North Sea Transition Authority

Oil and Gas Authority Annual Report and Accounts 2023–24

(for the year ended 31 March 2024)

HC12

Annual Report and Accounts of the Oil and Gas Authority 2023-24:

Accounts presented to Parliament pursuant to Section 6 of the Government Resources and Accounts Act 2000 (Audit of Non-profit Making Companies) Order 2009.

Report presented to Parliament by Command of His Majesty.

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Company number 09666504

HC12

On 21st March 2022, the Oil and Gas Authority (OGA) became known by a new business name: North Sea Transition Authority (NSTA), to reflect its evolving role in the energy transition. The OGA remains the legal name of the company. References to the NSTA should be interpreted as the OGA.

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Chairman’s foreword

Energy has hardly been out of the headlines all year. We all want clean, reliable, and affordable energy supplies; things which are no longer taken for granted. Yet the North Sea with its oil and gas, wind, carbon storage and hydrogen resources, can supply much of the UK’s energy demand while driving the transition to net zero.

Sadly, much of the energy debate has been long on slogans and short on facts. The UK can manage the transition to net zero by 2050 affordably while enhancing energy security and protecting jobs if we do so by combining our natural advantages with consistent, timely and coordinated political and regulatory decision taking.

The North Sea Transition Authority (NSTA) remains resolutely focused on supporting responsible oil and gas production, emissions reduction, and the energy transition.

The NSTA’s team awarded 82 oil and gas licences and approved projects which will reduce our reliance on energy imports, while securing jobs and investment. In the world’s first-ever carbon storage licensing we awarded 21 licences, which are capable of safely storing 30 million tonnes of CO_2 a year by 2030. This, in addition to the six licences already in existence, is a significant step on the path to net zero. The NSTA published the OGA Plan which supports industry in its efforts to meet emissions targets.

We pressed for improvements in key areas from Industry. Relevant licence holders must stand by the North Sea Transition Deal commitment to invest £2-3 billion in platform electrification. Decarbonising the power of platforms must happen. No ifs, no buts. Otherwise, the industry will not maintain its social licence to operate.

We were concerned at repeated requests to defer well decommissioning duties and warned that failure to meet licence requirements may well result in financial or other sanctions. We urged businesses to improve their ESG reporting to promote trust and encourage investment in the industry.

The Energy Act 2023 gave us welcome new powers to ensure vital North Sea assets are in the right hands. Companies must now seek our consent ahead of completing a change of control of a licensee or its parent company. It also allows us to require licensees to share valuable information about present and future carbon storage locations, helping identify prime sites.

The Offshore Petroleum Licensing Bill would have required us to hold annual licensing rounds, subject to net zero tests being met. Legislation is a matter for government and the NSTA will, of course, support the policies of the government of the day. However, the NSTA, as an independent arm’s-length body, has held regular licensing rounds since it was formed.

The NSTA takes great pride in adding value for industry and the wider stakeholder community by reducing bureaucracy and harnessing digital solutions which save time and money. This year alone:

- Decom Data Visibility Dashboards, which give suppliers a clearer picture of upcoming decommissioning activities, now include 15 operators’ decommissioning schedules, up from three previously.
- We relaunched the Wells Operations Notifications System, which added greater flexibility and improved functionality to processing hundreds of applications for wells activity every year.
- Supply Chain Action Plans were transferred to an online portal for easier submission and analysis.
- Our new digital consents system promotes easier submission and monitoring of applications to produce, flare and vent.
- We unveiled our new website, designed to make it easier for users to find the information they need.

In the boardroom, we were delighted to reappoint Sarah Deasley and Iain Lanaghan to 2026, and Sara Vaughan and Malcolm Brown to 2027. We have a small but effective and committed board and an impressive leadership team very well led by Stuart Payne our Chief Executive.

I was due to stand down as non-executive Chairman in March 2024 after five years but agreed to stay on to give the Secretary of State more time to appoint a successor.

Those five years have seen many external and internal changes. I have been answerable to seven Secretaries of State and six Energy Ministers. Brent crude prices have varied between $20 per barrel and $120, while UK natural gas prices sank to lows of less than 10p per therm and reached highs of around 700p. We have welcomed taking on responsibilities for offshore carbon transportation and storage and hydrogen.

Throughout those external changes and challenges the NSTA teams have retained their professionalism and resilience and shown their ability to adapt and keep producing results throughout Covid and beyond. All our stakeholders owe them a huge debt.

The board reviewed and approved this Annual Report and Accounts on 20 June 2024.

Tim Eggar

Tim Eggar
Chairman

Chief Executive's statement

In 2023-24 the NSTA remained strongly focused on supporting UK energy security, reducing emissions, and helping to accelerate the energy transition.

Where there was once just oil and gas, there is now an integrated energy basin in which offshore wind, carbon storage and hydrogen will all grow in importance as the UK strives to reach net zero by 2050.

We know that the UK still needs oil and gas, which meet three quarters of our energy demand and will remain part of our energy mix for decades. As a mature basin, UK North Sea production will continue to decline, and we will continue to be a net importer of oil and gas, but the eight new developments we approved in 2023-24 will bring valuable investment into the basin, support energy security options, and retain the skilled workforce and supply chain needed for the transition.

We recently concluded the 33rd oil and gas licensing round, offering production licences to dozens of companies. It was gratifying to see that there is still real appetite to do business in the North Sea and belief in a important future for oil and gas production. We are currently stewarding 13 projects to production, providing practical support for all stages of the licence lifecycle.

Questions are increasingly asked about the impact on the climate of burning hydrocarbons, and significant progress has been made - with production emissions reduced by nearly a quarter since 2018. But production emissions account for around 3% of total UK emissions, so more needs to be done.

And that is why we have adopted the OGA Plan. It is unashamedly ambitious, and some elements have raised concerns within parts of industry. But I make no apology for that. Decarbonisation is its central aim, and the Plan requires operators to get on low emissions pathways in a number of ways. It places electrification and low carbon power at its heart - power generation is 79% of offshore production emissions - and makes clear that where electrification is reasonable but has not been done, there should be no expectation of accessing future hydrocarbon resources on that asset. Electrification alone could deliver annual carbon savings of up to two million tonnes by 2030.

The Plan highlights three other emission reduction pathways: investment and efficiency, increased scrutiny of assets with high emissions intensity, and zero routine flaring and venting by 2030.

Carbon storage is key to emissions reduction and the energy transition. We awarded 21 licences in the UK's first carbon storage licensing round and work with the licensees in the existing Track 1 and Track 2 clusters as they move closer to first injection. We have written new guidance to help companies navigate the terrain, opened a consultation on information sharing, and are adapting existing licensing and consents systems to accommodate the new industry.

In September 2023 we became the licensing and consenting authority for offshore hydrogen transport and storage and expect to expand our involvement in this small, but growing, sector.

A smooth and speedy transition is vital for the environment and also for the economy and the tens of thousands of jobs it supports.

The North Sea is becoming crowded, so we liaise with partners to ensure the optimal use of space - oil and gas, carbon storage, offshore wind, and other renewables and traditional industries.

The role of good data and digital tools grows constantly, and we are proud that the National Data Repository now contains more than one petabyte - equivalent to 500 billion pages of standard printed text - of freely available information, and we work with colleagues on the Offshore Energy Digital Strategy Group to make ever more high-quality data available.

At the NSTA our people are our greatest asset. Our core values are to be fair, accountable, considerate, and robust and we live them every day in our interactions with each other and the people we work with outside the NSTA.

We continue to strive to make the NSTA a Great Place To Work, an inclusive organisation that focuses on the wellbeing of all our colleagues. The organisation is fit for purpose and glad to continue to play an important role in shaping the energy future.

Stuart Payne
Chief Executive

Strategic report

Governance

The Oil and Gas Authority (OGA) is a government company whose sole shareholder is the Secretary of State for Energy Security and Net Zero.

On 21st March 2022, the OGA became known by a new business name: North Sea Transition Authority (NSTA) to reflect its evolving role in the energy transition. The OGA remains the legal name of the company. References to the NSTA should be interpreted as the OGA. The NSTA's Board of Directors is responsible for setting the authority's strategic direction, policies and priorities.

The NSTA recovers its costs from a levy on licence holders and via direct fees for specific activities. This is in line with the established 'user pays' principle, where the regulator recovers its costs from those benefiting from its services. In addition, it receives some direct funding from its parent department, DESNZ.

The NSTA works closely with industry and governments to attract investment and jobs to retain and develop vital skills and expertise in the United Kingdom.

