military Strategic Headquarters and the National Armaments Director Group. We remain a part of One Defence and inseparable from the rest of the MOD. At the heart of the then-Secretary of State's vision was clear, single points of accountability across his senior leadership team. These accountabilities were clarified, and the Chief of Defence Nuclear is a member of the 'Quad', working with the Chief of Defence Staff, Permanent Secretary and National Armaments Director to support the Secretary of State and Ministerial team.

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

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

Operating as an Executive Agency

As an Executive Agency of the MOD, we manage our business in line with delegations afforded to us by the MOD, which flow to us through the Chief of Defence Nuclear. As an Executive Agency we have also been allocated management freedoms, including those delegated by HM Treasury and the

Cabinet Office. These freedoms allow us to manage all aspects of our workforce to meet business need within our operating cost budget. Further information on our governance is provided in section 2.

The Accounting Officer, Sir Chris Gardner KBE, is required to operate the SDA on the basis of the governance, decision-making and financial management principles set out in the HM Treasury Managing Public Money guidance and the operating practices set out in the Cabinet Office Government Functional Standards. We comply with government policy to publish relevant information and provide details both to HM Treasury and the Cabinet Office for monitoring purposes. We ensure that our freedoms are exercised transparently through an agreed governance mechanism which during 25/26 included a non-executive Board, an Executive Committee and related sub-Committees. Full details of the construct and activities of this Board during 25/26 can be found in section 2.

In early 26/27, the Agency's agreed governance mechanism changed to no longer include a non-executive Board and all NED appointments were terminated. The organisation transitioned from a Model 2² Executive Agency with a non-executive Board to a Model 1 structure, which is led by an executive Management Committee. Further detail on the SDA's new governance structure for 26/27 as part of the SDG is covered in 'how we are organised'.

² An overview of Executive Agency models can be found on pages 6 and 7 of the Cabinet Office's Executive Agencies: A Guide for Departments

How we are organised

During 25/26, we were led by the CEO and the SDA Executive Committee. The Executive Committee supported and advised the CEO in the delivery of his duties. It was chaired by the CEO and comprised nine Directors who were responsible for delivering our strategy. As reported in the Governance Statement, the Deputy CEO and Chief Finance Officer (CFO) were members of the SDA Board, as well as being members of the Executive Committee. Further information on the responsibilities of the Board and Executive Committee during 25/26 is provided in section 2.

In early 26/27 the SDA and the DNO's Submarine Capability Team were brought together to form the Submarine Delivery Group (SDG) and jointly continue the SDA's core mission of delivering available and capable submarines. In addition to his SDA CEO and Accounting Officer responsibilities, Sir Chris Gardner KBE became Director General Submarines and now leads the SDG Management Committee in place of the SDA Executive Committee. The SDG Management Committee oversees day-to-day operations of the SDG, including the SDA.

At the time of laying this report, the SDA continues to operate as an Executive Agency sponsored by the DNO.



Delivering the UK's submarine capabilities

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

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

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

Growing our capabilities

Key areas of work	Executive Committee lead	How we measure success
Submarine technology and capability development: Delivery of submarine equipment support and expert advice on safety, technical standards, and future technology exploitation.	Technical Director	Ensure the SDA is retaining capability advantage as well as delivering continuous improvement in safety through robust and consistent process application and incorporation of lessons learned.
Industrial base development: Ensuring industry partners deliver sustainably, safely, and securely through supplier and supply chain development as well as better contracting.	Commercial Director	Drive improvement in the SDA's relationship with industry and the supply chain to deliver improved performance and value for money.
Enabling SDA delivery: Through effective governance, resourcing, as well as security, accommodation management, communications, and engagement	Director Strategy and Operations Director Human Resources	Measure the SDA's management and delivery of its corporate performance including people, process, function, and systems to ensure we operate effectively.
Enabling SDA delivery: Focusing on becoming a world-class delivery agent and great place to work by improving performance and enabling effectiveness.	Director Strategy and Operations	In recognition of the SDA's ambition to be a high-performing Executive Agency, assess how we are improving our internal performance and delivering our business improvement and development initiatives.

Working with industry: our commercial improvements

We have continued to deepen our partnered approach with our industrial primes - BAE Systems, Rolls-Royce Submarines, and Babcock International - to enable the Public Policy Exclusion Order for submarine build and support and drive enhanced performance, cost efficiency, schedule adherence and risk management. The circa £9 billion Unity contract, signed with Rolls-Royce Submarines, a major milestone in this strategy, has already achieved significant benefits this year, supporting long-term production and in-service transformation.

Supplier intelligence is key to delivering the National Endeavour. By using data analytics, market insights, and collaboration with primes, we are improving supply chain understanding, identifying risks, and addressing vulnerabilities. Through this proactive engagement with industry partners, we are now jointly managing and mitigating supply chain risks, fostering transparency and trust across the network. This approach strengthens resilience, ensuring a sustainable, agile supply chain capable of meeting current and future needs while driving innovation and maintaining a competitive edge.

Category management is a strategic approach to procurement that involves grouping related goods or services into categories to manage them more effectively. Our dedicated team appraised a broad range of spend categories

to identify short and long-term interventions. These opportunities included new procurement approaches, improvements to contract management and supplier performance and broader recommendations to enhance asset management. As a result, supply chain production delays were mitigated; in the case of Motors new suppliers have been introduced to reduce over-reliance on a single source supplier. This improved understanding of the supplier market was utilised to enhance our commercial strategy.

Submarine Production Alliance

Building on the successful model of the Dreadnought Alliance, design and production for the Dreadnought and UK SSN-A programmes will be managed by the Submarine Production Alliance. The Submarine Production Alliance will be made up of representatives from the SDG (as referenced in 'how we are organised'), BAE Systems, Rolls-Royce Submarines and Babcock International. The Alliance approach will drive towards a continuous submarine production pipeline through effective and efficient deployment of resource, consistent production process and unified demand signals across the supply chain and enabling projects.

The creation of the Submarine Production Alliance is progressing at pace. The signing of the Submarine Production Alliance Agreement is being targeted for mid-2026 to align with the signing of the Dreadnought Delivery Phase

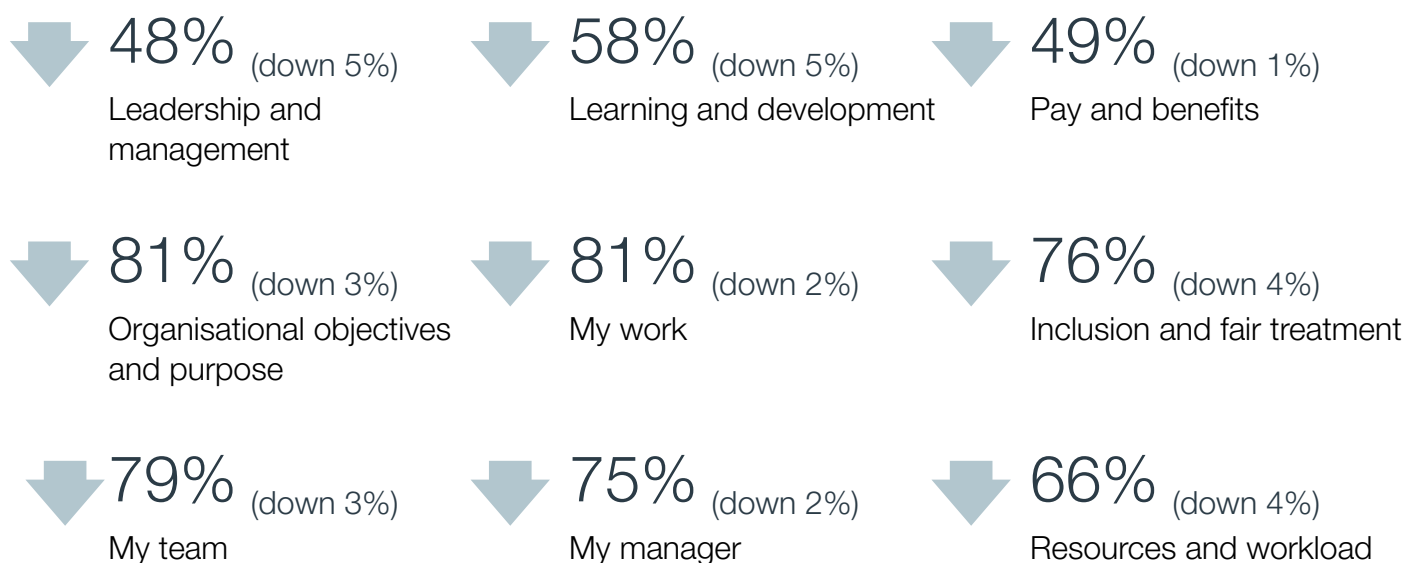
4 (DP4) contract. The Submarine Production Alliance is led by Alex McMillan in the role of Submarine Production Alliance MD, who reports to SDA CEO, with Tony Meggs as the Independent Chair of the Alliance Leadership Board. Progress updates are provided within this report and through the MOD's DNE Annual Update to Parliament.

The Dreadnought Delivery Phase 4 contract will be placed with industry partners mid-2026. This will contract Boat 1 to Ready for Operations for the Royal Navy, Boat 2 to Exit Barrow and continuity of scope for Boats 3 and 4. Given that this is a pivotal phase in the Dreadnought programme, key improvement measures are being implemented including de-risking arrangements, increased incentivisation and performance management mechanisms to maintain schedule and cost envelope.

Engaging our people

The annual Civil Service People Survey provides our workforce an opportunity to highlight areas of strength and where further improvement is needed. In 2025, we achieved an 85% response rate³, one of the highest across MOD and significantly higher than the overall Civil Service response rate. However, the engagement index, measuring pride, advocacy, attachment, inspiration, and motivation, decreased by two percentage points to 61% compared to 2024. While scores compare favourably with wider MOD benchmarks, scores declined across all nine core themes, with variations across the organisation, and increased negative responses regarding discrimination, bullying and harassment. Of the nine core themes, we compare favourably to the overall Civil Service results in two, with seven comparing less favourably.

³ Percentages are rounded to whole numbers, which may cause variances between reported year-on-year changes and calculations based on prior rounded data. As the questions used in 2025 were updated, the 2024 scores shown have been recalculated to include only the questions used in both years.



In response to previous results, our focus over the past two years has been on strengthening leadership and line management, increasing empowerment and risk tolerance, and improving how we lead and deliver change.

Immediate action was taken to address concerns relating to discrimination, bullying and harassment. This included commissioning an independent review, refreshing the Unacceptable Behaviours Policy, expanding the Fair Treatment Ambassador and Mutual Mentoring programmes, relaunching key manager and speak up resources, and introducing regular Diversity and Inclusion stand down sessions to reinforce expected behaviours and psychological safety. To strengthen leadership capability, the SDA introduced a mandatory leadership goal for all staff, refreshed the Managers' Hub and toolkit, expanded access to leadership learning through Government Campus, and launched new leadership resources, including the Leadership Anatomy podcast series. Survey feedback on empowerment led to clearer and increased delegated authorities, the introduction of empowerment moments within governance forums, and senior-led activity to normalise learning from mistakes in a safe environment. Finally, actions to improve how change is delivered included strengthening change governance, establishing a Business Change Forum, improving prioritisation through a central change register, and embedding a consistent change framework to improve engagement, delivery and benefits realisation across the organisation.

Despite these efforts, the 2025 People Survey results indicate limited impact, suggesting that interventions have not sufficiently addressed the underlying issues shaping colleagues' experience. As a result, the 2025 survey has been used as a catalyst for a fundamentally different, Enterprise-wide approach to culture.

Insights from the 2025 People Survey have directly informed the development of a new, Enterprise-wide DNE Culture Strategy and Action Plan for 26/27, which the SDA will be part of implementing, monitoring and tracking. The results reinforced that colleagues' experiences of leadership, safe challenge, behavioural standards, friction in ways of working and belonging are systemic issues that require coordinated action across the Enterprise. The DNE Culture Plan, rooted in the DNE Behavioural Principles, focuses on five priority themes: embedding expected behaviours, tackling bullying, harassment, discrimination and victimisation, reducing organisational friction, strengthening leadership, and building belonging and community. Delivery will be driven through clear senior leadership ownership, measurable outcomes and quarterly oversight by the DNE Senior Leadership Team. Alongside this Enterprise level approach, SDA teams continue to take targeted local action in response to their specific People Survey results, ensuring that culture change is both strategically coherent and grounded in the lived experience of teams.

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

Over the past year, we have continued to strengthen our culture, based on the principles of respect, teamwork, collaboration, and shared purpose. We took a planned and deliberate approach to strengthening inclusion and belonging, using targeted moments across the year. Focusing on priority themes, including disability, LGBTQ+ inclusion, race and culture, men's wellbeing and neurodiversity, enabled leaders and teams to engage in meaningful conversations, deepen understanding and build psychological safety. We also continued to support Bristol City Council's award-winning diversity leadership initiative 'Stepping Up'. These interventions supported more inclusive ways of working, strengthened collaboration across teams, and reinforced our shared purpose.

This work has been positively recognised across the organisation, reflecting steady progress. The SDA Executive Committee reaffirmed its commitment to inclusion, ensuring these principles remain central to how we lead, make decisions, and work together.

Wellbeing has remained a key priority. We continued to promote access to support services, including the Employee Assistance Programme and Fair Treatment Ambassadors, ensuring colleagues know where to seek help and advice. Our SDA Citizenship and Wellbeing Champion has supported this effort through shared blogs and informal wellbeing walks, encouraging colleagues to pause, connect and recognise the positive aspects of their working environment.

We expanded our wellbeing offer with initiatives such as mental health awareness sessions and monthly grief and carers' cafés. We encouraged open conversations about wellbeing and undertook psychological safety and stress risk assessments to help ensure colleagues feel supported at work. To strengthen capability further, we enhanced the SDA Mental Health First Aider network, improving coverage and consistency across our sites.

Together, these actions support a balanced and inclusive workplace, where colleagues can thrive and contribute to the success of the SDA.

Performance Analysis

In 25/26 we have continued to measure our performance across a streamlined set of delivery and enabling Key Performance Indicators (KPIs). Our OGSM performance framework enables a dual focus on in-year and future delivery confidence and sets out what we intend to do (our Objectives and associated Goals) and how we will achieve and test our progress (our long-term Strategies and in-year Measures).

Our three Objectives, set out below, are broken-down into subordinate Intermediate Performance Indicators (IPIs).

The SDA Board formally reviewed performance against KPIs and IPIs each quarter and provided a report of its review to the Chief of Defence Nuclear.

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

Objective 1 – Available submarines

The Royal Navy's Warfighting Ready Plan 2029 was launched by First Sea Lord General Sir Gwyn Jenkins KCB OBE ADC in December 2025. To meet this commitment and improve submarine maintenance delivery, the Royal Navy also launched the Submarine Maintenance Recovery Plan (SMRP) in January 2026. This plan will bring the Enterprise

together as 'one team' to rapidly improve the pace of submarine maintenance delivery. The SMRP informed the SDA's priorities in the final quarter of 25/26 and will continue to do so, allowing us to take meaningful action alongside our partners to solve the right problems.

HMS Victorious continued her Deep Maintenance period at Devonport, following a major upgrade of 9 Dock. The next phase of her Deep Maintenance Period involves inspection, refurbishment, and upgrade to thousands of components and systems. While awaiting the dock to be readied, HMS Victorious underwent the first phase of her maintenance still afloat in Devonport's 5 Basin, where novel techniques enabled completion of work usually only completed while docked.

HMS Anson is now fully operational and in early 2026 arrived in Australia to support AUKUS training initiatives with the Royal Australian Navy. We have also restarted in-service docking maintenance periods in 15 Dock Devonport increasing the docked maintenance capacity and hence future submarine availability to the programme.

The SDA formally handed over the autonomous submarine Excalibur to the Royal Navy. Excalibur is now undergoing sea trials and findings will pave the way for how the UK could operate in the underwater battlespace.

Objective 2 – On time delivery

Work progresses on the Submarine Waterfront Infrastructure Future (SWIF) programme at Devonport to provide dock and berth infrastructure required to conduct Astute Class Deep Maintenance Projects. Construction of the 10 Dock Caisson saw the first significant concrete pour in 20 years, where 57 lorries were involved in a continuous 25 hour pour to seal the dock.

The decommissioned submarine Swiftsure is in her third and final phase of the dismantling project. This phase sees Swiftsure cut up, and approximately 90% of the remaining materials (primarily steel) recycled or repurposed for future Royal Navy submarines. A significant milestone has been the removal of the vessel's fin, enabling the next stage of external structural dismantling, where the hull will be cut into transportable sections. Once complete, Swiftsure will be the UK's first nuclear-powered submarine to be dismantled. This will establish a future model for recycling of the current UK decommissioned fleet of submarines.

The Submarine Production Alliance launched in 2025 with an inaugural Supply Chain Conference. The Submarine Production Alliance will bring together the Dreadnought, SSN-A and future submarine production programmes under a single portfolio to allow for greater efficiency. The event saw over 300 UK suppliers come together and was the first time that supply chain companies for both programmes came together in one place.

The Dreadnought Class is the next generation of nuclear deterrent submarines that will replace the current Vanguard Class. Within the Dreadnought programme, construction of HMS King George VI, the fourth and final boat officially began in September 2025, with a steel-cutting ceremony at BAE Systems in Barrow-in-Furness. The Dreadnought build programme is progressing, with all Boat 1 Units having been successfully transferred to the Devonshire Docking Hall (DDH) for final outfit and assembly.

Within the Astute programme, HMS Agamemnon, the sixth of seven Royal Navy Astute Class submarines was officially commissioned by King Charles III in September 2025. She successfully completed her first underwater dive at BAE Systems, in Barrow-in-Furness and is undergoing final tests and sea trials before becoming fully operational.

The seventh and final Astute Class submarine, Achilles, is at build stage at Barrow-in-Furness.

In July 2025, the UK and Australia signed a treaty to secure the 50-year partnership for building the SSN-A submarines. Designed to replace the current Astute Class, the treaty enables cooperation on the design, build, operation, sustainment, and disposal of SSN-A submarines, with Barrow leading the design and construction.

Objective 3 – Organisational effectiveness

Beyond the Objectives that measure our in-year and future mission delivery, the SDA has one additional Objective supported by several IPIs which track the Agency's effectiveness, growth and maturity. These indicators are centred around enhancing our supply chain and commercial and risk management processes as well as measuring our financial performance and the availability of suitably qualified and experienced staff. They cover delivery of our internal change initiatives to improve our organisational effectiveness, including transforming the way we work through Artificial Intelligence, digitisation and automation. Our long-term strategies include our financial, safety, digital and security management systems. Central to these endeavours is our ongoing commitment to fostering a highly skilled, motivated and engaged workforce.



HMS Artful

Safety, Environmental Protection, Climate Change, Sustainability and Security

Health, safety and environmental protection

Occupational health and safety

In 25/26, we focused our limited resources on ensuring compliance and improving processes. This year was challenging due to organisational changes, resource shortages and the shift from building a safety management system to running it. As a result, our 25/26 Occupational Health and Safety compliance and assurance performance was assessed as 'Limited'. However, we improved mandatory induction training, delivered new safety reporting training across the SDA and identified training needs to create a more efficient model. Risk management systems were also improved through analysis to find inefficiencies and creating tools to resolve them.

Platform/product safety

We continue to rate a 'Moderate' annual assurance return for 25/26 against the 12 elements of Joint Service Publication 815 (Defence Safety Management System), with four elements being rated as Limited. SDA Delivery Teams now complete bi-monthly self-assessment using the Risk Control System, with a focus on improving assurance

activities across the Enterprise in 26/27. This reflects that regulator audits have found weaknesses in maintaining safety cases and SQEP resources continue to be a concern. This is amplified by recruitment pressures and reliance on Private Sector Support, which has also affected the execution of the Safety Strategy. Good progress has been made on the Legislation Compliance Register and associated training sessions, though more work is needed next year to improve overall SDA compliance statements. The Safety and Environment Management System (SEMS) is now in place, and going forward, we will focus on fully embedding and updating all 119 key safety processes.

Environmental protection

We assessed a 'Moderate' annual assurance rating against Joint Service Publication 816 (Defence Environmental Management System) due to improved compliance for environmental risk, infrastructure, and audit. Our Environmental Centre of Excellence achieved full operating capability, bringing the expertise of our skilled staff together and improving our response to environmental challenges. This is a significant contributing factor to the SDA's assurance position. Environmental competence has been further enhanced

by our environmental degree apprentices completing 6-month placements across the DNE and MOD, building foundational capability. As one of the 13 Engineering technical disciplines, the Environment cadre now receives professional support from an Environmental Technical Discipline Lead.

Climate change and sustainability

Task force on climate-related financial disclosure

In line with HM Treasury guidance for compliance with Task Force on Climate-related Financial Disclosures (TCFD), the Submarine Delivery Agency provides a separate disclosure due to its status as an Executive Agency.

The Agency welcomes the TCFD initiative, as demonstrated by the activity described in this report and in the steps the Agency has taken to better understand the impacts of climate change across the DNE. The SDA complies with the following TCFD recommended disclosures:

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

Compliance statement

The SDA is reporting on climate related financial disclosures consistent with HM Treasury TCFD guidance adapted for the UK public sector. The Agency has complied with all TCFD recommendations across all implementation phases. The Agency's climate-related activity takes place within the Equipment Plan it delivers on behalf of the Chief of Defence Nuclear. The costs relating to this Equipment Plan are reported in the MOD Annual Report and Accounts.

Governance

During 25/26, climate-related risks and issues were governed by the SDA Board process outlined in the governance statement in section 2. Governance of climate-related issues is led by the SDA Technical Director, Claire Johnson. The Technical Director is a member of the MOD Climate Change and Sustainability Steering Group which sets the direction for the management of climate change risk.

The SDA attends the DNE Climate Change and Sustainability Working Group. This working group comprises industry partners from across the DNE with the purpose of progressing climate change and sustainability themes.

The CEO approved the SDA Environmental Strategy containing three goals that focus on climate change and net zero in April 2024. As Technical Director, Claire Johnson is responsible for the delivery of the strategy

and draws on the SDA Health, Safety and Environmental Protection team to discharge this responsibility. The strategy is underpinned by an environmental management plan within which three milestones were reported to the SDA Executive Committee.

The SDA reports quarterly emissions data for its estate and infrastructure to the DNO and annually in the SDA Annual Report and Accounts.

Risk management

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

The SDA process for identifying and assessing climate-related risks aligns with the Defence Climate Risk Assessment Methodology (DCRAM). Warming scenarios of 1.0°C, 1.8°C and 3.7°C are evaluated on a near term, mid-century and end of century basis to determine how the impacts of climate change may

affect SDA operations, health and safety, and financial and reputational performance. DCRM outputs are managed in a site risk register owned by the Head of Establishment. These assessments remain extant for five years.

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

Metrics and targets

The MOD's targets for greenhouse gas emission reduction in the period 2021-2025 were set by the Department for Environment, Food and Rural Affairs in relation to a 17/18 baseline. As the SDA was part of Defence Equipment & Support during the baseline period, the Agency is unable to report against the 2021-2025 target. The Agency will be able to report against new targets when they are released for the next phase of Greening Government Commitments.

Emissions and Energy Usage

SDA's Scope one and two emissions for the last two years are as follows:

Note: Many SDA staff are based in non-SDA-owned sites, proportionately accounting for energy and utilities use, this is reflected in the figures below.

	25/26	24/25 (restated)
Scope 1 Estate GHG emissions (tonnes CO2e)	2,437	2,249
Scope 2 Estate GHG emissions (tonnes CO2e)	1,861	2,338 ⁴
Scope 2 Estate energy consumption (kWh)	10,511,000	11,291,000
Scope 1 Natural gas consumption (kWh)	2,312,000	2,543,000

Scope one emissions fluctuate yearly due to factors such as on-site temperatures, facilitating the need for localised fuel combustion. While 25/26 emissions increased on 24/25 levels, this is not considered abnormal. The SDA contributed to the reduction of estate emissions by virtue of a decarbonised grid.

The SDA is unable to provide a breakdown of expenditure associated with Scope 1 and Scope 2 Greenhouse Gas (GHG) emissions.

The SDA did not purchase or surrender any carbon credits in 25/26.

Finite Resources

Water (SDA controlled sites only)	25/26	24/25
Total water consumption (m ³)	16,332	18,641
Total waste (tonnes)	434	1070
% of waste to landfill	12	15
% of waste to recycle	52	63

SDA municipal and 'other' total waste for 25/26 came to 434.0 tonnes. This figure includes SDA sites and proportionate use from Abbey Wood.

The SDA is unable to provide a breakdown of expenditure relating to waste disposal, or details of ICT and digital waste disposed of.

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

- Reduce overall emissions by 30% from a 17/18 baseline.
- Reduce estate emissions by 10% from a 17/18 baseline.

⁴ The prior year Scope 2 Estate GHG emissions figure has been restated from 2,512 tonnes CO2e, as reported in the 24/25 Annual Report and Accounts, to 2,338 tonnes CO2e. Following publication of the 24/25 ARA, an error was identified in the underlying source data. The comparative has been recalculated using the corrected dataset to improve the accuracy of reported emissions.

Emissions are calculated using the latest CO₂ equivalent conversion factors in line with the GHG methodology. Reporting boundaries are drawn to mirror accounting boundaries for clarity and reporting consistency. The reporting boundaries have not changed since the last reporting period.

Strategy

The SDA Environmental Strategy (2025-2028) contains 9 goals which aim to protect the planet and reduce negative climate change impacts to the SDA. Since the last reporting period, the SDA has adopted the DNE Climate Change and Sustainability Strategy (CC&S). The DNE CC&S strategy, alongside the SDA Environmental Strategy, reflects the risks and opportunities posed by climate change.

Extreme weather is expected to affect SDA establishments, with physical risks such as flooding and high temperatures potentially posing issues to staff and operations. A mitigation to these risks is adaptation of business continuity plans, preparing for severe weather events on sites.

Currently, risk to infrastructure at SDA-owned sites is not considered high, however, a previous aggressive climate impact scenario predicted a sea level rise of 2m by 2100, indicating action would need to be taken if coastal sites were to have a sufficiently long lifespan. There are likely to be costs associated with mitigations to manage the risk associated with climate impact on infrastructure. No major

climate opportunities are currently recorded.

The SDA strategy is resilient to varied climate scenarios and will be reviewed to ensure coordinated direction with evolving government guidance. Through the DNE CC&S working group, the SDA has a voice in ensuring the continued relevance and resilience of the DNE CC&S strategy.

Next steps

In 26/27, the SDA will develop its waste management policy and focus on improving data collection of material waste streams, alongside carbon emissions of purchased equipment.

Safety and environmental culture

The SDA has participated in initiatives highlighting the importance of safety culture across the organisation and the DNE. Improvements in analysis, documenting 'learning-from-experience' and knowledge sharing have been implemented across the Enterprise and with our industrial partners.

Sustainability

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

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

UN Sustainable Development Goals

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

Submarine dismantling project

The SDA has continued to progress the disposal of decommissioned nuclear-powered submarines. We achieved fin removal from Swiftsure, in June 2025 and have commenced cutting up the remaining components. We remain on track to complete Swiftsure dismantling by the end of 2026, in line with our commitment to the Public Accounts Committee. Once complete around 90% of all materials removed will be recycled. Across the remaining decommissioned submarine fleet, works continue to remove the remaining conventional and radioactive waste prior to their full dismantling.

The Agency continues to investigate a long-term solution for the safe disposal of future decommissioned submarines, assessing options for a future submarine disposal capability within the UK to safely decommission, defuel and dismantle our legacy.

Security

In 25/26, we delivered initiatives to strengthen our processes, enhance collaboration and mitigate risks. A review of key policies and procedures was undertaken, resulting in updated guidance, and the introduction of new tools to streamline operations. These efforts have reinforced our ability to safeguard Defence.

Improving security awareness across the SDA was a top priority in 25/26. This included publishing new guidance for all staff such as the Overseas Travel Handbook and Classified Document Handling Guide. Alongside this, we streamlined our processes by creating new toolsets, allowing us to operate more efficiently. Collaboration with external stakeholders has seen success, and the implementation of enhanced processes and policies will strengthen cross-Agency resilience.

By embedding these improvements, we continue to foster a culture of accountability and vigilance, equipping our people with the knowledge and resources needed to respond to challenges.