The NSTA seeks to exercise its powers in a proportionate way to achieve its principal objective of maximising the economic recovery of the UK's oil and gas resources (MER UK) whilst taking appropriate steps to assist the Secretary of State in meeting the government's net zero target. The NSTA also regulates the exploration and development of the UK's onshore oil and gas resources and the UK's offshore carbon storage, gas storage and offloading activities. It endeavours to do so in a transparent, consistent manner and works with industry to foster a culture where disputes are resolved based on our published prioritisation principles.

The NSTA's performance against the key performance measures in its 2022-27 Corporate Plan is set out on pages 14 to 22.

The NSTA is headquartered in Aberdeen, with a second office in London.

NSTA role

We regulate and influence the oil, gas, offshore hydrogen and carbon storage industries. We help **drive North Sea energy transition**, realising the significant potential of the UK Continental Shelf as a critical energy and carbon abatement resource. We hold industry to account on **halving upstream emissions by 2030**.

ENERGY SECURITY

Helping meet UK energy demand

Oil and gas production, stewardship and storage

EMISSIONS REDUCTION

Regulating for emissions reduction

Driving electrification and zero routine flaring and venting

ACCELERATING THE TRANSITION

Carbon storage and offshore hydrogen licensing

Providing open access data

Decommissioning and repurposing

We aim to be an **integrating force in the UKCS,** helping realise its **full economic potential**.
We champion **the supply chain** and **job creation** across the UK.

NSTA Values

We aim to create a diverse, high-performing team and be a great place to work, where employees are supported to develop their capability, in an organisation with simple processes and systems.

Our values and behaviours are at the heart of everything we do. Created by our people, they guide how we act and how we expect to be treated, providing a sound basis for decisions.

ACCOUNTABLE

We are reasonable and responsible in exercising our powers and take the appropriate actions to deliver our commitments with pace.

FAIR

In our work we are honest and straightforward. We are open and data-led in our analysis, proportionate and balanced in our decisions.

ROBUST

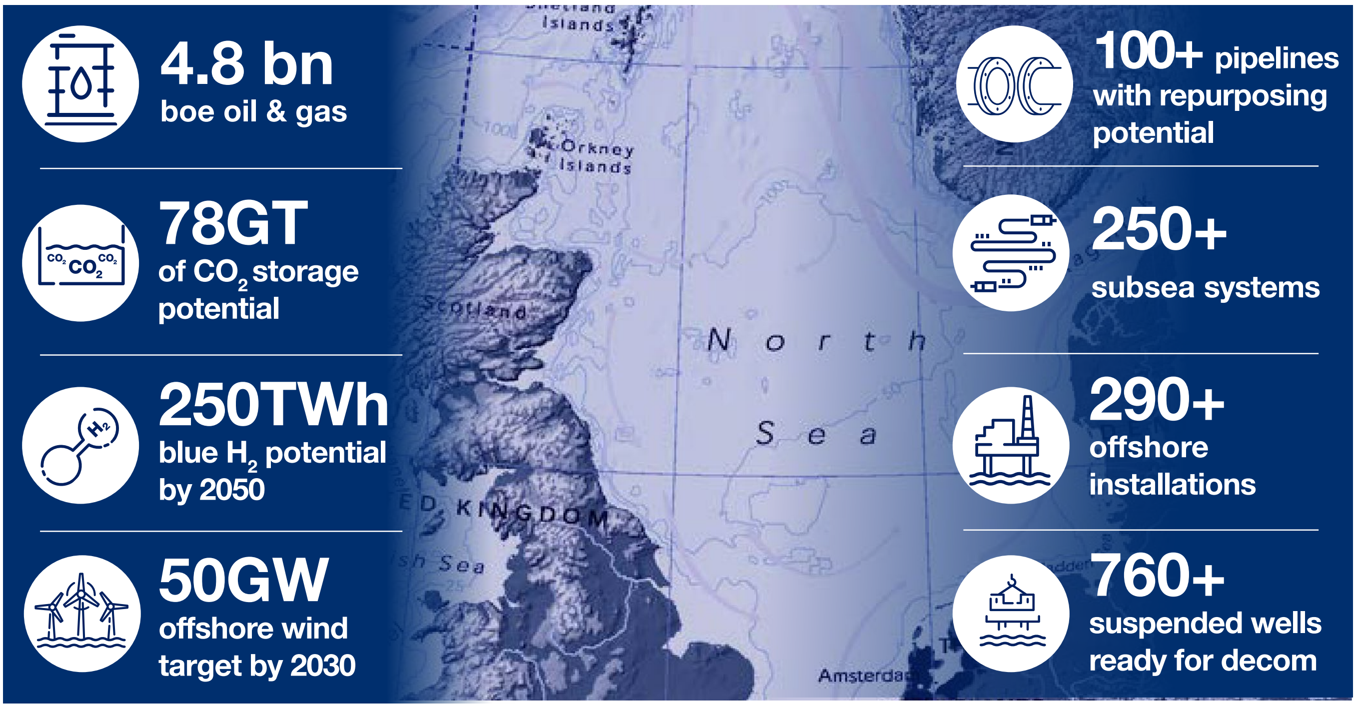
We support security of supply, whilst championing the transition to net zero, holding all parties to account.

CONSIDERATE

We are a respectful and inclusive organisation that supports collaboration. We seek to understand the views of others and engender trust.

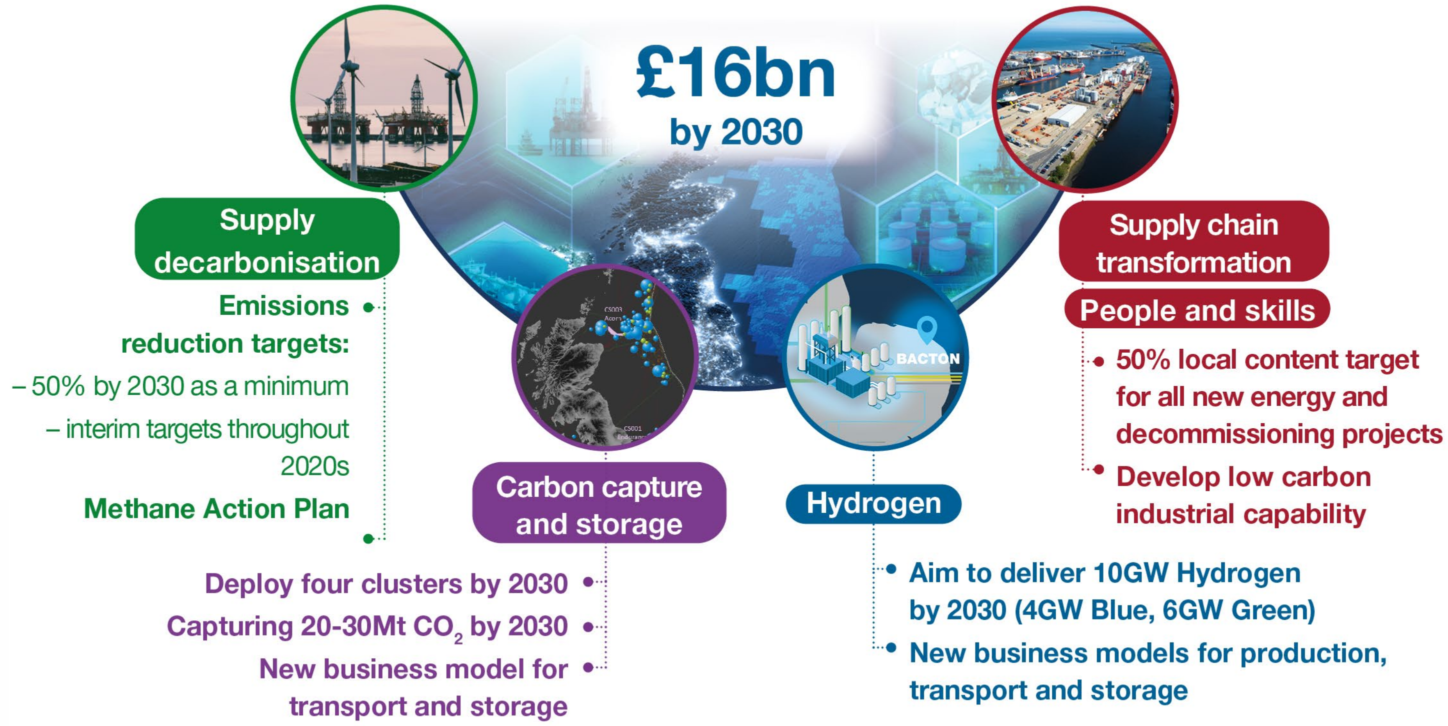
UKCS – integrated energy basin

The seas around the UK contain an abundance of opportunity. The real prize is in harnessing these rich resources and infrastructure to deliver an integrated energy basin and a new economic success story. The NSTA is fully committed to enabling the achievement of the UK government's commitment to reach net zero emissions by 2050.