Looking Forward

In 26/27, the DNE will implement some structural changes as we continue to refine our operating arrangements in the context of Defence Reform. These changes will ensure we can continue to deliver what is required, when it is needed, and within a budget we can afford. In April 2026, the Submarine Delivery Group (SDG) was launched within the DNO. The SDG brings together the scope of work delivered by the SDA and the DNO's submarine capability team to promote through-life delivery of submarine capability. I have the privilege of leading the SDG as DG Submarines, while retaining accounting officer responsibilities for the SDA Executive Agency. This change is largely regularising the increased collaboration across the DNO seen in recent years and does not change our central mission of delivering available and capable submarines.

Our absolute focus must remain on delivering the Deterrent and other submarine-based capabilities. The SDA's programme of work, the importance of which was reinforced by the Strategic Defence Review 2025, remains the same.

The following milestones lie ahead:

Submarine acquisition

- In 2026 we will place the Dreadnought DP4 contract with Industry Partners. DP4 will include key improvement measures including de-risking arrangements, increased incentivisation and performance management mechanisms to aggressively maintain schedule and cost envelope.

- In 2026, the SSN-A submarine design will be assessed through the Preliminary Design Review (PDR). This is a critical step where the initial design plans are presented and evaluated and to move to the next stage of preparation to begin production.
- In 2026 we will sign the agreement to formally establish the Submarine Production Alliance. The Alliance approach will drive towards a continuous submarine production pipeline through effective and efficient deployment of resource, consistent production process and unified demand signals across the supply chain and enabling projects.
- We will complete the final stage of testing and commissioning of HMS Agamemnon, the sixth Astute Class boat, ahead of her exit from Barrow-in-Furness to commence sea trials.
- We will continue to expand facilities at Barrow in Furness and Raynesway through the Submarine Build Modernisation Programme and the Core Production Capability (CPC) programmes, delivering staged investment to further increase the capacity, capability and productivity of the UK's submarine industrial base.

Submarine support

- We will configure to support the Royal Navy's Submarine Maintenance Recovery Programme to cohere all activity across the support enterprise to build on the work that has already been delivered to restore capacity, capability and resilience.

- We will meet our obligations to deliver the submarine support programme agreed with the Royal Navy.
- We will continue to drive delivery of the BN06 Deep Maintenance project in Devonport to enable ongoing V to D transition.
- We will update our commercial arrangements with Babcock as our support partner through the Gateway Agreement.
- We will drive to restore defueling capability in Devonport.
- We will deliver an enduring disposal capability through the Submarine Disposal Capability project to ensure the safe and secure disposal of the UK's current (Pressurised Water Reactor 2) and future (Pressurised Water Reactor 3) decommissioned submarines.

Submarine disposal

- We will complete the full dismantlement of Swiftsure by the end of 2026, the first UK nuclear submarine to be fully dismantled. Lessons from Swiftsure will be applied to commence dismantlement of a second boat.



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

Section 2

Accountability Report



Corporate Governance Statement

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

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



Directors' report

Management

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

Directorships and significant interests

Members of the SDA Board, including Non-Executive Directors (NEDs), were required to declare any interests that may give rise to an actual or perceived conflict, including interests relating to current or prospective customers or suppliers and any other non-executive or external appointments. At the start of each Board meeting, members were invited to highlight any changes to their declared interests. Since July 2025, a comprehensive and consolidated Declarations of Interest (DOI) schedule has been included within every Board meeting pack, clearly setting out all categories of interests that Board members are required to declare. This approach strengthened transparency and accountability by enabling not only the formal recording of interests, but also their active consideration by the Board. Declared interests are reviewed to determine whether any conflict exists and, where appropriate, whether mitigating action is required.

Declarations of interest active for all or part of 25/26 are set out below.

Name	Declarations of interest
David Goldstone CBE	• HM Treasury's Nominee Director on the Board of HS2 • Independent Chair of HM Treasury's Office for Value for Money • Advisory Support to National Infrastructure and Service Transformation Authority in relation to changes introduced by Office for Value for Money • Carrying out an assignment for HM Treasury in relation to National Savings and Investments Transformation programme • Board of GB Energy Nuclear NED • Advisory Support to Department for Transport in relation to Euston Delivery Company • PA Consulting – Son's employer (Son not working on SDA or DNE activities)

Name	Declarations of interest
Sir Simon Bollom KBE CB	• Elbit Systems UK – NED • Soldiers', Sailors', and Airmen's Families Association – Chair • Owner and Director for Altus Advisory • Independent Advisor on New Hospital programme • Independent Advisor to HeliOps UK • Providing non-remunerated independent advice to British Engines on the Future Cruise Anti Surface Weapon
Claire Hall	• POA Restaurants Limited – Director
Martin Spencer	• Civil Service Commissioner – Commissioner • London Fire Brigade – Audit Committee Member • Office for Standards in Education – NED • Hampshire and the Isle of Wight NHS Integrated Care Board – NED • Companies House – NED • Criminal Cases Review Commission – NED • NHS South West London Integrated Care Board – NED
Sir Chris Gardner KBE	• Chair of Trustees Royal Naval Sailing Association
Keith Beckett CBE	• Fusion Technical Advisory Group – Member • Severn Area Rescue Association (SARA) – Trustee
Georgina Benzies	• Nil
Vice Admiral Andrew Burns CB OBE ⁵	• Devon Wildlife Trust – Member • Navy Board – Trustee

Three SDA employees were members of the Board as Shadow non-executive members; further details on this role can be found in the SDA Board section of the Governance statement. For security reasons their names are not disclosed in this report. Shadow non-executive members were required to declare any interests in the same way as other Board members. In 25/26, no declarations of interest were made by Shadow non-executive members.

⁵ Vice Admiral Andrew Burns CB OBE stood down Jan 26.

Personal data related incidents

No personal data related incidents for the SDA were reported to the Information Commissioner's Office in 25/26. The SDA collaborates with partners across the DNE to ensure any incidents suspected of relating to personal data are reported and investigated in accordance with MOD policy. The SDA measures its maturity against the UK Data Protection Act 2018 annually, an activity governed by the SDA Chief Information Officer.

Information assurance

The SDA investigates all security incidents, taking any data loss very seriously and investigates all security incidents. During 25/26, routine investigations did not identify any data losses.



Statement of Accounting Officer's Responsibilities

Under the Government Resources and Accounts Act 2000, HM Treasury has directed the SDA to prepare, for each financial year, accounts detailing the resources acquired, used, held, or disposed of during the financial year, and a statement of accounts in the form, and on the basis, set out in the Accounts Direction issued by HM Treasury on 18 December 2025. The accounts are prepared on an accruals basis and must give a true and fair view of the affairs of the SDA and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year. In preparing the accounts, the Accounting Officer is required to comply with the requirements of the government Financial Reporting Manual and to:

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

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

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

Governance Statement

Introduction

I, Sir Chris Gardner KBE, as CEO of the SDA, am responsible for maintaining a sound system of corporate governance and internal control to support the SDA's purpose, while safeguarding public funds and MOD assets for which I am personally responsible. Following reviews from the Government Internal Audit Agency (GIAA), DNO, our Board and our Audit and Risk Assurance Committee, I conclude that the system of internal controls in the SDA complies with the HM Treasury Code of Good Practice on Corporate Governance in Central Government Departments and that our risk management practices are compliant with the Orange Book⁶.

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

This section of the Annual Report and Accounts explains the governance structure under which we operated during 25/26, including providing details of the Board, Executive Committee and sub-committee structure, and associated activities including the SDA risk and control framework.

Our governance structure

Reporting to the Chief of Defence Nuclear Madelaine McTernan CB, our corporate performance during 25/26 was overseen by the SDA Board, which was chaired by Interim Board Chair David Goldstone CBE. The SDA governance structure included the SDA Board and its sub-committees, which provided assurance that the SDA fulfilled its responsibilities to stakeholders, and was managed in accordance with set frameworks, procedures and plans. The Board operated under the provisions of a ministerially approved framework, which is set out in the SDA Framework Document.

The Framework Document

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

The latest Framework Document was published in February 2025. The Framework Document detailed the Board's role acting in an advisory capacity, as well as overseeing and advising upon the performance of the SDA on behalf of the Chief of Defence Nuclear. An updated Framework Document will be published in 26/27.

6 [The Orange Book: Management of Risk – Principles and Concepts](#)

Departmental sponsor

The DNO is the departmental sponsor for the SDA and engaged with the SDA Board on the SDA's overall corporate performance. The DNO discharges a range of oversight functions including:

- producing the Framework Document
- monitoring performance against our OGSM
- engaging with the SDA Board on overall performance
- assisting the corporate planning process through the provision of policy development, policy information, and any other changes that could impact performance

The SDA sits within the DNO and my CEO delegations flow from the Chief of Defence Nuclear.

The SDA Board

The SDA Board had no delegated executive authority and so was advisory by nature. It provided strategic guidance and oversight to support the SDA in delivering its strategy and meeting its objectives. It endorsed strategy and recommended approval of the Corporate Plan and OGSM to our Sponsor and Ministers.

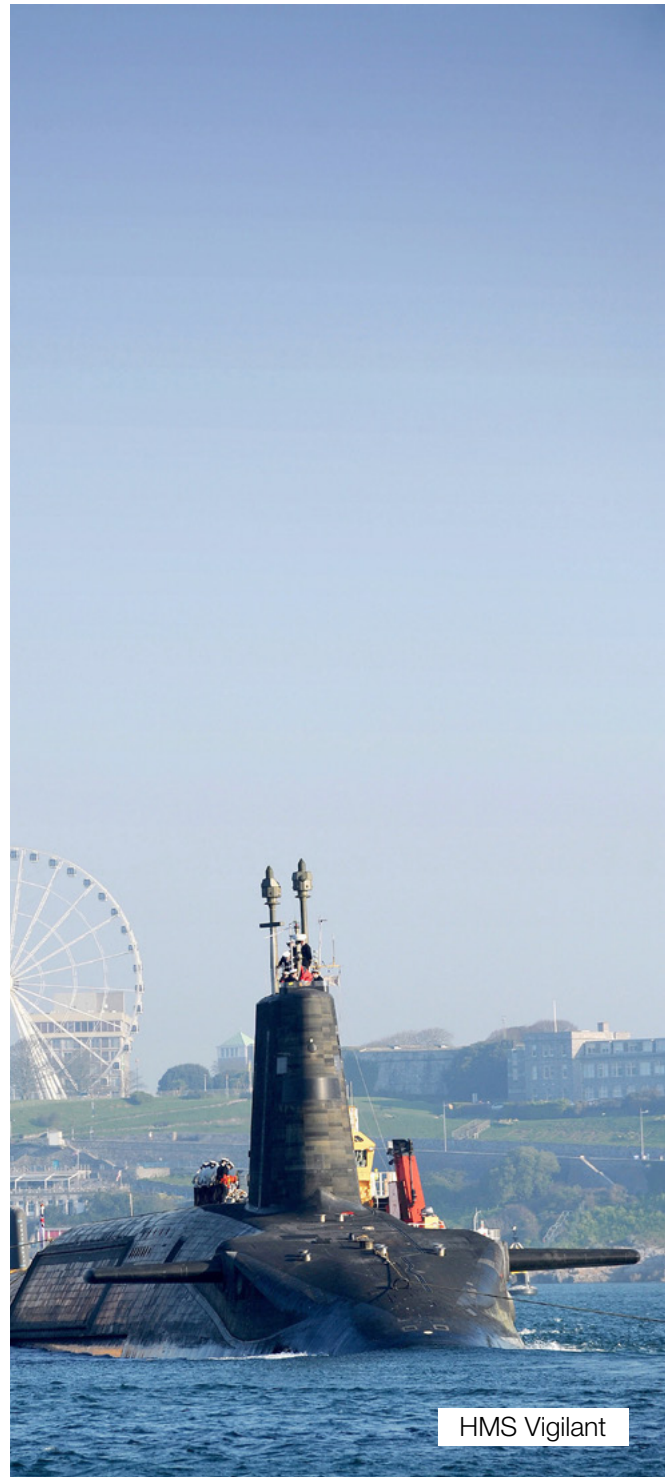
The Board monitored and assessed corporate performance against OGSM. It also oversaw financial and operating controls across the organisation, including its projects and programmes, on behalf of the Chief of Defence Nuclear. It provided advice, insight, challenge, and support to me and my Executive Committee.

The SDA Board Terms of Reference set out how the SDA Board was administered, including its attendance, authority, role, and key responsibilities. The Board Terms of Reference were reviewed and agreed by the Board in October 25. As set out in the SDA's Framework Document, the SDA Board comprised:

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

During 25/26, the Board operated with three Independent NEDs and one Government NED. Following Vice Admiral Andrew Burns' departure in January 2026, it operated without a Government NED. This is due to recruitment campaigns for a permanent Chair and an additional NED being paused while the status of the SDA as an Executive Agency of the MOD was under review. Following the change of governance model in April 2026, the Board was dissolved and all non-executive appointments terminated.

To promote inclusion and challenge Board members' thinking, 'Shadow' non-executive members attend the SDA Board. Shadow Board members were appointed through a competitive process open to SDA employees from diverse backgrounds. The Shadow Board operated with a rotating cohort of three members, with up to two participating in each Board meeting.



HMS Vigilant

SDA Board as at 31 March 2026



*Stood down Jan 26

SDA Board processes

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

Chair's review of the Board

By SDA Interim Chair during 25/26

The Board was responsible for providing advice, scrutiny and challenge to the CEO and Executive Team. Its main business was the quarterly reviews of the Agency's performance, and reviewing the organisation's internal health on behalf of the Chief of Defence Nuclear and First Sea Lord. In fulfilling this role, the Board acted as a forum for challenge on how well the Agency met its objectives.

In addition to the Quarterly Board Performance Review meetings, NEDs attended monthly Board touchpoints and the quarterly Performance Committee. They continued to apply their expertise to support the Agency, including through their Committee responsibilities, through Board and Executive

workshops, for example in relation to the organisation's improvement strategy, and through ad hoc informal engagements on specific topics or with individual Executives. These formal and ad hoc interactions strengthened their knowledge and allowed them to add value in support of delivering capable submarines for the Royal Navy.

The Board successfully fulfilled its duties in 25/26, demonstrating resilience and commitment despite operating below full capacity. I have had the privilege of serving as Interim Board Chair since September 2024, initially anticipating carrying out this role until a permanent Chair was appointed. Recruitment of an additional NED was also planned. However, due to discussions regarding the Agency's status, the permanent Chair and additional NED recruitment campaigns were paused. Consequently, I continued leading the Board until its dissolution. Throughout this uncertain period, the Board operated with three Independent NEDs, and, until Vice Admiral Andrew Burns' departure in January 2026, with only one Government NED and then without a Government NED. In early 26/27, with the approval of the then-Secretary of State for Defence, the Agency's agreed governance mechanism was changed to no longer include a non-executive Board and all NED appointments were terminated. This was done in line with the UK Executive Agencies' governance framework defined by the Cabinet Office.