Integrated Energy Basin

The landmark North Sea Transition Deal is an agreement between industry and government to deliver an orderly energy transition. The NSTA is helping deliver on many of the aims of the deal.



Interactive energy map for UKCS

We have worked with The Crown Estate (TCE) and Crown Estate Scotland (CES) to create the app, which, at launch, listed more than 60 in-construction or active wind, wave and tidal sites on the UKCS as well as recently awarded CCS licences and 489 petroleum licences.

The application is automatically updated as each organisation logs new information and is the first time that the locations of all oil and gas and renewables sites have been presented together.

The application shows the proximity of existing oil and gas infrastructure to wind farms, electrical cables and CCS sites, which will assist in gauging the potential for reuse when decommissioning assessments are being made. It has also provided valuable information in prioritising areas for seismic shooting before a wind farm development is built.

Scan to see how it works:

Board of Directors and Company Secretary


Chairman
Tim Eggar


Chief Executive
Stuart Payne CBE


Non-Executive Director
Sara Vaughan


Non-Executive Director
Malcolm Brown


Non-Executive Director
Dr Sarah Deasley


Non-Executive Director
Iain Lanaghan


Shareholder Representative Director
Fiona Mettam


Shareholder Representative Director
Vicky Dawe


Director of Corporate and Chief Financial Officer
Nic Granger


Company Secretary and General Counsel
Dr Russell Richardson

Leadership team


Chief Executive
Stuart Payne CBE


Director of Operations
Tom Wheeler


Director of Regulation
Jane de Lozey


Director of Strategy
Hedvig Ljungerud


Director of Supply Chain and Decommissioning
Pauline Innes


Director of New Ventures
Andy Brooks


Director of Corporate and Chief Financial Officer
Nic Granger


Head of HR
Suzanne Lilley


Company Secretary and General Counsel
Dr Russell Richardson

Financial overview

Revenue

The NSTA (North Sea Transition Authority) raised levy funding for the year of £35M and fees and charges of £2.6M to cover the core costs of running the organisation. Fees and charges were lower in 2023-24 than 2022-23 because the bulk of fees and charges for the first carbon storage licensing round and the 33rd petroleum licensing round were collected in 2022-23.

As in previous years, where levy funding is unspent it will be returned to licence holders. This year there will be a rebate of approximately £2.7M returned to licence holders through a levy repayment, which has therefore been excluded from the Statement of Comprehensive Income. The NSTA will continue to set the levy in a fair and transparent manner, returning any levy that is not required to the industry each year.

Expenditure

The NSTA financed its core business as well as made significant investment in enhancing digital and data services. Investment was made in developing applications to support UK energy security, drive emissions reduction from UK supplies, and help accelerate the transition to net zero to realise the potential of the North Sea as an integrated energy basin.

Savings were achieved within staff costs due to unfilled vacancies following changes to the organisation structure. Some savings were reinvested in digital projects and the remainder will be returned to industry. In all decisions with a financial impact, the NSTA ensured that best value for money was achieved.

Viability statement

The Directors have assessed the company's prospects over the 2022-27 Corporate Plan period, taking into account the current financial position, its historical performance, the 2022–27 Corporate Plan and the principal risks and mitigating factors described on page 8. Whilst the principal risks all have the potential to affect future performance, none are considered likely to threaten the viability of the NSTA over the Corporate Plan period. The Board regularly reviews the financial position of the NSTA, including its project funding requirements.

The NSTA has consistently recorded underspends and, with robust financial controls in place, is confident that it will continue to deliver consistent financial outcomes over the Corporate Plan period. The NSTA cash flow is actively managed during the year. The Directors are satisfied that responsibility is delegated systematically in the NSTA, by way of a delegation framework which is regularly reviewed by the Leadership Team. Directors agree that information provided to the Board is concise and clear and can be readily scrutinised.

The NSTA has reviewed its strategic financial framework and is confident that its financial management processes will ensure that its expenditure and liabilities will be covered by its income, as set out in the 2022-27 Corporate Plan. Directors are not aware of any impending regulatory or legal changes which would impact the NSTA's operations over the period of the Corporate Plan. Based on this review, Directors confirm that they have a reasonable expectation that the NSTA will continue in operation and meet its liabilities as they fall due.

Summary

In summary, the NSTA has used the available funding to deliver value adding activities, ensuring best value for money for both the industry and the Exchequer.

Developing our people

The NSTA has policies in place which ensure its recruitment, performance management, training and reward activity together contribute to making the NSTA a great place to work and mean that the NSTA can attract, develop and retain a talented and diverse workforce to deliver its objectives. The NSTA embraces inclusion and diversity and ensures it promotes equality of opportunity. Our values are at the heart of everything we do. Created by our people, they guide how we act and how we expect to be treated, providing a sound basis for decision making.

The NSTA's goal is to ensure that these principles, reinforced by the NSTA's values, are embedded in day-to-day working practices for all staff, our partners in government and in industry.

The NSTA's inclusion report forms part of the remuneration and staff report.

Principal risks

Risk	Mitigation action
Uncertain political and economic landscape/ attractiveness of the UKCS.	Enhanced senior engagement with industry and investors. Engagement plan with MPs and MSPs. Collaborate with industry and DESNZ to deliver North Sea Transition Deal measures. Maintain watching brief on ongoing government efficiency and spending review measures.
Industry/NSTA lose social licence to operate (up to 6bboe production at risk).	OGA Plan for emissions reductions. NSTA has set net zero goals for industry: stewarded with Emissions Reduction Plans. Carbon storage licensing and stewardship programme. Effective net zero test. Effective use of sanction powers and soft powers, including on corporate governance. OGA Strategy Judicial Review Judgement strongly supportive of NSTA approach and position.

Risk	Mitigation action
EXTERNAL RISK: Complex regulatory landscape hinders developments and energy integration ambitions.	NSTA supports DESNZ work on Strategic Spatial Energy Strategy, Offshore Energy Strategy, Offshore Energy Integration Decision Framework. NSTA represented in Defra Marine Spatial Prioritisation programme. NSTA inputting to The Crown Estate (TCE) on its Whole of Seabed initiative. NSTA participates in TCE-chaired offshore wind/CCS co-location forum. NSTA attends DESNZ-hosted Government and Regulators Electrification Group. NSTA represented in Scottish National Marine Plan 2 work. NSTA has become the hydrogen transport and storage regulator. OPRED net zero work and Gas and Oil New Projects Accelerator (GONPA). Work with parties on specific conflicts as they arise and offer DESNZ technical and commercial input should any conflict require ministerial views.

Environment report

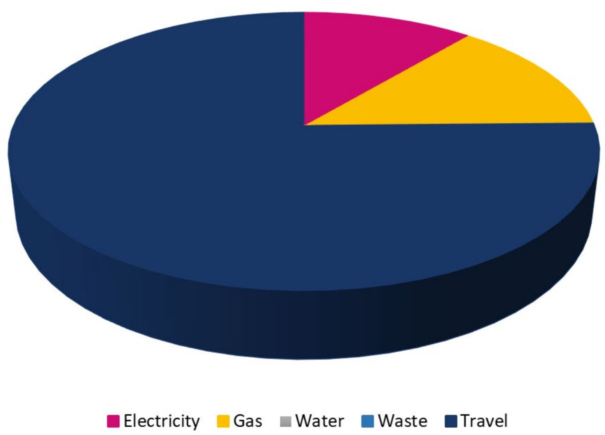
Implementing its refreshed policy for 2023-24, the NSTA continues to focus on the Environment, Social and Governance (ESG) aspects of its internal activities and on its approach to meeting Greening Government Commitments (GGC).