Highlights of business discussed by the Board during 25/26 include:

Subject	Discussion	Outcomes
SDA business and performance updates	The Board received regular business updates and reviewed the Agency's performance on SDA programmes, safety, security, people, and finance.	The Board evaluated the updates and provided appropriate support and challenge to the Executive Committee. The Interim Chair produced a quarterly report reviewing performance for the Chief of Defence Nuclear and First Sea Lord.
OGSM data and design	The Board reviewed OGSM reports during quarterly meetings. These reports highlighted corporate and programme performance data as well as progress with key milestones.	The Board considered performance information, sought clarification, challenged updates, and provided advice to the Executive Committee as appropriate. The Board endorsed the 25/26 performance framework and provided feedback on the proposed 26/27 framework.
Management Information (MI)	The Board noted improvements in MI visibility and delivery practices while highlighting ongoing gaps in data quality, scheduling coverage, and the need for clearer, more actionable reporting.	The Board endorsed further MI development, agreeing to refine KPIs, integrate people and finance data, and continue quarterly reviews to embed MI into routine decision making.
Government Furnished Equipment (GFE)	The Board discussed the need for clearer accountability and full integration of GFE management within the SDA's performance management arrangements and supply chain structure to support more effective delivery.	The Board sought clarification and establishment of clear ownership of GFE responsibilities, resulting in confirmation of accountability being placed with Director Submarine Acquisition, and clear performance metrics which are being introduced during 26/27.

Subject	Discussion	Outcomes
Submarine Maintenance Recovery Plan (SMRP)	The Board considered the challenging submarine maintenance position and the need for a coordinated, Enterprise-wide reset to address fragmented activity and insufficient maintenance throughput.	The Board recognised the implementation of the SMRP as the unified framework to strengthen governance, improve productivity, and accelerate maintenance delivery across the Enterprise.
Submarine Production Alliance Alignment	The Board discussed the need to strengthen alignment with the Submarine Production Alliance (formerly Dreadnought Alliance), to improve clarity on shared issues and respective Board roles.	The Board progressed alignment with the SPA, enhancing and supporting a more coherent, 'one team' strategic approach.
Risk Horizon Scanning Workshop	During 25/26, the Board held a risk horizon-scanning workshop to identify emerging risks, inform the ongoing development of the SDA's risk framework and to ensure alignment with wider Defence risks.	The workshop strengthened the Board's shared understanding of the SDA's emerging risk landscape and helped prioritise areas for deeper assurance and Board focus.
Improvement Strategy	The Board supported the delivery of the SDA's improvement strategy throughout 25/26. NEDs attended the improvement strategy review to provide insight and help ensure improvement efforts were focused on the right areas for the SDA to better achieve its mission.	The Board's input resulted in more clearly defined outputs, supporting the achievement of business benefits through the strategy's various initiatives.

David Goldstone, May 2026
SDA Interim Board Chair (2024-2026)

SDA Board activity as at March 2026

The SDA Board met formally four times during 25/26 in addition to attending two strategy delivery days and monthly Board touchpoint sessions with the Executive Team.

In addition to the figures below, which show Board attendance, the numbers in brackets indicate how many meetings each individual was eligible to attend while in post during the year.

Name	Number of meetings attended
David Goldstone	4 (4)
Independent NEDs	
Sir Simon Bollom KBE CB	4 (4)
Martin Spencer	3 (4)
Claire Hall	3 (4)
Government NEDs	
Vice Admiral Andrew Burns CB OBE ⁷	3 (3)
Other members	
Sir Chris Gardner KBE	4 (4)
Keith Beckett CBE	3 (4)
Georgina Benzies	4 (4)

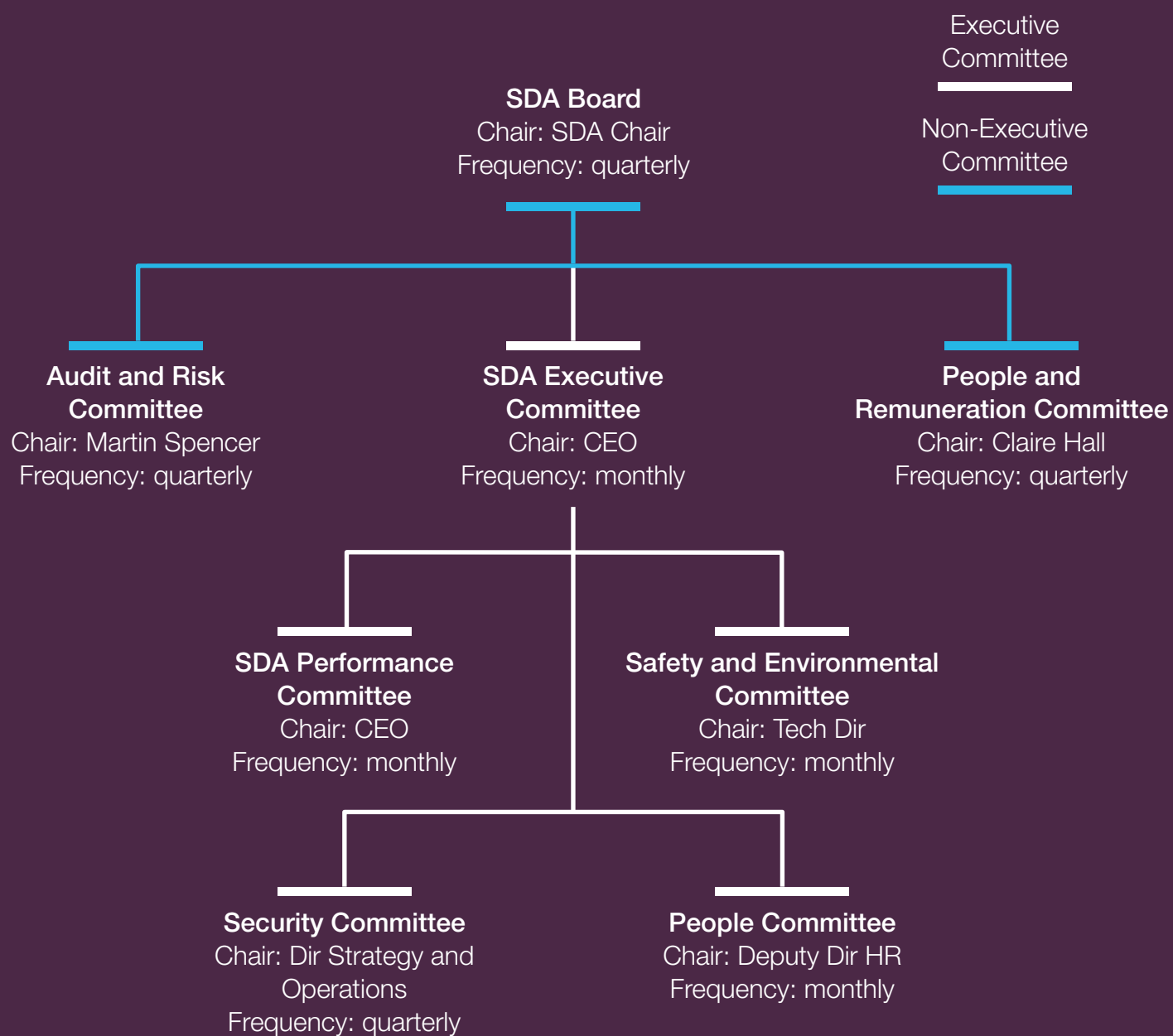
SDA Board committees

The SDA Interim Chair and NEDs attended the following Board sub-committees during 25/26:

- Audit and Risk Assurance Committee
- People and Remuneration Committee

⁷ Vice Admiral Andrew Burns CB OBE stood down Jan 26.

SDA Board and Committee framework as at 31 March 2026



Audit Risk Assurance Committee	
Purpose	The Audit and Risk Assurance Committee (ARAC) was responsible for supporting the Accounting Officer and Board's assurance needs for governance, risk management and internal control, in addition to supporting production of the Annual Report and Accounts (ARA).
Frequency	The ARAC met quarterly during 25/26.
Membership	The meetings were chaired by an Independent NED, Martin Spencer. Regular attendees included the Interim Chair, CFO, other Executives, and representatives from GIAA and the National Audit Office (NAO). The DNO ARAC Chair, Paul Dillon-Robinson, also attended to provide extra non-executive expertise.
Summary of discussions	The Committee received assurance on the Agency's risk management approach, including through deep dives into key strategic risks, and internal controls through the annual audit plan agreed with GIAA. Specific areas of interest for the Committee in 25/26 included the management of Government Furnished Equipment and fraud prevention and detection. The Committee supported the production and approval of the 24/25 ARA, assessed feedback from the NAO's 24/25 audit completion report and reviewed the 25/26 ARA timeline. Routine updates on key governance and finance topics were also received, including forecasting, budget management, and the impact of spending controls.

The SDA CFO is a member of the MOD Fraud Ethics and Propriety Board and updates are provided through the ARAC. During 25/26, we continued to respond to the threat of fraud and corruption to ensure that both the Defence and SDA mission can be met free from its destructive impact. The SDA Fraud Strategy, launched in December 2024, outlines what fraud is, our zero-tolerance approach, and how our employees can report it. This zero-tolerance approach to fraud and corruption is further reinforced by the standards and behaviours enshrined in the values of the Armed Services, the Civil Service Code, and the SDA Code of Business Ethics. The MOD Counter Fraud Function provides strategic coordination of our response to fraud and corruption.

People and Remuneration Committee	
Purpose	The People and Remuneration Committee advised the SDA CEO and SDA Board on matters pertaining to SDA compensation, Executive and Board appointments, organisational effectiveness, and people strategy.
Frequency	The People and Remuneration Committee met five times during 25/26.
Membership	The Committee was chaired by a NED, Claire Hall, and its membership consisted of a minimum of three NEDs, the CEO, Director Strategy and Operations and Director HR. The SDA Interim Chair maintained a standing invitation to attend, and other Executives and NEDs were invited to attend as appropriate.
Summary of discussions	The Committee provided strategic oversight of remuneration, reward, and the wider people agenda, ensuring these frameworks and actions supported organisational priorities and safeguarded long-term workforce capability. Its remit included scrutiny of pay and reward arrangements up to CEO level, assurance on organisational effectiveness, and active management of people-related risks – particularly those affecting talent, capability, and workforce resilience. The Committee also oversaw employee experience and the delivery of people-focused strategies to ensure they strengthened SDA performance and mitigated emerging workforce risks.

SDA Board sub-committee attendance

The SDA Interim Chair and NEDs attended the Board sub-committees as below during 25/26:

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

Name	Committee meetings attended
David Goldstone	Audit and Risk Assurance Committee 4 (4) People and Remuneration Committee 4 (4)
Independent non-executive directors	
Sir Simon Bollom KBE CB	People and Remuneration Committee 4 (4)
Martin Spencer	Audit and Risk Assurance Committee 3 (4) People and Remuneration Committee 2 (4)
Claire Hall	People and Remuneration Committee 4 (4)
Government non-executive directors	
Vice Admiral Andrew Burns CB OBE ⁸	Nil
Other members	
Sir Chris Gardner KBE	People and Remuneration Committee 2 (4)
Keith Beckett CBE	Nil
Georgina Benzies	Audit and Risk Assurance Committee 4 (4)

⁸ Vice Admiral Andrew Burns CB OBE stood down Jan 26.

The SDA Executive Committee

By CEO SDA

In leading the SDA during 25/26, I was supported by my Executive Committee. The Executive Committee supported and advised the Agency to ensure we deliver our purpose. Formally, the Executive Committee helped discharge the delegations and responsibilities set out in CEO's Letter of Delegation as Accounting Officer and Letter of Delegated Authority from the Chief of Defence Nuclear. We worked within the context of driving delivery against our strategy, the SDA Corporate Plan, and our Submarine Acquisition and Support Plan, while ensuring that effective working relationships were maintained between the SDA, our sponsor, customers, suppliers, and other delivery agents.

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

Rear Admiral Jeremy Bailey departed his role as Director Submarine Support in April 2025. Following fair and open competition, Rear Admiral Martyn Boyes was appointed permanently to the post. Keith Beckett stood down from his role as Technical Director in January 2026, with Claire Johnson being appointed permanently following a fair and open recruitment process in January 2026.

Keith Beckett continues to fulfil the roles of Deputy CEO and AUKUS Lead. Jim Carter departed his role as Commercial Director in May 2025, with the position filled on an interim basis by Matthew James. Andrew King left his role as Head of Human Resources in March 2025 and, with the expansion of the role to take a broader DNE approach, Paula Pitcher was appointed as the DNE Director Human Resources in May 2025.

During 25/26, the Executive Committee focused on strengthening strategic grip and delivery in a highly challenging environment. The Committee prioritised improving executive-level decision making by concentrating on fewer, higher-impact issues, clarifying accountability, and making better use of management information. A sustained emphasis was placed on people, leadership and culture, recognising workforce pressures, requirement for clearer priorities, and the importance of psychological safety and visible leadership. Financial discipline remained a constant theme, with close attention to affordability, forecasting accuracy, and collective ownership of budgetary risk. Alongside this, the Committee focused on developing the future operating model, reinforcing safety and security as non-negotiable foundations, and ensuring transformation activity remains closely aligned to the delivery of safe and secure submarine capability.

Embedding the Submarine Production Alliance remained a central priority for the Executive Committee. The Submarine Production Alliance unites key delivery partners to function as a single, integrated Enterprise overseeing the design, construction, and sustainment of submarines. Under the leadership of Alex McMillan, Managing Director of the SPA, the Executive Committee actively monitored the effectiveness of this collaborative model. The Committee focused on maximising partnership benefits through strengthening collaboration, enhancing programme alignment, and ensuring clear accountability for delivery outcomes. This approach enabled collective, informed decision-making and ultimately advanced the best interests of the entire Enterprise.

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

- SDA Interim Board Chair
- Chief of Staff to CEO
- Chief of Staff and Deputy Chief of Staff to Deputy CEO
- Board Secretariat



HMS Astute

SDA Executive Committee as at 31 March 2026



The following key routine business areas were discussed at the SDA Executive Committee during 25/26:

Security/ cyber	The Committee reviewed a 'Security Moment' during selected meetings, focusing on specific security issues, and a dashboard from the Security Committee was reviewed regularly. The Committee also received a threat briefing from the National Cyber Security Centre and the 'Security Moment' has since been updated to include cyber-related issues. No specific security and/or data loss incidents were escalated to the Executive Committee.
Safety	A 'Safety Moment' was reviewed at most meetings and the safety dashboard reviewed. The importance of a strong safety culture and safety standards should never be compromised. Visible leadership, open reporting, and adherence to established processes are essential to maintaining a safe and resilient organisation. The committee's actions ensured that safety is thoroughly integrated into all aspects of operational practice.
Performance	The Committee reviewed progress through the OGSM framework, emphasising the importance of reliable performance data and accurate forecasting.
Finance	The Committee received a monthly report from the CFO on financial performance including an overview of the SDA's operating expenditure.
People	The Committee focused on the workforce, with particular attention to leadership visibility, psychological safety, and addressing increasing workload pressures. Using insights from the Culture Study and Civil Service People Survey, the Committee recognised the need for clearer priorities, simpler messaging, and stronger action, while emphasising the importance of sustaining delivery and maintaining trust through effective leadership during ongoing change.
Strategic grip	The Committee focused on strengthening the Agency's ability to deliver, with emphasis on strategic priorities, asset management, and digital, data, and information management. A strong focus was placed on prioritisation, integration across Defence and industry, and improving end to end system performance.
Governance and corporate operations	The Committee undertook quarterly reviews of governance and corporate operations, receiving assurance on travel and subsistence, gifts and hospitality, conflicts of interest, and in-year recognition awards. The Committee took operational decisions relating to the Agency's Business Management Hub structure, ensuring appropriate oversight and consistency of corporate support arrangements.

SDA Executive Committee sub-committees

Sub-committees supported the work of the Executive Committee:

- **Performance Committee** served as a dedicated forum within the senior leadership team to drive delivery of our OGSM, review key issues affecting performance, and prioritise actions to improve business outcomes. The Committee benefitted from broad representation, including Navy Command Headquarters and DNO, to maintain an organisation-wide perspective and ensure the right support was in place to address challenges. Chaired by the Director Strategy and Operations, meetings were attended by the CEO, Deputy CEO, all Executive Committee members, NEDs, and the SDA Board Chair.
- **Safety and Environmental Committee** acted as the principal forum for supporting and advising the CEO in their capacity as Senior Duty Holder and Acquisition and Support Safety Lead. The Committee oversaw health, safety, and environmental performance, ensuring appropriate direction was set to achieve continual improvement in these vital areas. Chaired by the Technical Director, meetings were also attended by the SDA Board Chair, bringing together senior expertise to guide the Agency's safety and environmental standards.
- **Security Committee** was a central forum for reviewing security performance and providing direction across all domains of security, including physical, personnel, and cyber security, as well as organisational resilience. The Committee was chaired by Director Strategy and Operations, with attendance from all team leaders or their nominated security experts, ensuring regular review and updating of security risks to safeguard the Enterprise.
- **People Committee** met quarterly to provide direction and oversight of our people activities in accordance with our people strategy and Corporate Plan. It engaged and updated stakeholders on current issues and initiatives arising from the implementation of the people strategy and developments in other people-related matters. It was chaired by Deputy Director HR, with membership drawn from senior leaders across delivery and enabling teams.

SDA risk and control framework

The SDA's risk and control framework relies on the principles of challenge and innovation to help us achieve our objectives. During 25/26 we continued to develop our framework to support the consistent and robust management of our risks, in line with HM Treasury's Orange Book principles. A primary focus has been maturing our management information to offer better insights into the risks to our objectives, enabling improved decision-making across the Agency. We have also driven better ties across the DNE, including our industry partners, to support the sharing of best practice and alignment of processes.

Strategic Risk Owners report quarterly to the Executive Committee, Board, and ARAC to provide assurance that strategic risks are being managed effectively. Strategic risks are also reported to the Submarine Enterprise Management Office within the DNO to ensure a holistic view of Enterprise risk.

During the year, we reviewed our strategic risk landscape with our Executives and Board members through focused horizon scanning activity as well as ongoing reviews. Horizon scanning ensured our strategic risk register reflected the opportunities and threats to delivering the SDA's objectives so they could be managed appropriately. The overall landscape remained stable and tolerable positions are achievable for all risks.

We continue to focus our efforts on mitigating factors that could prevent the Agency successfully achieving its purpose, such as output, supplier, and organisational risk.

Details of strategic risks are confidential and do not form part of any publicly available reporting.

Principal internal controls

Financial

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

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

Commercial

In 25/26, the SDA maintained strong commercial compliance, meeting all Cabinet Office controls and transparency requirements, including publishing the forward contract pipeline under the Procurement Reform Act 2023.

The SDA retained its position as Defence's top commercial entity in the 2025 Commercial Continuous Improvement Assessment Framework benchmark against public sector standards. Retaining this position demonstrates enhanced commercial capability whilst still identifying areas for improvement, including contract management, commercial systems, and information management. Progress in these areas is being tracked through shadow IPIs, with a further review of commercial strategic risks and internal controls planned for 26/27. These efforts aim to strengthen organisational commercial acumen and ensure continued alignment with best practices.

Governance and assurance

Each year, we take part in the MOD Annual Assurance Review. Led by Defence Risk and Assurance, the Annual Assurance Review forms part of the Department's risk and assurance framework. In 25/26, Defence Risk and Assurance did not commission a formal Annual Assurance Review whilst they developed a MOD-wide assurance approach. As the Annual Assurance Review provides important assurance to me as Accounting Officer, we completed our own data gathering. This process enabled us to review the assurance improvements made in 25/26, review and address weaknesses, and identify targets for improvement in 26/27.

GIAA, MOD's internal auditor, completed an SDA audit programme in 25/26. The audit focus, agreed with the ARAC, targeted key

areas linked to our strategic risks. GIAA gave a 'moderate' overall opinion for 25/26, providing assurance to me that our controls worked well, while also identifying some areas for improvement.

During 24/25, the DNO completed a Public Body Review of the SDA. It assessed the Agency's purpose, resilience, governance and effectiveness to ensure it remains both relevant and useful to the public and aligned with MOD and Government priorities. The review concluded that the SDA is making strong progress in terms of its efficacy and accountability arrangements. The review also identified five recommendations to improve the SDA's governance.

During 25/26, the SDA made progress against these recommendations with updates provided to the ARAC. Priority was given to the assurance, governance and audit recommendations. As the first step in improving assurance, the SDA engaged with MOD and cross-government organisations to understand their approaches to assurance, to inform developments in the Agency's own assurance approach in 26/27. Governance improvements were achieved through a review of the governance structures and Terms of Reference documents and enhancing information flows between committees. Audit improvements focused on improvements to the Agreed Management Action process and completion rates.

Whistleblowing and raising a concern

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

Conclusion

The overall governance assessment of the SDA takes into account the inputs and reviews of the GIAA, our Board and ARAC, together with the assurance assessments made by our internal control leads through their assurance activity and by our sponsor.

Our reports and assessments continue to demonstrate that our systems of governance and internal control environment supported our business, enabling our teams to focus on providing available and capable submarines for the Royal Navy. The improvement recommendations that resulted from our Public Body Review are being implemented and are already strengthening our control environment and helping us achieve even greater organisational effectiveness. I can confirm that the risk management and internal controls described have operated for the year

under review and up to the date of the approval of these accounts. As we move into 26/27, we will continue to drive improvement to further optimise our control systems, governance structures and corporate performance.



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

Chair's assessment

In 25/26, the Board provided the necessary challenge to the Executive Team to ensure the SDA always demonstrated high standards of corporate governance, consistent with its remit and composition. The ARAC, on behalf of the Board, was responsible for holding the executive to account for the strength of the control environment. During 25/26, the ARAC took particular interest in how the Agency prevents and detects fraud, its process for managing strategic risks and the management of financial resources. The Committee worked closely with GIAA, MOD's internal auditor, to target audits on key strategic risks. It also reviewed audit reports and challenged the Executive on timely closure of agreed management actions.

The ARAC, as a Board sub-committee, escalated key issues to the Board for further attention. This process was effective for increasing the Executive Team's focus on potential control weaknesses. While the ARAC's work was an important part of testing and strengthening the control environment, the Committee was not at full strength during 25/26 as it did not meet the membership requirements set out in the Terms of Reference. Efforts to mitigate this included DNO ARAC Chair Paul Dillon-Robinson attending to provide extra non-executive expertise. I also attended every ARAC meeting, without being a formal member of the Committee. Despite this, I must conclude that the ARAC was unable to operate at full capacity and therefore our governance of internal controls was not at optimal levels. In early 26/27, the Agency's agreed governance mechanism changed to no longer include a non-executive Board. All NED appointments were terminated and the SDA ARAC was disbanded, with responsibility for its oversight of principal internal controls transferred to the DNO ARAC.

In the absence of a formal MOD Annual Assurance Review, the SDA conducted its own activity to test the strength of our control environment. This found that the SDA is continuing to implement assurance improvements and our overall assurance rating against the Defence Principal Risks continues to be 'moderate.' This aligns with the outcome of GIAA's audit plan, which reported an overall

'moderate' rating for 25/26. Once published, the organisation will align with Defence Risk and Assurance's MOD-wide risk-based approach to assurance.

Building on improvements from 24/25, strategic risk remained a top priority. The ARAC received quarterly updates on strategic risk management and provided advice to strengthen the process. 'Deep dive' sessions helped the ARAC understand critical strategic risks better, enabling stronger challenge to the Executive Team. Through horizon scanning meetings, the Board contributed to the selection and rationalisation of the strategic risk set. Following the Agency's governance mechanism change, the Board played an important role in reviewing all strategic risks to determine how they map to the DNE, DNO and MOD risk sets to ensure alignment and that appropriate oversight is maintained into the new structure.

I am satisfied that the internal control environment in place during 25/26 was appropriate for the Agency's objectives and relationships. I have confidence that the Executive Team will ensure the organisation's internal controls are protected and strengthened during the transition to its new governance structure and beyond.

David Goldstone, May 2026
SDA Interim Board Chair (2024-2026)

Remuneration and Staff Report

SDA remuneration policy

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

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

Performance and reward

The 25/26 Statement of Comprehensive Net Expenditure (SoCNE) reflects payments made or due to Directors during the financial year. Salary and reward for the SDA CEO was considered by our People and Remuneration Committee before being recommended to the Chief of Defence Nuclear for approval.

The Agency operates a 'capability-based pay' system, where salary increases are based on individuals' enhancement of their ability to deliver their role and support the growth of others. Our people are evaluated against their objectives and personal development plans to determine their end of year performance outcome. A non-consolidated performance award was paid to all staff awarded a performance rating of 'Successful performer' or higher for the 25/26 performance year.

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

Senior manager contracts

The Constitutional Reform and Governance Act 2010 mandates that Civil Service appointments be made through 'fair and open competition'. The Civil Service Commission's recruitment principles outline the specific situations in which appointments may be made otherwise. Unless stated otherwise, the civilian officials referenced in this report hold open-ended appointments, except for the CEO, who is employed on a

five-year contract. Should early termination occur for reasons other than misconduct, compensation will be provided in accordance with the Civil Service Compensation Scheme. More information about the Civil Service Commission's work is available at www.civilservicecommission.org.uk.

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

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

Business appointments

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

Remuneration and pension entitlements (subject to audit)

The following section contains details of the pay, pension and benefits-in-kind of individuals who served as SDA Board members during 25/26. The disclosures only cover the periods in which individuals were SDA Board members. If an individual left the SDA Board during the year, the disclosure only covers remuneration earned while a member of the SDA Board.

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

SDA board directors ⁹	Salary ¹⁰ £000 (full-year equivalent)	Annual performance award ¹¹ £000	Benefits in kind £00	Pension benefits £000	Totals £000
25/26					
Sir Chris Gardner KBE	285-290 (285-290)	55-60 (55-60)	-	110	450-455 (450-455)
Keith Beckett CBE	205-210 ¹² (220-225)	30-35 (30-35)	-	30.8 (33)	270-275 (285-290)
Georgina Benzies	125-130 (125-130)	10-15 (10-15)	-	63	200-205 (200-205)
24/25					
Sir Chris Gardner KBE	275-280 (275-280)	60-65 (60-65)	-	44 ¹³	380-385 (380-385)
Keith Beckett CBE	210-215 (210-215)	35-40 (35-40)	-	31.6 ¹⁴ (31.6)	280-285 (280-285)
Georgina Benzies	120-125 (120-125)	25-30 (25-30)	-	106 ¹⁵	250-255 (250-255)

9 The SDA Board Terms of Reference set out the Board structure to include the Board Chair, CEO, CFO, Deputy CEO and NEDs. This structure aimed to ensure the Agency had a meaningful ratio of Executive Directors to NEDs.

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

11 From the 20/21 Annual Report and Accounts onward, the SDA changed the basis for the reporting of annual performance awards from the award accrued to the award paid. The figures shown for 25/26 are the award paid in 25/26 in respect of performance in 24/25.

12 Keith Beckett CBE transitioned to part time hours in February 2026. His salary and pension costs reflect the actual remuneration received during 25/26. The figures in brackets reflect the full time annual equivalent salary.

13 Sir Chris Gardner KBE and Georgina Benzies are the only Board members who are members of the public pension scheme.

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

15 Accrued pension benefits included in this table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the relevant legacy scheme for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the Alpha scheme for the period from 1 April 2015 to 31 March 2022. Georgina Benzies is the only SDA Board executive member impacted.