The NSTA undertook the following activities in 2023-24:

Environment	Social	Governance
• Integrated a CO_2 emissions display into the travel booking portal, allowing staff to see the environmental impact of their journeys and make informed choices. • Optimised transportation choices for staff, comparing CO_2 emissions against similar-sized businesses. • Commenced development of systems and digitised manual processes to reduce paper usage and work more efficiently. • Replaced outdated monitors with more energy-efficient models to minimize plastic waste and conserve energy, while ensuring proper disposal of the old monitors.	• Teams engaged in volunteering initiatives to support various charitable causes. • Launched an Energy Education Alliance conjunction with industry and Skills Development Scotland to widen narrative around the energy sector.	In addition to the governance disclosures in this annual report and accounts: • Reported and satisfied Greening Government Commitments. • Reviewing procurement processes and documents to incorporate sustainability policies.

The NSTA's operational activities in 2023-24 produced 269.88 tonnes of carbon dioxide equivalent (tCO2e), with business travel accounting for the largest proportion.

Annual Greenhouse Emission By Activity Type (% of Total)*



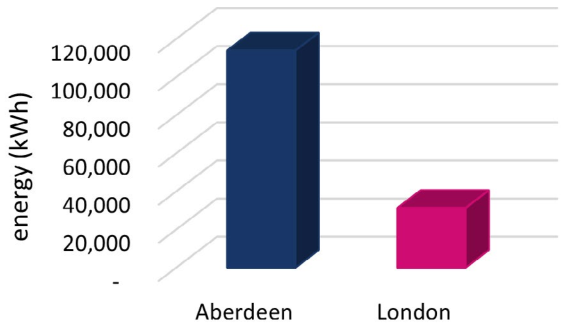
* Water and waste emissions are too low to be visible on chart.

Total emissions from business travel nearly doubled to 203.13 tCO_2e as travel has continued to increase following the pandemic. The total kilometres travelled by air increased significantly more than by rail, with commensurate increases in CO_2 emissions.

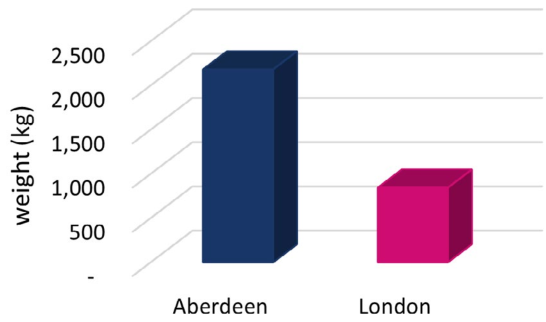
The NSTA's total carbon emissions from electricity increased marginally by 2.54 tCO_2e and 6.49 tCO_2e for gas consumption as staff have returned to the office.

Data for the Aberdeen and London offices are provided by building facilities management and are estimated based on the floorspace occupied.

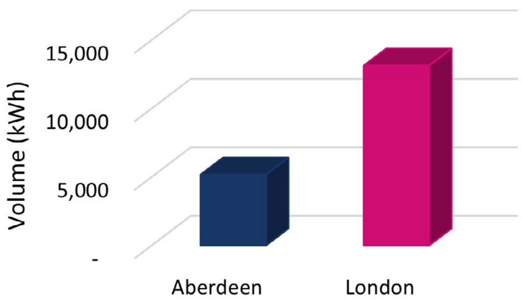
Electricity



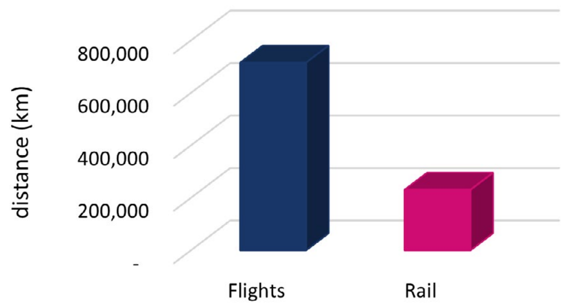
Waste



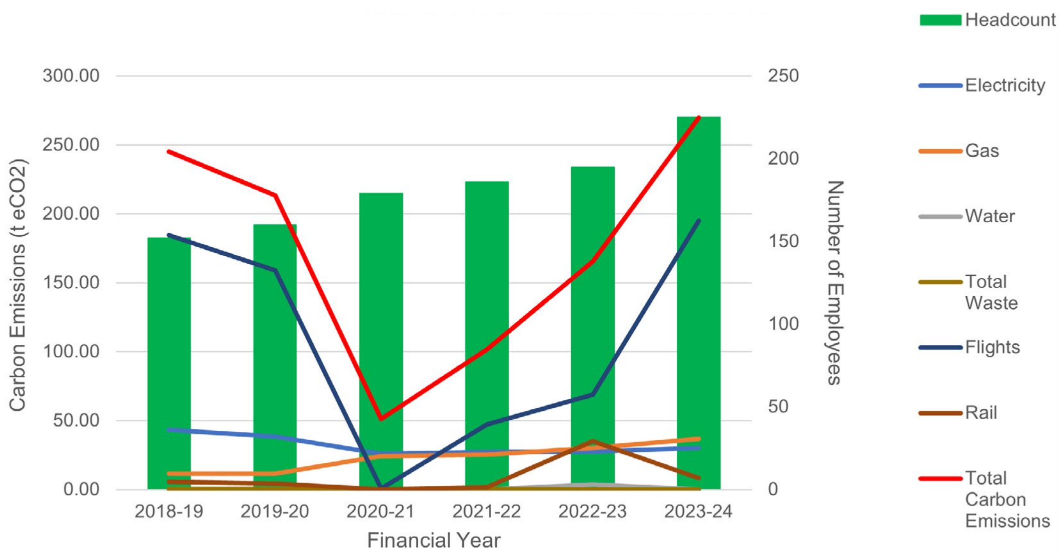
Gas



Travel



Year on Year Carbon Emissions



The chart above indicates that carbon emissions have increased with headcount, except during the financial years 2020/21 and 2021/22, which were affected by COVID-19 travel restrictions. However, the NSTA is committed to reducing overall emissions, and a downward trend in emissions per headcount has been observed since 2018/19 through to 2023/24.

Year on Year Analysis

Activity	2019-20	2020-21	2021-22	2022-23	2023-24
	tCO_2e	tCO_2e	tCO_2e	tCO_2e	tCO_2e
Electricity	38.22	26.03	27.22	27.53	30.08
Gas	11.50	24.33	25.38	30.10	36.59
Water	0.29	0.14	0.13	3.53	0.03
General waste	0.06	0.03	0.09	0.11	0.03
Recycled waste	0.06	0.02	0.03	0.06	0.03
Shred-it recycled	0.12	0.05	0.08	0.01	0.01
Flights	158.87	0.63	47.08	68.85	194.95
Rail	4.25	0.05	1.70	35.24	8.18
Total	**213.37**	**51.28**	**101.71**	**165.42**	**269.88**

Breakdown of annual greenhouse gas emissions by activity type for 2023-24

Activity	Units	tCO_2e	% of total
Electricity (kWh)			
Aberdeen	113,930		
London	31,316		
Total	**145,246**	**30.08**	**11.14**
Gas (m^3)			
Aberdeen	5,166		
London	13,128		
Total	**18,294**	**36.59**	**13.56**
Water (m^2)			
Aberdeen	Not metered		
London	145		
Total	**145**	**0.03**	**0.01**

Activity	Units	tCO_2e	% of total
General Waste (kg)			
General waste			
Aberdeen	946		
London	267		
Sub-total	1,212	0.03	
Recycled waste			
Aberdeen	860		
London	577		
Sub-total	1,437	0.03	
Shred-It recycling			
Aberdeen	375		
London			
Sub-total	375	0.01	
Total waste	**3,025**	**0.06**	**0.02**
Travel (km)			
Flight	715,206	194.95	
Rail	230,547	8.18	
Total	**945,756**	**203.13**	**75.27%**
Total		**269.88**	**100%**

Signed for and on behalf of the Board

Stuart Payne

Chief Executive

12th July 2024

Accountability report

Key Performance Indicators

In May 2022, the NSTA published an updated 'NSTA Corporate Plan 2022-2027', which provides a clear operational framework and identifies the key performance indicators that will be used to benchmark both the NSTA and industry, measure success and hold industry to account. 2023 was the first year in which the NSTA could report quantitatively on progress for the full calendar year 2022. 2024 reporting allows the NSTA to identify and report trends and progress from full calendar years 2022 and 2023 against these published KPIs.

Of particular note:

Emissions Targets

UKCS upstream emissions of greenhouse gases (GHG) fell by 27% between 2018 and 2022. This decline also signifies that industry currently exceeds the target of reducing emissions by 25%. However, industry needs to continue with further emissions reduction measures to meet the 2030 target.

Carbon Capture and Storage (CCS)

In 2023 the NSTA exceeded its aim to award 3-5 licences by awarding 22 carbon storage licences, which have all been accepted and fully executed.

Data

The full year 2023 represents a 1020% increase in the amount of data publicly available for download measured against the 2021 baseline and representing a 240% increase measured against 2022.

2022 Key Performance Indicators: 2024 updates (arrows denote direction of travel)

Energy

KPI Area	Key Performance Indicator	April 2024 update	RAG	
Stewardship	1. Zero routine flaring and venting by 2030.	The average proportion of routine flaring in 2022 was 47%, reducing to 45% in 2023. Routine venting decreased from 50% in 2022 to 41% in 2023*.		↗
Stewardship	2. Maintain average UKCS production efficiency at 80%.	2023 UKCS Economic Production Efficiency dropped by 1 percentage point from 2022, to 77%. This was driven by a 9% fall in economic maximum production potential and an 11% fall in actual production.		↘

*Updated and revised figures for 2022 may not match previously published figures:

- Data is received annually in September.
- Previous figures for 2022 were based on the 9 months to Sept 2022 - now updated to include 12 months.
- Figures for 2023 based on 9 months to Sept 2023.

"On target" +/- 10%   Behind target 10 – 20%   Behind target >20%

KPI Area	Key Performance Indicator	April 2024 update	RAG	
Stewardship	3. 10% reduction in the cost of decommissioning between 2023 and 2028 (from £37bn to £33.3bn, from an updated 2022 baseline).	The 2024 forecast cost estimate of decommissioning is £40bn (in 2021 prices) – which is an 8% increase since 2022, reflecting the extremely challenging and unpredictable year for the economy, coupled with global competition for decommissioning equipment and resources.		↘
Meeting demand/security of supply	4. Optimise UKCS production within the effective net zero test.	Seven projects were sanctioned in the UKCS in 2023. All seven were subject to a proportionate effective net zero test. They total 373 mmboe UK potential production, and incremental UK 'life of field' emissions (Mid/P50 Case) of 3,607 $KtCO_2e$ - giving an average production GHG emissions intensity of 9.8 $kgCO_2e$/boe - significantly below the 2022 offshore average of 23 $kgCO_2e$/boe.		↗

"On target" +/- 10%   Behind target 10 – 20%   Behind target >20%

Transition

KPI Area	Key Performance Indicator	April 2024 update	RAG	
Emissions targets	5. **As a minimum, reduce UKCS upstream greenhouse gas emissions by 50% by 2030***, 10% by 2025, and 25% by 2027.	UKCS upstream emissions of GHGs fell by 27% between 2018 and 2022**. Full data for 2023 has not yet been released but is expected to show a continued decline as indicated by a ~3% fall in CO_2 emissions recorded by the Environmental Emissions Monitoring System (EEMS)***.	●	↗
Energy integration	6. At least two electrification projects to be commissioned by 2027.	Currently the NSTA is monitoring three projects which are progressing well but with challenging timescales expected. One project is progressing front-end engineering (FEED) with a view to project sanction in 2024 and two multiplatform projects should reach concept select in 2024, then will progress to FEED. A key developer has bid in CFD Auction Round six, which was an essential enabling step for a wind-based electrification project.	●	↗
CCS	7. To support ambition of capturing **20-30 million tonnes of CO_2** per year by 2030.The NSTA will aim to award two licences in 2022, 3-5 in 2023, and 10+ by 2025.***	In 2023 the NSTA awarded 22 carbon storage licences, which have all been accepted and fully executed. These new licences are now being stewarded through their work programme and licence obligations. The UK now has a total of 27 Carbon Storage licences, the largest portfolio in Europe.	●	↗

*Emissions targets include all greenhouse gases emitted from offshore production facilities, onshore terminals, drilling rigs and associated logistics.

**Current estimate based on revised and updated NAEI 2022 data. Full details will be published in the 2024 Emissions Monitoring Report.

**Note this is from EEMS - previous updates have referenced ETS which is not received, as yet.

***This target will remain under re-evaluation as existing carbon storage projects develop; however, it is already clear that the scale and pace of activity will need to increase in order to meet the UK's long-term domestic net zero targets.

● "On target" +/- 10% ● Behind target 10 – 20% ● Behind target >20%

Value

KPI Area	Key Performance Indicator	April 2024 update	RAG	
Supply Chain	8. Evidence of meeting North Sea Transition Deal content commitments for Net Zero and decommissioning projects.	From data exported from approved Decommissioning SCAPs detailing open contracts awarded in the business year 1st April 2023 to 31st March 2024, the NSTA estimates that 95% of the value of these contracts awarded were to UK based organisations, exceeding the target of 50% agreed as part of the North Sea Transition Deal. Actual expenditure from 2023 UKSS data shows UK supply chain accounts for 93% of overall abandonment expenditure (AbEx) global spend, which ties with SCAPs data. Developers have commenced the SCAP process for the first contracts now being placed from the track 1 CCUS projects and early indications show encouraging levels of local content.	●	↗
Investment, efficiency, jobs	9. Compliance with environmental, social and governance reporting standards.	Analysis as part of the ESG Disclosure Report 2023 identified that five companies, out of the 29 companies involved, demonstrated ESG disclosure that the NSTA considered to be lagging behind expectations. ESG Stewardship will be undertaken with these companies and others, over the course of 2024. The NSTA has reviewed 20 companies' governance, relating to a range of matters, such as, licence assignment and change of control over the course of 2023.	●	↗

*- there is no data as yet.

● "On target" +/- 10% ● Behind target 10 – 20% ● Behind target >20%

KPI Area	Key Performance Indicator	April 2024 update	RAG	
Digital/ technology	10. Increasing volume of data available from the Digital Energy Platform	From January to end December 2023, 549 Terabytes (TB) of well and seismic data was loaded onto the National Data Repository, 602 TB of this data is publicly available to download. The full year 2023 represents a 1020% increase in the amount of data publicly available for download, measured against the 2021 baseline, and representing a 240% increase measured against 2022. During the year, data held in the National Data Repository increased by 136% to 1.07 petabytes.		↗
Digital/ technology	11. Successful technology development/deployment case studies.	During 2023, the NSTA tracked the successful deployment of 14 technologies within the UKCS, compared with 12 technologies deployed in 2022. The deployments fall into four distinct categories: Well P&A, Reservoir & well management, Facilities management & Well drilling & construction, plus two cross cutting categories, Net Zero and Digital & Data. Deployments in Net Zero were the most abundant throughout the year, with five examples recorded.		↗

Corporate

KPI Area	Key Performance Indicator	April 2024 update	RAG	
Great Place to Work	12. Sustain staff engagement at 70% or above as measured by the bi-annual NSTA staff survey.	The 2023 NSTA staff survey showed an overall engagement score of 67%, representing an 8% decrease from 2021 and 3 percentage points below target. In each HSE wellbeing survey conducted in 2020 to 2022 overall, the NSTA has scored above the HSE benchmark and the 75th percentile when introduced in 2022. The next staff survey will take place in 2025.		↘

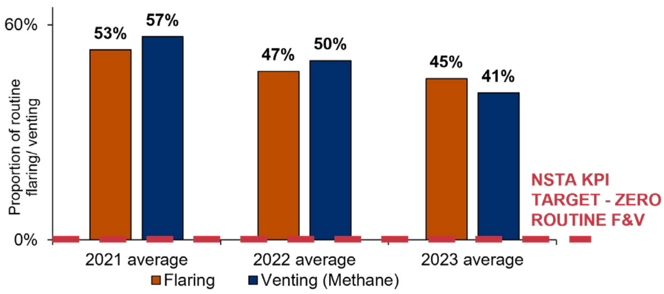
“On target” +/- 10%   Behind target 10 – 20%   Behind target >20%

KPI Area	Key Performance Indicator	April 2024 update	RAG	
Digital Excellence	13. Delivery of internal Digital Excellence programme of developments.	A five year roadmap to modernise the UK Energy Portal began in April 2023. In 2023 the new service for Supply Chain Action Plans (SCAP) went live, CCS enhancements were made to the Well Operations and Notifications System (WONS) and Pipeline Works Authorisation service, while a key data warehouse milestone was achieved with the full deployment of WONS data.		