SDA Board executive member pension benefit (subject to audit)

SDA Board executive member	Total accrued pension at pension age (and related lump sum) as at 31 March 2026 £000	Real increase in pension (and related lump sum) 25/26 £000	Cash Equivalent Transfer Value as at 31 March 2026 or cessation of employment, if earlier £000	Cash Equivalent Transfer Value as at 31 March 2025 or date of appointment, if later £000	Real increase in Cash Equivalent Transfer Value £000
Sir Chris Gardner KBE	5-10	5-7.5	160	45	91
Georgina Benzies	60-65 plus a lump sum of 150-155	2.5-5 plus a lump sum of 0-2.5	1,424	1,298	50

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

Cash equivalent transfer value (CETV)

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

The figures shown in the table above:

- relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies
- include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements
- include any additional pension benefit accrued to the member as a result of them buying additional pension benefits at their own cost

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

The real increase in CETV

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

SDA Board Non-Executive Director salaries (subject to audit)

SDA Board Non- Executive Directors ¹⁶	25/26 £000 (full-year equivalent)	24/25 £000 (full-year equivalent)
David Goldstone CBE (Interim Board Chair)	100-105 (100-105)	55-60 (100-105)
Jonathan Simcock (Board Chair) ¹⁷	-	40-45 (100-105)
David Goldstone CBE (NED) ¹⁸	-	10-15 (25-30)

¹⁶ Independent NEDs were remunerated for up to 24 working days per year.

¹⁷ Jonathan Simcock served as SDA Board Chair until August 2024. His 24/25 salary information is included for comparison. He did not receive an SDA salary in 25/26.

¹⁸ David Goldstone CBE served as an SDA NED until becoming Interim Board Chair in September 2024. His NED 24/25 salary is included for comparison. His salary for 25/26 was solely for his role as Interim Board Chair.

SDA Board Non- Executive Directors ¹⁶	25/26 £000 (full-year equivalent)	24/25 £000 (full-year equivalent)
Claire Hall	25-30 (25-30)	25-30 (25-30)
Sir Simon Bollom KBE CB	25-30 (25-30)	25-30 (25-30)
Martin Spencer	25-30 (25-30)	25-30 (25-30)
Vice Admiral Andrew Burns CB OBE ¹⁹	-	-

Pay multiples (subject to audit)

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

The banded remuneration of the highest paid civilian Director in 25/26 ranged between £340,000 - £345,000. This was 6.99 times the median remuneration of the workforce, which was £49,000. This is higher than the 24/25 banded remuneration of the highest paid civilian Director and the resulting median due to the pay award. The civilian salary range is between £25,040 - £285,939 (24/25: £19,756 - £276,948). The banded remuneration of the highest paid military employee in 25/26 ranged between £160,000-165,000. This was 1.86 times the median remuneration of the military workforce, which was £87,372. The military employee salary range is between – £26,334 - £163,108 (24/25 restated: £22,100 - £149,062).

No employees, either military or civilian, received remuneration more than the highest paid director during 25/26 (24/25 - nil).

¹⁹ Government NED who received no remuneration for services from the SDA and was on the Board until January 26.

	25/26 £	24/25 £ (Restated) 20
Mid-point of the £5,000 band for the annual equivalent remuneration of the highest earning military employee	162,500	147,500
Number of employees in receipt of remuneration above the highest paid Board member	-	-
Median total remuneration of military personnel	87,372	83,528
Military pay ratio	1.86	1.77
Mid-point of the £5,000 band for the annual equivalent remuneration of the highest earning civilian Board member in the tables above	342,500	337,500
Median total remuneration of civilian staff	49,000	47,251
Civilian pay ratio	6.99	7.14

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

Military						
	Lower quartile		Median		Upper quartile	
	25/26	24/25 (restated)	25/26	24/25 (restated)	25/26	24/25 (restated)
Salary	70,837	68,190	87,372	83,528	104,767	98,178
Total pay and benefits	70,837	68,190	87,372	83,528	104,767	98,178

Civilian						
	Lower quartile		Median		Upper quartile	
	25/26	24/25	25/26	24/25	25/26	24/25
Salary	39,278	37,540	47,600	45,995	63,595	61,335
Total pay and benefits	39,602	38,275	49,000	47,251	65,197	62,689

20 Prior year military fair pay disclosures have been restated to ensure comparability with 25/26 under an amended and more accurate calculation methodology.

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

Salary and allowances	% change from 24/25	
	Military	Civilian
Highest paid Director	10.17%	3.60%
Staff average	3.75%	3.54%
Performance pay and bonuses		
Highest paid Director	-	(8.00%)
Staff average	-	(1.94%)

The 3.54% increase in average civilian salaries during 25/26 compared to 24/25 is due to the annual pay award.

The 1.94% decrease in average civilian performance pay is reflective of the organisational performance in 25/26.

The increase in average civilian salaries during 25/26 compared to 24/25 is due to the annual pay award. Military pay includes overseas allowances, nuclear skills and submarine supplements which have driven the increase in the highest paid employee.

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

	Military			Civilian		
	Lower quartile	Median	Upper quartile	Lower quartile	Median	Upper quartile
25/26	2.29	1.86	1.55	8.65	6.99	5.25
24/25 (restated)	2.16	1.77	1.50	8.82	7.14	5.38

There is little change in military pay ratios.

For the reasons outlined above, the median pay ratios for civilian and military personnel are consistent with the pay, reward and progression policies for SDA employees taken as a whole. The SDA employment model has had no material impact on pay ratio movement between 24/25 and 25/26.

Staff report

Staff numbers (subject to audit)

Number (headcount) of Senior Civil Service (SCS) within the SDA senior leadership group, at 31 March 2026:

SCS pay band	25/26	24/25
Band 1	35	34
Band 2	6	6
Band 3 and above	1	1
Total	42	41
SDA military at 1* and above	4	5
Grand total	46	46

Average numbers of full-time equivalent (FTE) persons employed at the 31 March 2026:

Average staff (FTE)	25/26			24/25 (restated) ²¹		
	Permanent employee staff ²²	Contingent labour	Total	Permanent employee staff	Contingent labour	Total
Military	204	-	204	194	-	194
Civilian	2,470	152	2,622	2,400	80	2,480
Total	2,674	152	2,826	2,594	80	2,674

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

The average number of civilian and military FTE employed in 25/26 increased by 80 compared with the number employed in 24/25, reflecting the growing demands and scope of our Equipment Plan programme.

²¹ 24/25 staff numbers have been restated to reflect average staff FTE.

²² Permanent employee staff includes 30 FTE (FY24/25: 25) of 'other' staff, including fixed term employees and inward secondments. These have not been categorised separately on materiality grounds.

Contingent labour has increased but remained a small proportion of the workforce, with an average increase of 72 FTE in 25/26 compared to 24/25.

Staff turnover 25/26

	March 26	March 25
Rolling 12-month turnover %	3.5	4.4
Rolling 12-month outflow (n)	88	108
Rolling 12-month average headcount	2,528.7	2,461.0

The 25/26 average headcount above covers the Agency's core civilian workforce only and excludes military and contingent workers.

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

Staff costs (subject to audit)

The aggregate staff costs, including allowances paid, were:

	25/26			24/25		
Staff costs comprise:	Permanent employee staff £000	Contingent labour £000	Total £000	Permanent employee staff £000	Contingent labour £000	Total £000
Salaries and wage costs	155,250	23,748	178,998	141,445	12,108	153,553
Social security costs	19,926	-	19,926	15,449	-	15,449
Other pension costs	46,164	-	46,164	43,071	-	43,071
Total	221,340	23,748	245,088	199,965	12,108	212,073

Staff costs comprise:	25/26			24/25		
	Permanent employee staff £000	Contingent labour £000	Total £000	Permanent employee staff £000	Contingent labour £000	Total £000
Adjustment for NATO Submarine Rescue System rebate of staff costs	(525)	-	(525)	(381)	-	(381)
Adjustment for AUKUS recharge of staff costs	(2,763)	(1,305)	(4,068)	(2,647)	(1,540)	(4,187)
Net staff costs	218,052	22,443	240,495	196,937	10,568	207,505
Paid to	£000	£000	£000	£000	£000	£000
Armed Forces	31,115	-	31,115	29,057	-	29,057
Civilian	186,937	22,443	209,380	167,880	10,568	178,448
Total	218,052	22,443	240,495	196,937	10,568	207,505

The military/civilian split is shown after recharges.

Staff costs increased by £33 million (16%), driven by annual pay awards, increased contingent labour to support programme delivery and our estimated liabilities under the MOD Voluntary Exit Scheme.

Of the total 25/26 pension contributions in the table above, £35 million were payable in respect of the various schemes in which civilian staff were members. Contributions of £11 million were payable in respect of the Armed Forces Pension Scheme in which military staff were members.

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

Principal Civil Service Pension Scheme

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

Contributions to the PCSPS in 25/26 were calculated at a single rate of 28.97% of pensionable earnings. The Scheme Actuary usually reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 25/26 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

The contributions to the PCSPS for the 25/26 period was aligned to those from 24/25 and incorporate additional costs associated with the 2015 Remedy Programme, also known as the McCloud Judgment: <https://www.civilservicepensionscheme.org.uk/memberhub/kbarticle/?id=KA-01240>.

Employees can opt to open a partnership pension account where employer contributions are age related and range from 8% to 14.75%. Employers also match employee contributions

up to 3% of pensionable earnings. Further details about the Civil Service Pension arrangements can be found at: <https://www.civilservicepensionscheme.org.uk/>. There were nil contributions due to the partnership pension providers at the balance sheet date and no contributions have been prepaid.

Armed Forces Pension Scheme

The Armed Forces Pension Scheme is an unfunded, non-contributory, defined benefit, salary related, contracted out, occupational scheme. As such, this scheme is not consolidated in the accounts. Separate accounts are prepared, details of which can be found at: [Armed Forces Pension Scheme annual accounts - GOV.UK](#).

Employer's contribution rates are determined by the Government Actuary. For 25/26, the employer's contribution rate is 73.6% of pensionable pay for officers and other ranks. These include a contribution towards the Armed Forces Compensation Scheme at 2.1% for officers and other ranks.

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

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

Employee wellbeing and sickness absence

During 25/26, the SDA maintained stable sickness absence levels, with an average of 5.9 working days lost per employee. This compares to the MOD average of 6.8 days and reflects our ongoing commitment to supporting staff health and wellbeing despite increasing operational demands.

Anxiety, stress, and depression remain the most common reasons for absence, accounting for 35% of all recorded sickness. This now represents 2.0 days lost per employee on average. The increase reflects the evolving challenges within the working environment, emphasising the continued need for robust early intervention and support measures.

Long-term sickness absence has also increased slightly – from 3.1 to 3.3 days lost per full-time equivalent, now representing 56% of all absence. We recognise this as a key area for ongoing focus and targeted support to help staff manage sustained health challenges.

Our 2025 People Survey PERMA index score, which measures how well employees are 'flourishing' at work across five key areas (positive emotion, engagement, relationships, meaning, and accomplishment), has fallen from 74% to 72%. While this remains in line with the wider Civil Service, it reflects a modest decrease over the past two years, suggesting the evolving challenges within the working environment may be influencing staff wellbeing.

In response, we use a monthly wellbeing dashboard to monitor trends and inform action. We maintain a positive mental wellbeing offer and provide ongoing support through a comprehensive range of initiatives. These include a wellbeing calendar with monthly themes such as Stress Awareness Month and Men's Health Week, awareness sessions for the Employee Assistance Programme, financial wellbeing workshops, stress awareness bitesize sessions, and continuous upskilling of our HR Business Partners, leaders, and managers to support health and attendance policies.

These initiatives demonstrate our firm commitment to fostering a healthy, supportive workplace and our determination to build on this progress year on year. We remain focused on ensuring all staff have the support they need to thrive, even as they navigate an increasingly demanding and evolving work environment.

Staff policies

Equity, diversity, and inclusion

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

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

Diversity and inclusion goals

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

Maintaining a diverse workforce and fostering an inclusive environment where everyone can thrive remains fundamental to the core values of the SDA, reinforcing our zero-tolerance stance on bullying, harassment, and discrimination. In tandem with the implementation of our Diversity and Inclusion action plan, we are actively working towards achieving our targets to address the under representation of specific protected groups.

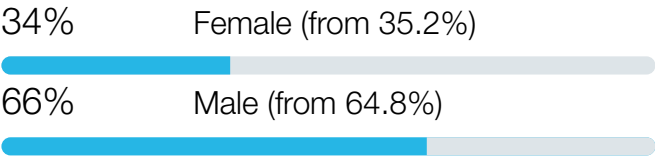
Through the Disability Confident Scheme, we offer guaranteed employment interviews to individuals who declare a disability, provided they meet the minimum role requirements. All SDA managers are mandated to complete 'Inclusion in the Civil Service' training before engaging in any recruitment activities.

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

Staff breakdown

The graphics below illustrates the civilian makeup of the Agency based on protected characteristics as of 31 March 2026 (compared to 31 March 2025). The data presented relies on staff declarations in our human resource management system and may not fully represent the entire workforce.

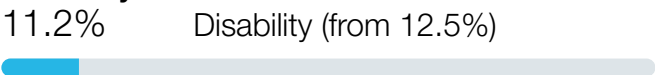
Gender



Ethnicity



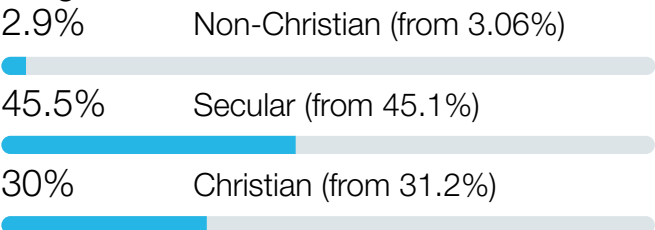
Disability



Sexual orientation



Religion or belief

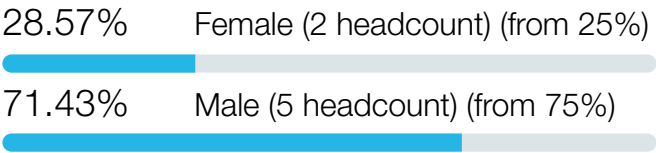


The graphics below illustrate the civilian makeup of the Agency at Board and SCS level as of 31 March 2026.

By gender at SDA Board level:

Total SDA Board – 7 members, including 2 military

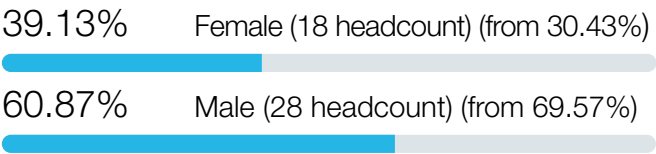
Gender



By gender at SCS level:

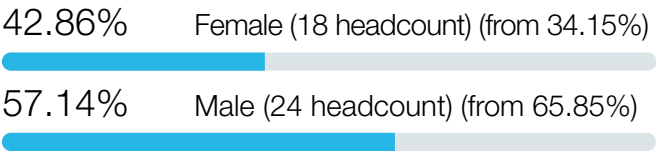
Total senior leadership group (SCS) – 46, including 4 military

Gender



Total senior leadership group (SCS) – 42, excluding 4 military

Gender



Pay and reward

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

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

Recruitment

The SDA is responsible for resourcing the organisation with the right capabilities and capacity to deliver the mission. Managed through workforce planning, recruitment and deployment of talent, the SDA utilises in-house specialists and Civil Service Jobs through Defence Business Service, to reach the internal and external labour market. This has also been supported by targeted outreach for STEM and technical specialisms.