2022 Key Performance Indicators: 2024 updates in charts

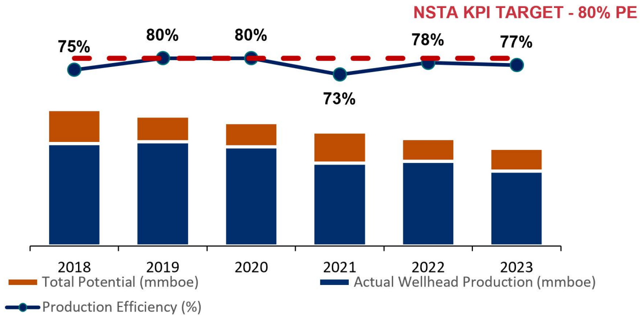
Energy

1. Stewardship: Routine Flaring and Venting



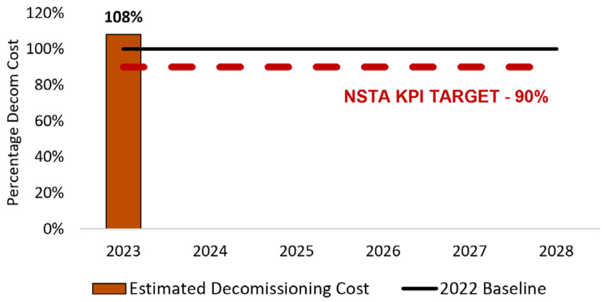
Energy

2. Stewardship: Production Efficiency



Energy

3. Stewardship: Decommissioning Cost



Energy

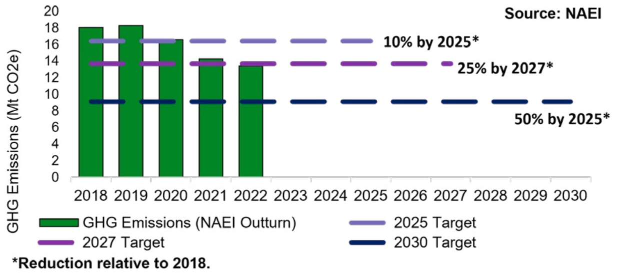
4. Security of Supply: Optimize Production

373 mmboe sanctioned in the UK in 2023.

All seven new projects subject to a proportionate effective net zero test.