In October 25 the MOD introduced a department-wide recruitment pause which remained in place through the rest of 25/26. During this period, only recruitment by exception was permitted. To minimise the impact of these controls, we repurposed roles, redeployed existing staff to meet priority demands and considered how work could be delivered in different ways.

Trade Union relationships

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

During 25/26 responsibility for co-ordination of Trade Union engagement has transferred from the DE&S Employee Relations Team to the SDA Employee Experience team. This change was part of the People Service Transformation programme that moved many services historically provided by DE&S to the SDA. During the year, both with and without the support of DE&S, the SDA has held its own formal and informal engagement meetings and consulted directly with the Trade Unions on SDA-only business. Consultation with the Trade Unions takes place in compliance with the law and to initiate engagement in the spirit of reaching agreement.

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

There were two payments to civilian staff in line with the Civil Service Compensation Scheme for exits under the Supporting Health and Attendance Procedure in 25/26. There was one payment of this kind in 24/25.

There were four redundancy, early retirement, or early release scheme payments in 25/26.

Exit package cost band ²³	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	-	4 (-)	4 (-)
£10,000 – £25,000	-	- (-)	- (-)
£25,000 – £50,000	-	1 (-)	1 (-)
£50,000 – £100,000	-	- (1)	- (1)
£100,000 – £150,000	-	-	-
£150,000 – £200,000	-	-	-
£200,000 – £250,000	-	-	-
£250,000 – £300,000	-	-	-
Total number of exit packages	-	5²⁴(1)	5 (1)
Total resource cost (£)	-	£47,539 (Redacted²⁵)	£47,539 (Redacted)

During 25/26 the MOD announced its Voluntary Exit Scheme for civil servants. Applications took place during the period and offer letters were issued to successful candidates prior to 31 March 2026. Redundancy payments will be made under the terms of the Scheme to individuals who have accepted these offers during 26/27 as departures take place. The SDA's estimated liability under the Voluntary Exit Scheme is reflected in the Statement of Comprehensive Net Expenditure for 25/26. Actual payments incurred will be disclosed in 26/27.

²³ Prior year comparators are shown in brackets.

²⁴ Two payments were made (Compensation in Lieu of Notice and compensation under the Civil Service Compensation Scheme) to a single individual. The total number of exit payments disclosed is therefore six across five departures.

²⁵ 24/25 cost has been redacted due to risk of exposure of personal information as data relates only to one individual.

We may occasionally make use of early release schemes to reduce the number of civilian personnel who are not members of the Civil Service Compensation Scheme. No such usage was made during 25/26 or 24/25.

Expenditure on consultancy and temporary staff

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

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

High paid off-payroll appointments

Details of the SDA's most highly paid off payroll appointments are shown below. These represent workers who are employed for limited periods of time, usually to fill short-term

vacancies to deliver finite pieces of work, or to provide key skills needed to deliver our work which are not available in-house. Government policy is that individual departments must exercise governance over such appointments where the appointees are not engaged directly on departmental payrolls. All these employees are engaged through contracting mechanisms which provide assurance that they paid the right amount of tax and national insurance contributions in 25/26.

Temporary off-payroll worker engagements as at 31 March 2026, paid more than £245 per day:

	25/26
Number of existing arrangements as at 31 March 2026	144
of which	
Have existed for less than 1 year at time of reporting	93
Have existed for between 1 and 2 years at time of reporting	37
Have existed for between 2 and 3 years at time of reporting	10
Have existed for between 3 and 4 years at time of reporting	2
Have existed for 4 or more years at time of reporting	2

Temporary off-payroll workers engaged at any point during the year ended 31 March 2026, paid more than £245 per day

	25/26
Number of off-payroll workers engaged during the year ended 31 March 2026	213
of which	
Not subject to off-payroll legislation	211
Subject to off-payroll legislation and determined as in-scope of IR35	-
Subject to off-payroll legislation and determined as out of scope of IR35	2
Number of engagements reassessed for IR35 compliance or assurance purpose	192
Number of engagements subject to a change in IR35 status following reassessment	-

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

There have been no off-payroll engagements of Board members or senior officials with significant fiscal responsibility between 1 April 2025 and 31 March 2026. We have considered those with 'significant financial responsibility' to be the CEO and CFO.

Parliamentary Accountability Report

Parliamentary accountability report

In 25/26 we responded to 14 Parliamentary Questions. We dealt with Ministerial and Treat Official correspondence from Members of Parliament, Peers, and the public, and, on average, responded more quickly than required by departmental targets. Particular areas of interest included submarine dismantling and defueling, the submarine supply chain, infrastructure, submarine maintenance, and SDA organisational information. We provided briefings to support a range of Parliamentary business.

We have continued to fulfil our statutory obligations under the Freedom of Information Act 2000 in responding to requests for information from members of the public, answering 23 requests for information.

Complaints to the Parliamentary and Health Service Ombudsman

The Parliamentary and Health Service Ombudsman investigate complaints from individuals who feel they have been treated unfairly, improperly or have received a poor service from government departments or their agencies. In 25/26, as in previous years, the Parliamentary and Health Service Ombudsman received no complaints about the SDA.

External reviews

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

Parliamentary accountability disclosures

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

Losses and special payments (subject to audit)

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

Losses and special payments relate only to SDA operating activity and exclude losses arising within the wider Equipment Plan, which are reported in the MOD Departmental Accounts.

Losses and special payments during 25/26 totalled £124,390 (24/25: £400,000). This included one special payment (24/25: one). There were no cases requiring separate reporting by value.

Remote contingent liabilities (subject to audit)

There were no remote contingent liabilities in 25/26.

Regularity of expenditure (subject to audit)

All material expenditure and income incurred by the SDA in 25/26 was in accordance with the requirements of HM Treasury and other government guidance.

Fees and charges (subject to audit)

The SDA recognises income, as noted in accounting policy 1.6, arising from charges related to the AUKUS programme. All charges are levied on a cost recovery basis. Income is reported in the Statement of comprehensive net expenditure.



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



HMS Audacious

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

Opinion on financial statements

I certify that I have audited the financial statements of the Submarine Delivery Agency for the year ended 31 March 2026 under the Government Resources and Accounts Act 2000.

The financial statements comprise the Submarine Delivery Agency's:

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

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

In my opinion, the financial statements:

- give a true and fair view of the state of the Submarine Delivery Agency's affairs as at 31 March 2026 and its net operating expenditure for the year then ended; and

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

Opinion on regularity

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

Basis for opinions

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

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

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

Conclusions relating to going concern

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

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

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

The going concern basis of accounting for the Submarine Delivery Agency is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other information

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

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

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

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work

I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

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

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

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

Matters on which I report by exception

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

Responsibilities of the Accounting Officer for the financial statements

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

- considered the nature of the sector, control environment and operational performance including the design of the Submarine Delivery Agency's accounting policies, key performance indicators and performance incentives.
- inquired of management, Submarine Delivery Agency's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Submarine Delivery Agency's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Submarine Delivery Agency's controls relating to the Submarine Delivery Agency's compliance with the Government Resources and Accounts Act 2000 and Managing Public Money;

- inquired of management, Submarine Delivery Agency's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Submarine Delivery Agency for fraud and identified the greatest potential for fraud in the following areas: 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 Submarine Delivery Agency's framework of authority and other legal and regulatory frameworks in which the Submarine Delivery Agency operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Submarine Delivery Agency. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, employment law, and tax legislation.

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

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

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities.

This description forms part of my certificate.

Other auditor's responsibilities

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

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

Report

I have no observations to make on these financial statements.

Gareth Davies

Comptroller and Auditor General

Date: 16 October 2026

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

Section 3

The Financial Statements



NATO Submarine Rescue System (NSRS)

Accounting Information

Statement of comprehensive net expenditure for the year ended 31 March 2026

	Notes	25/26 £000	24/25 £000
Income		(2,311)	(898)
Expenditure – programme costs			
Direct staff costs	2	240,495	207,505
Private sector support costs	3	113,438	87,235
Other programme costs	4	16,965	19,454
Total direct programme costs		370,898	314,194
Net direct programme expenditure		368,587	313,296
Expenditure – non-cash items			
Communicated costs from other MOD organisations	5	27,624	28,845
Non-cash charges DE&S corporate overhead	5	10,897	10,098
Auditors' remuneration	6	110	120
Depreciation and Amortisation Costs		27	125
Provisions movement		180	-
Total non-cash items		38,838	39,188
Net operating expenditure		407,425	352,484
Total comprehensive net expenditure		407,425	352,484

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

Statement of financial position as at 31 March 2026

	Notes	25/26 £000	24/25 £000
Non-current assets			
Right-of-use assets NBV	10	-	27
Intangible fixed assets NBV		-	222
Trade and Other Receivables due after more than one year	7	123	-
Total non-current assets		123	249
Current assets			
Trade and Other Receivables due within one year	7	1,797	2,704
Total current assets		1,797	2,704
Total assets		1,920	2,953
Current liabilities			
Trade and other payables	8	(49,703)	(47,533)
Provisions		(180)	-
Total current liabilities		(49,883)	(47,533)
Assets less liabilities		(47,963)	(44,580)
Reserves			
General fund		(47,963)	(44,580)
Total reserves		(47,963)	(44,580)



Sir Chris Gardner KBE
Accounting Officer
15 October 2026

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

Statement of cash flows for the year ended 31 March 2026

Submarine Delivery Agency	Notes	25/26 £000	24/25 £000
Cash flows from operating activities			
Net Operating Expenditure	SoCNE	(407,425)	(352,484)
Adjustments for non-cash transactions			
Communicated Costs	5	27,624	28,845
Non-cash Charges DE&S Corporate Overhead	5	10,897	10,098
Auditor's Remuneration	6	110	120
Depreciation and Amortisation		27	125
(Increase)/Decrease in trade and other receivables	7	784	(369)
Increase/(Decrease) in trade and other payables	8	2,170	18,864
Movement in Provisions		180	-
Adjustment for other non-cash movements in the Statement of Financial Position		222	-
Net Cash Outflow from Operating Activities		(365,411)	(294,801)
Cash flows from investing activities			
Purchase of intangible assets		-	(206)
Net Cash Flow from Investing Activities		-	(206)
Cash flows from financing activities			
Net Parliamentary Funding – drawn down		365,411	295,023
Payments in respect of leases	10	-	(16)
Net increase/(decrease) in cash and cash equivalents in the period		-	-

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

Statement of changes in taxpayers' equity for the year ended 31 March 2026

Submarine Delivery Agency	Notes	General fund £000	Total reserves £000
Balance at 1 April 2024		(26,182)	(26,182)
Comprehensive net expenditure for the year	SoCNE	(352,484)	(352,484)
Non-cash charges communicated costs	5	28,845	28,845
Non-cash charges DE&S corporate overhead	5	10,098	10,098
Non-cash charges auditors remuneration	6	120	120
Net parliamentary funding – drawn down	SoCF	295,023	295,023
Balance at 31 March 2025		(44,580)	(44,580)
Balance at 1 April 2025		(44,580)	(44,580)
Comprehensive net expenditure for the year	SoCNE	(407,425)	(407,425)
Non-cash charges communicated costs	5	27,624	27,624
Non-cash charges DE&S corporate overhead	5	10,897	10,897
Non-cash charges auditors remuneration	6	110	110
Net parliamentary funding – drawn down	SoCF	365,411	365,411
Balance at 31 March 2026		(47,963)	(47,963)

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

Notes to the Accounts

1. Statement of accounting policies

The financial statements contained within the Annual Report and Accounts relate to the financial year 1 April 2025 to 31 March 2026 (25/26).

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

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

1.1 Accounting convention

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

1.2 Basis of preparation of annual accounts – accounting boundary

In supporting the MOD's overall objectives, the SDA is responsible for delivering safe, available and capable in-service submarines and systems; leading the design and construction of new UK submarines; managing the nuclear infrastructure supporting the fleet; disposing of decommissioned submarines; sustaining the submarine technology base; supporting international partnerships; and developing a sustainable industrial base for the Defence Nuclear Strategy.

The SDA's purpose, governance and operating framework, including financial and resource parameters, are set out in its Framework Document approved by the Secretary of State for Defence. The Chief Executive Officer is appointed by the MOD Permanent Secretary as an additional Accounting Officer, with responsibility for the Agency's operating costs. Delegated authority to operate the Agency is provided through the Chief of Defence Nuclear.

The operating cost envelope includes staff costs, other operating expenditure (including travel and training), Private Sector Support (PSS) expenditure and associated income. The financial statements also include non cash costs incurred by other MOD organisations in support of SDA operations (see Note 5 and accounting policy 1.8).

Private Sector Support represents external resource engaged to supplement SDA capacity and capability, including consultancy, specialist support and workforce augmentation, as defined in SDA accounting policies (see Note 3).

Equipment Programme costs comprise expenditure directly attributable to asset construction and bringing assets into use, whereas operational expenditure relates to programme and project management overheads. Equipment Programme costs are reported within the MOD financial statements and are not included in these accounts.

1.3 Critical accounting judgments and key sources of estimation uncertainty

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

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

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

DE&S²⁶ Charges: DE&S charges the SDA for its share of the DE&S corporate overheads consumed by the agency. Corporate Services are defined as those which collectively enable the operational day-to-day running of the agency. This enables the appropriate overheads to be included in the accounts of both the SDA and DE&S. A Business Agreement between the SDA and DE&S sets

²⁶ More information about DE&S can be found in their [25/26 ARA](#).

out the basis for these charges. A budget transfer from DE&S to the SDA is raised at the end of the first quarter of each financial year for the SDA's share of the DE&S corporate services costs through the transfers process covering one year of the budget. Charging is based as a monthly apportionment of the agreed budget through a monthly journal and the charge is based on 1/12 of the budget. To ensure costs are materially accurate in the SDA and DE&S accounts, DE&S reconciles costs to charges regularly, typically quarterly. If the reconciliation demonstrates that the difference between costs to charges is greater than the materiality threshold of £300K then a budget adjustment is made with a year-end true up if needed.