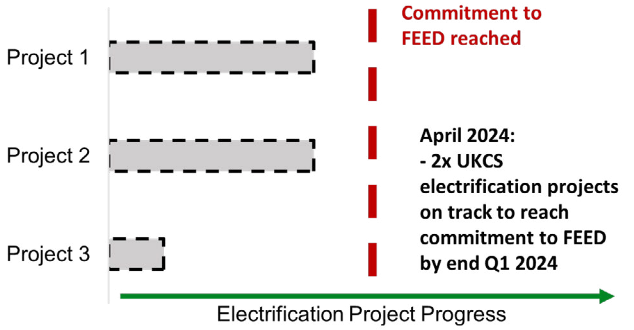
Transition

5. Emissions: Reduce Upstream Emissions



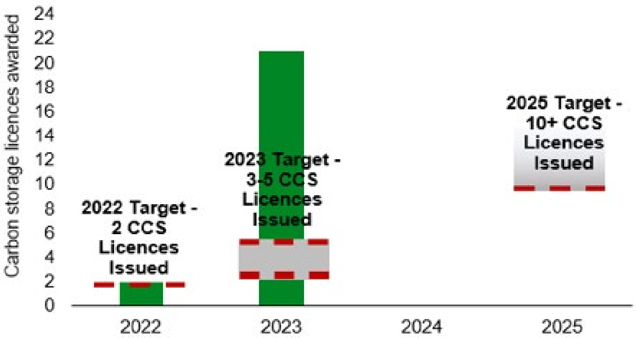
Transition

6. Energy Integration: Electrification



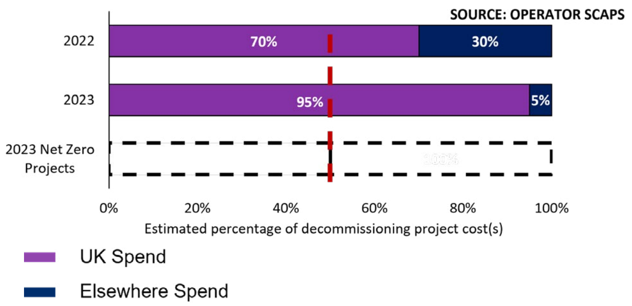
Transition

7. Carbon Storage: Licences



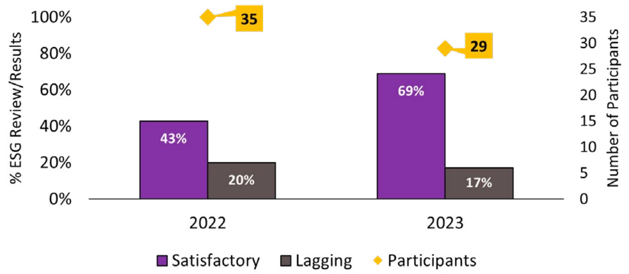
Value

8. Supply Chain: Local Content



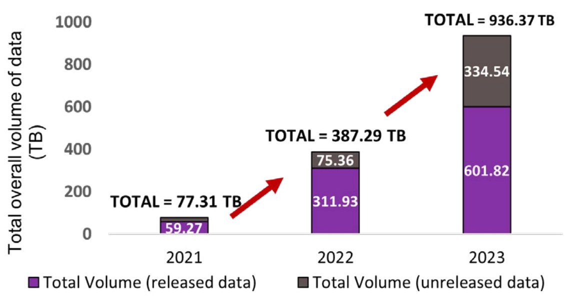
Value

9. ESG: Reporting Standards



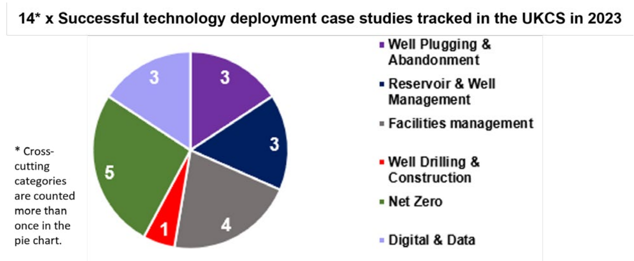
Value

10. Digital/Technology: Data Availability



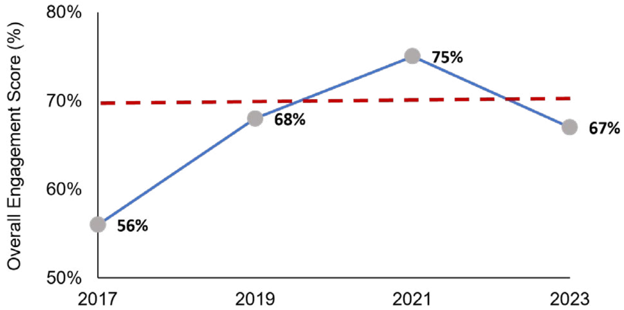
Value

11. Digital/Technology: Technology Deployment



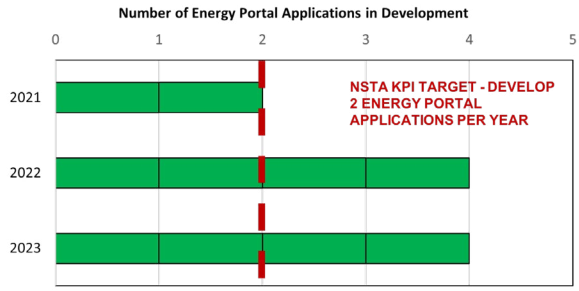
Corporate/Organisational

12. Great Place to Work: Staff Engagement



Corporate/Organisational

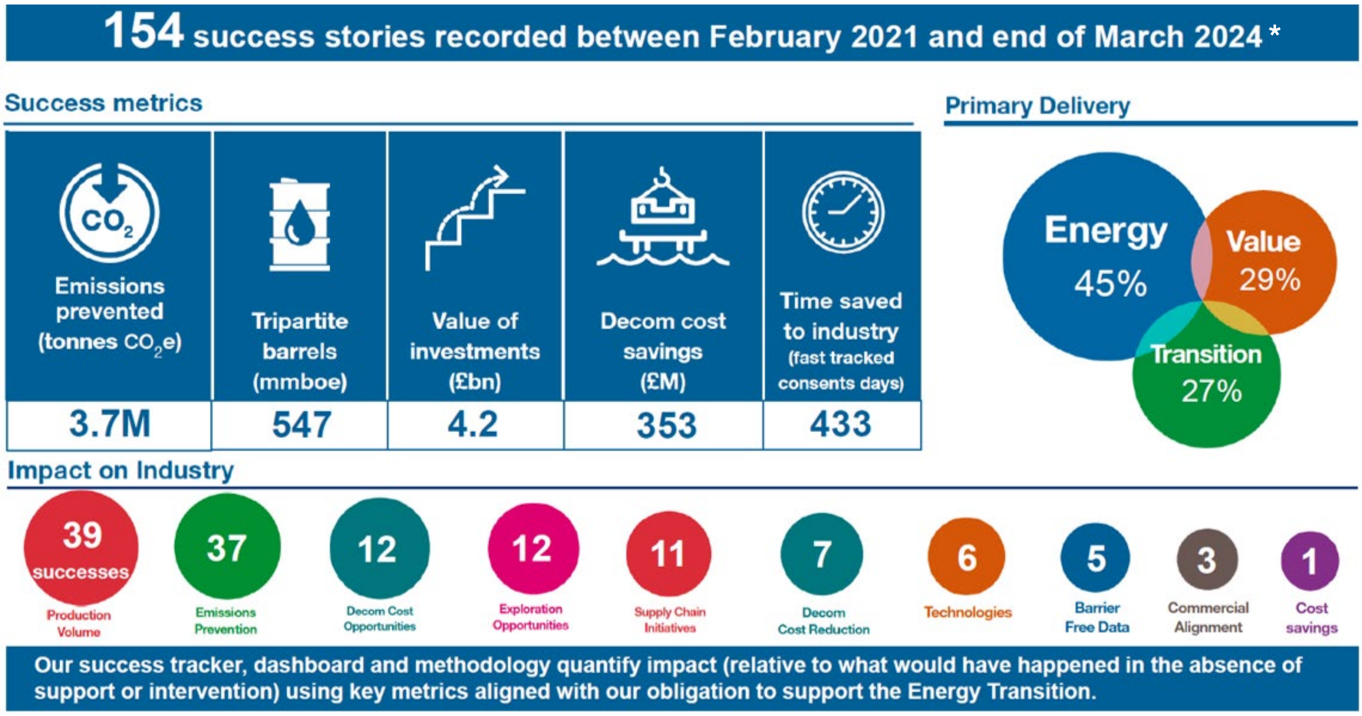
13. Digital Excellence: Programme of Developments



Success Stories Dashboard

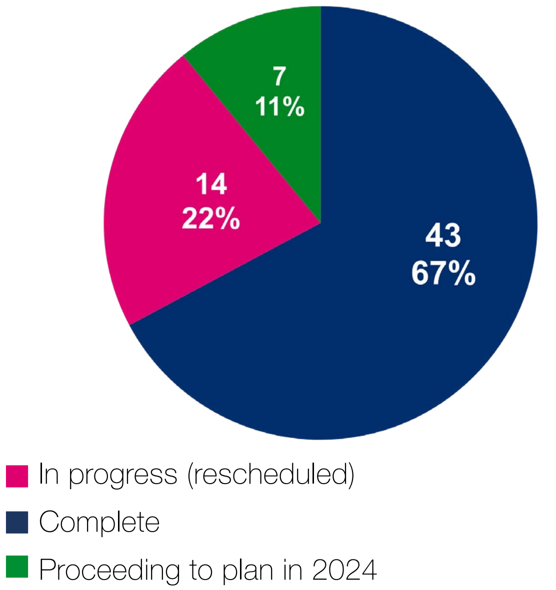
The NSTA continues to measure success through the use of a success stories tracker which allows the impact of the NSTA to be identified and quantified using key metrics.

These metrics include expected future volume of oil and gas production, capital expenditure committed to new projects, reduced or avoided costs through improved or accelerated outputs and greenhouse gas emissions prevented through proactive NSTA intervention.



*The Success Stories Dashboard format was updated in February 2021 to reflect the Strategy.

NSTA Project Summary: 2022



Commentary

As of January 1st, 2023, the NSTA commenced tracking a total of 53 high level projects.
This represented a slight increase compared to the 50 projects defined in early 2022.

Throughout 2023, 14 additional priority projects were identified within the NSTA and accommodated into the project schedule.

2023 closed out with 67% of projects proceeding to plan.

Parliamentary accountability and audit report

Regularity of Expenditure (audited)

No special payments have been made which exceed £300,000.

No material gifts have been made by the NSTA.

The Trust Statement incurred losses in 2023-2024, see Note 8 Financial instruments for more information.

No individual losses have been incurred in excess of £300,000*.

	2023-24 Number of cases	2023-24 Total value (£'000)	2022-23 Number of cases	2022-23 Total value (£'000)
Trust Statement Debts written off	1	242	3	489

Fees and charges disclosures (audited)

The NSTA, as a Public Sector Information Holder, has complied with the cost allocation and charging requirements set out in HM Treasury and the Office of Public Sector Information guidance.

Analysis (see Note 3.a) disclosed for fees and charges includes:

i. The financial objective(s) and performance against the financial objective(s).
ii. The full cost and unit costs charged in year.
iii. The total income received in year.
iv. The nature/extent of any subsidies or overcharging.

In line with its statutory function, the NSTA does not seek to make a profit from its charges but merely to recover costs in carrying out its functions. All payers of the levy will receive a proportionate rebate of any surplus.

Remote contingent liabilities (audited)

The NSTA is not exposed to any remote contingent liabilities.

* The Managing Public Money threshold mandated for financial statements prepared under the government financial reporting manual.

Directors' report

Directors hereby present their annual report on the company together with the audited accounts for the company for the year ended 31 March 2024. The corporate governance report forms part of the Directors' report. The Directors' report is followed by the internal auditor's opinion, the remuneration and staff report, the auditor's report and the company's financial statements for the year from 1 April 2023 to 31 March 2024.

The Directors of the company who were in office during the year and up to the date of signing the financial statements are listed on page 34.

No Director has had any material interest in any contractual agreement, other than an employment contract, which is or may be significant to the company.

When making decisions, Directors have regard to their duties as Directors, including their broad duty under section 172 of the Companies Act 2006 to consider the views of relevant stakeholders.

Directors agree that data and information provided to the Board is accurate, presented clearly and concisely and can be readily scrutinised. The Board invites industry and regulatory experts to present at Board stakeholder meetings and at its annual strategy meeting with the Leadership Team.

Directors recognise the importance of meeting staff outside the Board and Committee cycle. A majority of Directors attended the 2023 and 2024 all staff meetings. The Board periodically invites staff to informal lunches coinciding with Board meetings and periodically invites members of the extended leadership team to Board meetings to present and discuss the key challenges they are tackling.

Directors appreciate the considerable contribution of its skilled, experienced and committed staff in delivering the company's objectives and functions and Directors take care to consider the impact on staff of the decisions it takes. The NSTA is a fair and considerate employer which offers flexible and hybrid working arrangements and recognises the value of a workforce from diverse backgrounds. The NSTA provides access to a broad range of training opportunities and encourages career, leadership and personal development, including through mentoring. All applications for employment are treated equally and are fully considered. A code of conduct and related policies are in place and are available to all staff on the NSTA intranet.

The company encourages open and honest communication between employees and senior management. An Employee Engagement Forum offers a structured opportunity for staff to contribute ideas and share their views. Regular company briefings, spanning both offices, provide a further opportunity for staff to raise questions and concerns.

The bi-annual staff engagement survey was run in autumn 2023. In response to survey feedback and subsequent discussions within Directorates, the leadership team committed to further improving leadership capability and to enhance career development and learning opportunities. The leadership team also heightened its focus on values and behaviours, resulting in a new Positive Behaviours at Work Policy, to supplement the Code of Conduct.

The NSTA publishes a large volume of data on its website and is working to transform the collection, storage, analysis and publication of UKCS data across the oil and gas, carbon storage and hydrogen industries. The data team seeks customer feedback on the discoverability and usability of its data and insights. Industry and staff feedback informed the 2023 redesign of the NSTA website.

The NSTA is committed to minimising its own impact on the environment and launched its sustainability strategy in 2021. The company presents its environment report on pages 10-13.

The company made no charitable donations during the year. NSTA staff raised money in raffles to support a number of local charities.

Directors are satisfied that the company engages constructively with its suppliers and that it settles all payments in accordance with contractual obligations.

The company has prepared its 2023-24 financial statements in accordance with UK adopted International Financial Reporting Standards (IFRS). The audited financial statements for the year ended 31 March 2024 are set out on pages 51 to 85.