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

Accruals: payables and receivables: In instances where revenue/expenditure has been earned/incurred but not invoiced, an estimate is made of the amount to be accrued as a payable or receivable item. The SDA reviews annually the appropriateness of the materiality level set to ensure it continues to remain relevant. For 25/26, a guideline recognition threshold of £5,000 has been applied in the recognition of payables and receivables.

1.4 Changes in accounting policies and disclosures

Changes impacting the preparation of future annual accounts:

IFRS 18

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

1.5 Going concern

From 1 April 2026, the SDA's functions have been brought together with the Submarine Capability area within DNO, forming a Submarine Delivery Group within the DNO, residing within the DNE pillar of the Ministry of Defence. Within this new structure, the SDA currently continues to hold its Executive Agency status.

The Financial Reporting Manual provides that for non-trading entities, the anticipated continuation of the provision of a service in the future, as evidenced by the Strategic Defence Review and Defence Investment Plan, is normally sufficient evidence of going concern. All the SDA's functions are continuing, and the SDA's activities will continue to be funded by the MOD. The 25/26 accounts have therefore been produced on a going concern basis.

1.6 Revenue and expenditure recognition

Funding received for revenue purposes from the MOD is treated as Net Parliamentary Funding from the MOD rather than operating income and is therefore credited directly to the general fund. Any revenue and expenditure generated directly from SDA activities is recognised in the SoCNE on an accruals basis, determined by when the related goods and services are provided and where an assessment of the stages of completion of revenue and expenditure generating activities can be reliably measured. The SDA recognises an element of income under IFRS15 in relation to specific services provided under the AUKUS programme within the financial period. Receipts in excess of the income earned during the period are deferred. The SDA does occasionally, where agreed in contract, receive rebates for project activity which are credited against the relevant expenditure.

1.7 Programme costs

The SDA expenditure is reported as programme costs in line with MOD annual accounts reporting requirements. Where the SDA civilian staff are temporarily reassigned to work in other areas of the MOD their salary costs are charged to those other areas. Similarly, where other areas of the MOD temporarily reassign their staff to support the SDA management activities, salary costs are charged to the SDA. The SDA applies a guideline recognition threshold for manual accruals of £5,000.

The freedoms granted to us as an arm's length body include the ability to manage all aspects of our workforce as necessary to meet business needs and we regularly review the appropriateness of letters of delegation as part of routine business. The freedoms granted to us also mean that in 25/26, we were exempt from certain Cabinet Office controls, which were: redundancy and compensation, learning and development and dispute disclosure.

1.8 Communicated costs

Communicated costs are indirect costs in support of the SDA's operations that are incurred through activities with other MOD organisations. These costs have been included on an estimated basis as a non-cash item in the SDA's SoCNE, to ensure that a full representation of operating costs is reported. Costs have been recognised on an apportionment basis, by staff numbers or total costs as deemed appropriate for the cost type. Note 5 provides an analysis of these costs identifying the other MOD organisations involved and the key assumptions applied in determining the costs.

1.9 Value Added Tax (VAT)

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

1.10 Non-current assets and amortisation

Where assets are purchased for the sole benefit of the SDA and funded through our Operating Cost Expenditure budget these are considered for capitalisation where they meet the recognised threshold of £25,000 and are intended for use for a period of over 12 months. The SDA currently holds no directly owned non-current tangible or intangible assets. Given the relatively low volume and value of assets purchased specifically for the SDA use, it is not our current policy to pool assets. We re-visit this policy annually to ensure that we are not omitting any significant assets from our non-current asset register.

In 24/25 we recognised software licences as intangible assets which were amortised over a useful economic life of 3-5 years based on the length of the lease. In 25/26 these licences have been recognised as long-term prepayments, reflecting the nature of the licence arrangement.

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

1.11 Leased assets

The SDA held right-of-use assets in prior periods which were fully depreciated or expired during 25/26. No leases met the recognition criteria under IFRS 16 at the reporting date.

In 24/25 we have recognised non-current right of use assets and liabilities in respect of leased assets, which were depreciated using the straight-line method from the commencement date. These leased assets comprised buildings and vehicles used in the course of the SDA's business.

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

The SDA does not operate as a lessor.

1.12 Cash and cash equivalents

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

1.13 Financial instruments – receivables and liabilities

IFRS 9 divides financial assets into two classifications – those measured at amortised cost and those measured at fair value. Goods or services provided or received by the SDA but not yet invoiced are accrued at estimated fair value.

1.14 Employee benefits

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

Expenditure has been recognised via an accrual for estimated employee performance bonuses, based on the expected outcome of our performance under the OGSM framework and individual staff performance results.

In 25/26 a liability has been recognised in relation to the SDA's element of the MOD Voluntary Exit Scheme, made available to employees in 25/26 and offers issued within the financial year. The liability has been apportioned between accrual and provision in line with the MOD approach, based on an assessment of the likelihood of a liability crystallising. Payments will be made in the Scheme in 26/27 under the agreed terms.

1.15 Funding transfers for staff movements

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

1.16 Reserves

The General Fund reserve represents the balance of taxpayers' equity in the SDA. Specifically, the General Fund reflects the net assets held at the end of financial year 25/26. The SDA has no other reserves.

1.17 Provisions for liabilities and charges

Provisions for liabilities and charges have been established under the criteria of IAS 37 – Provisions are based on realistic estimates of the expenditure required to settle legal or constructive obligations that exist at the Reporting Period Date. On initial recognition provisions are charged to the SoCNE. An immaterial provision has been recognised in 25/26 relating to probable liabilities relating to the SDA's element of the MOD Voluntary Exit Scheme.

2. Staff numbers and related costs

2.1a Staff costs comprise

Staff costs comprise:	25/26			24/25		
	Permanent employee staff £000	Contingent labour £000	Total £000	Permanent employee staff £000	Contingent labour £000	Total £000
Salaries and wage costs	155,250	23,748	178,998	141,445	12,108	153,553
Social security costs	19,926	-	19,926	15,449	-	15,449
Other pension costs	46,164	-	46,164	43,071	-	43,071
Total	221,340	23,748	245,088	199,965	12,108	212,073
Adjustment for NATO Submarine Rescue System rebate of staff costs (1)	(525)	-	(525)	(381)	-	(381)
Adjustment for AUKUS recharge of staff costs (2)	(2,763)	(1,305)	(4,068)	(2,647)	(1,540)	(4,187)
Net staff costs	218,052	22,443	240,495	196,937	10,568	207,505

Staff costs increased by £33 million (16%), driven by annual pay awards, increased contingent labour to support programme delivery and our estimated liabilities under the MOD Voluntary Exit Scheme.

Note:

- (1) The NATO Submarine Rescue System project rebate from co-nations involved with the programme. This has been taken as a SoCNE credit against staff costs.
- (2) The SDA's staff costs incurred in respect of AUKUS are borne by the MOD Resource account. These have been taken as a SoCNE credit against staff costs.

2.1b Split of staff costs between civilian and military

Paid to:	25/26			24/25		
	Permanent employee staff £000	Contingent labour £000	Total £000	Permanent employee staff £000	Contingent labour £000	Total £000
Military	31,115	-	31,115	29,057	-	29,057
Civilian	186,937	22,443	209,380	167,880	10,568	178,448
Total	218,052	22,443	240,495	196,937	10,568	207,505

2.2 Average number of persons employed

Average staff nos (FTE):	25/26			24/25 (restated) ²⁷		
	Permanent employee staff ²⁸	Contingent labour	Total	Permanent employee staff	Contingent labour	Total
Military	204	-	204	194	-	194
Civilian	2,470	152	2,622	2,400	80	2,480
Total	2,674	152	2,826	2,594	80	2,674

3. Private sector support

Private Sector Support comprises consultancy, specialist technical services, and programme delivery support.

	25/26 £000	24/25 £000
Consultancy and specialist Private Sector Support	117,404	90,153
Or against Private Sector Support costs arising from AUKUS recharged	(3,966)	(2,918)
Total	113,438	87,235

The overall level of Private Sector Support contractor support has increased to meet the requirements of our growing programme scope and demands.

²⁷ 24/25 staff numbers have been restated to reflect average staff FTE.

²⁸ Permanent employee staff includes 30 FTE (FY24/25: 25) of 'other' staff, including fixed term employees and inward secondments. These have not been categorised separately on materiality grounds.

4. Other programme costs

	25/26 £000	24/25 £000
Staff travel and subsistence costs	6,554	7,808
Information Technology and telecommunications	4,883	6,386
Other infrastructure expenditure	687	970
Staff training costs	1,859	1,863
Rentals	1,743	1,715
Other costs	1,911	1,601
Cr against other costs arising from AUKUS recharged	(672)	(889)
Total	16,965	19,454

The overall reduction in other programme costs is driven by spend controls implemented in 25/26, including additional controls over commitments and Travel & Subsistence approvals. Information Technology spend in 24/25 was higher than a normal period due to specific one-off set up costs for a Portfolio, Programme and Project Management System for Secret-classified information.

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

Communicated costs

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

MOD organisation	Description of activities	Method of apportionment	25/26 £000	24/25 £000
Defence Digital	Information systems and communication services	SDA staff as percentage of total MOD staff	15,806	16,546
Defence Infrastructure Organisation	Infrastructure and facilities management costs; MOD Guard Service	SDA proportion of costs based on staff numbers	7,035	7,392

MOD organisation	Description of activities	Method of apportionment	25/26 £000	24/25 £000
Cyber and Specialist Operations Command (formerly Strategic Command)	Defence Academy training; medical services	SDA proportion of costs based on staff numbers	599	656
Navy Command	Nuclear training (previously within Defence Academy)	SDA proportion of costs	905	1,437
Defence Business Services	Personnel and payroll services	Various	3,031	2,494
Head Office and Corporate Services	Various	Various	248	320
Total			27,624	28,845

DE&S non-cash charges

As set out in the Business Agreement between the SDA and DE&S, DE&S charges the SDA for its share of corporate overheads. This enables the appropriate overheads to be included in the accounts of both the SDA and DE&S. The Business Agreement formalises the service provision arrangements between these organisations, identifies the programme dependencies and sets out how to manage them. The DE&S Corporate Overhead Charge for 25/26 was £10,897,000 (24/25: £10,098,000).

6. Auditors' remuneration

The SDA is audited by the Comptroller and Auditor General. The charge of £110,000 (24/25: £120,000) reflects the costs incurred by the auditor in respect of the audit of the SDA 25/26 Annual Report and Accounts.

7. Trade receivables and other assets

	25/26 £000	24/25 £000
Amounts falling due within 1 year:		
Accrued Income & Other receivables	1,706	2,630
Prepayments	91	74
Total	1,797	2,704
Amounts falling due after 1 year:		
Prepayments	123	-
Total	123	-

8. Trade payables and other liabilities

	25/26 £000	24/25 £000
Amounts falling due within 1 year:		
Operating accruals	(22,544)	(23,320)
Direct staff accrual	(22,020)	(15,480)
Deferred income	(586)	(502)
Trade payables	(4,553)	(8,204)
Sundry payables	-	(27)
Total	(49,703)	(47,533)

The direct staff accrual includes the SDA's accrual for annual leave untaken as of year-end, performance awards relating to FY25/26, liabilities under the MOD Voluntary Exit Scheme and a non-cash adjustment of £7,431k (24/25: £6,475k), reflecting the SDA share of the MOD year-end timing liabilities for PAYE, NI contributions and pension contributions.

9. Provisions

The SDA recognised a provision in 25/26 for our share of probable liabilities under the MOD Voluntary Exit Scheme. The total SDA estimated liability at the reporting date is £3,400k, of which £180k has been provided for based on an assessment of expected take-up, with the remaining liability recognised as an accrual. Liabilities will crystallise in 26/27, at which point the provision will be released or utilised.

10. Commitments under lease

Right of use assets

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

10.1 Right-of-use assets	25/26 Dwellings £000	25/26 Total £000	24/25 Total £000
Cost or Valuation			
At 1 April	124	124	271
Additions – new leases	-	-	-
Disposals	(124)	(124)	(135)
Impairments/adjustments	-	-	(11)
At 31 March	-	-	124
Amortisation			
At 1 April	(97)	(97)	(165)
Charged in year	(27)	(27)	(66)
Disposals	124	124	134
At 31 March	-	-	(97)
Net book value			
Balance at 1 April	27	27	106
Balance at 31 March	-	-	27

10.2 Lease liabilities	25/26 Amounts falling due £000	24/25 Amounts falling due £000
Less than 1 year	-	(27)
1-5 years	-	-
Greater than 5 years	-	-
Total	-	(27)

10.3 Amounts recognised in the SoCNE for leases	25/26 Lease values recognised £000	24/25 Lease values recognised £000
Depreciation	27	67
Interest expense	-	1
Low value and short term leases	2,066	1,715
Total	2,093	1,783

10.4 Amounts recognised in the Cashflow Statement for leases	25/26 Lease values recognised £000	24/25 Lease values recognised £000
Interest expense	-	1
Repayment of Principal on Leases	-	15
Total	-	16

11. Related party transactions

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

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

DE&S provides corporate services to the SDA to assist the SDA in delivering its objectives and to maintain compliance with the requirements of being part of a Department of State. Corporate services include, but are not limited to, business support, function management, HR services, communications, infrastructure, and estate. As noted in Note 5, the SDA is charged by DE&S for its share of the DE&S corporate overheads, for 25/26 this was £10,897,000 (24/25: £10,098,000).

Details of individuals who served as Board members during the year are listed in the Remuneration Report. During the year, the Agency entered into transactions with a company employing a close family member of a Board member. The individual had no involvement in the procurement or delivery of services.

12. Events after the reporting date

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

From 1 April 2026 the SDA and Submarine Capability area have joined under the Submarine Delivery Group within the DNO. The functions of the SDA remain the same and it continues to operate as an Executive Agency, pending the outcome of our status with HM Treasury. This is referred to in Note 1.5 Going Concern. The SDA also changed its agreed governance mechanism after 25/26, transitioning from a Model 2 Executive Agency with a non-executive Board to a Model 1 structure, which is led by an executive Management Committee. As a result of this change, the SDA Board was dissolved and all NED appointments were terminated.

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



Submarine
Delivery Agency

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