The NSTA is a not-for-profit company largely funded by an annual levy on industry and fees. Additional interim grant-in-aid funding is provided by its shareholder. Any surplus operational levy funding is returned to levy payers. This refund is recognised in the financial statements.

The NSTA had 225 employees on 31 March 2024 (including secondees and executive directors, but excluding interim contractors and non-executive directors). There were three interim contractors as at 31 March 2024.

The financial results for the period reflect a neutral profit position.

Directors' third-party indemnity provisions

Directors have been provided with an indemnity against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such third-party indemnity remains in force as at the date of approving this Directors' report.

Going concern statement

The Directors have a reasonable expectation that the company has adequate resources to continue as a going concern for a period of at least twelve months from when the company financial statements have been authorised for issue, and therefore they have been prepared on a going concern basis. The basis of this view is outlined in more detail in note 2.3 to the financial statements.

The Directors have assessed the company's prospects and are satisfied that the company's financial arrangements minimise the risk of the company being unable to meet its liabilities. Furthermore, the Directors do not envisage any changes to the current regulatory and legal regime which would adversely affect the operation of the company within the next twelve months.

Directors' responsibility statement

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK adopted International Accounting Standards.

Directors are satisfied that the financial statements give a true and fair view of the state of affairs of the company and of the income and expenditure of the company for the year.

In particular, directors are satisfied that:

i. the company's accounting policies are reasonable and have been applied correctly.
ii. judgements taken and accounting estimates are reasonable and prudent.
iii. applicable IFRS standards have been followed and any material departures have been disclosed and explained in the company financial statements.
iv. the financial statements have been prepared on a going concern basis.
v. the company has taken reasonable steps to prevent and detect fraud and other irregularities.
vi. adequate accounting records have been kept so as to demonstrate that the financial statements comply with IFRS and Companies Act 2006 requirements, as applicable.
vii. Directors consider that the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for the shareholder to assess the company's position, performance, business model and strategy.

Principal risks

Directors carefully consider the way the company manages and mitigates the risks which could adversely impact the company's ability to deliver its principal objective. The NSTA's principal risks are set out on page 8 above.

Auditor

Directors are not aware of any relevant audit information of which the auditor is unaware when giving its opinion on the accounts.

In line with the Government Resources and Accounts Act 2000 (Audit of Non-Profit Making Companies) Order 2009, the Comptroller and Auditor General has been appointed as the company's auditor.

Directors reviewed the effectiveness of the external auditor. No non-audit services were provided by the external auditor.

By order of the Board

Dr. Russell Richardson
Company Secretary

12th July 2024

Corporate Governance Report

The North Sea Transition Authority (NSTA) is the business name of the Oil and Gas Authority (OGA), a company registered in England and Wales with registered number 09666504. The company has one shareholder, the Secretary of State for Energy Security and Net Zero, as a Corporation Sole. The OGA remains the legal name of the company. References to the NSTA should be interpreted as the OGA, and references to the OGA include the NSTA.

The NSTA's Chief Executive is also the Accounting Officer, accountable to Parliament for the performance of the NSTA. The role of Accounting Officer is delegated by the Principal Accounting Officer of the Department for Energy Security and Net Zero (DESNZ), the DESNZ Permanent Secretary.

The NSTA's principal objective is to maximise the economic recovery of petroleum from the UK Continental Shelf whilst assisting the Secretary of State in meeting the UK government's net zero greenhouse gas emissions target. The NSTA encourages and supports industry in identifying and taking the steps necessary to reduce its greenhouse gas emissions as far as is reasonable in the circumstances.

The company's primary constitutional document is its Articles of Association. In addition, there is a Framework Document - supplemented by a Finance Letter and a Chairman's Letter - which sets out the NSTA's financial and performance accountabilities to Parliament and to its shareholder, the Secretary of State of DESNZ. A revised Framework Document was published in early 2023. The NSTA is classified by government as a Non-Departmental Public Body (NDPB), sponsored by DESNZ.

The second review of the NSTA was undertaken by DESNZ in 2022 and the review report was published on 22 June 2023. All the recommendations of the review report have been implemented.

Board practice

Directors are collectively responsible for the overall strategic direction of the company and for monitoring its performance. Strategic discussions form a significant part of every Board meeting and the Board sets aside a day every year to meet offsite with the Leadership Team to review the strategic direction of the NSTA.

The NSTA recognises the value of good corporate governance and complies with all applicable principles of the Code of Good Practice for Corporate Governance in Public Bodies and the UK Corporate Governance Code.

The NSTA has set out the powers which are reserved to Directors and those which have been delegated to management

Matters reserved to the Board are:

- Approving the NSTA's corporate plan, long-term objectives and overall strategic policy framework.
- Approving the NSTA's annual budget and overall financial policy.
- Approving the NSTA's annual report and accounts.
- Undertaking a formal regular review of the Board's own performance and that of Board Committees. Approving the terms of reference of Board Committees.
- Making sanction and third-party access decisions. The powers delegated to management are detailed in a Delegation Framework, which is available to all staff on the NSTA's management system and is regularly reviewed and updated.

The Board met eight times in 2023-24. Seven Board meetings are scheduled for 2024-25. The Chairman periodically meets Non-executive Directors independently of the Executive Directors.

Board composition

The Secretary of State invited Tim Eggar to serve a further six months as Chairman of the NSTA to allow sufficient time for his successor to be selected. Tim Eggar agreed to remain as Chairman.

The Board reappointed Sarah Deasley to September 2026, Iain Lanaghan until April 2026 and Sara Vaughan and Malcolm Brown until September 2027.

The Board considers Tim Eggar, Iain Lanaghan, Sarah Deasley, Malcolm Brown and Sara Vaughan to be independent Directors.

Induction of Directors

Directors receive a tailored induction to the NSTA and its broader context, including a programme of meetings with executive directors, heads of teams and senior industry leaders. The Company Secretary briefs directors on their legal duties both as company directors and board members of a public body.

Directors receive appropriate guidance on matters of corporate governance and have full and open access to the company secretary, professional advisers and senior managers for information or advice when required, including access to appropriate training opportunities.

The Board Secretary notifies Directors by email between meetings of NSTA announcements, press releases and significant developments.

Board committees

The Board has three permanent committees: Audit and Risk, Remuneration and Nomination.

The Audit and Risk Committee reviews and monitors the company's financial accounting, reporting and control processes. It takes assurance on the company's financial statements, the internal auditor and the effectiveness of management's actions to identify and mitigate strategic risks. It scrutinises the independence and effectiveness of the external auditor. Cyber security and data protection are standing agenda items.

The Audit and Risk Committee is chaired by Iain Lanaghan and met three times in 2023-24.

Iain Lanaghan, Sarah Deasley, Sara Vaughan and Malcolm Brown were committee members during the year.

The Audit and Risk Committee reviewed the external and internal audit plans and reports, took assurance on the NSTA's financial statements, financial management, and management of strategic risks. The ARC received assurance on management's actions to defend the NSTA against fraud and cyber attack.

The Nomination Committee reviews the size, composition and effectiveness of the Board and its Committees and ensures that the Board has the necessary breadth of skills, knowledge and experience to execute its duties. The Committee recommends appointable candidates for Board approval and appointment.

The Nomination Committee is chaired by Tim Eggar. Tim Eggar, Iain Lanaghan, Sarah Deasley, Malcolm Brown and Sara Vaughan were committee members during the financial year. The Nomination Committee met once in 2023-24, to discuss the re-appointment of Sara Vaughan, Iain Lanaghan and Malcolm Brown. Sarah Deasley's reappointment was agreed in March 2023.

The Remuneration Committee reviews and recommends to the Board the framework and policy for the remuneration of Executive Directors and senior management, and for implementing the Directors' Remuneration policy.

The Remuneration Committee is chaired by Tim Eggar. Tim Eggar, Iain Lanaghan, Sarah Deasley, Sara Vaughan and Malcolm Brown were committee members during the financial year.

The Remuneration Committee met four times in 2023-24. It reviewed 2023-24 performance management outcomes and approved annual bonuses; it reviewed and approved 2023-24 pay awards and 2024-25 objectives setting; it reviewed the Chief Executive's 2023 performance and reviewed and approved his 2024 objectives.

Board performance review

The Board reviews its effectiveness every year using a questionnaire, with the Chairman discussing the results with Directors individually and as a group at the May Board meeting. Every three years the Board commissions an external performance review. An external Board performance review had been anticipated in spring 2024 however, as a new Chairman had been expected to be joining the Board at that time, the Board decided to postpone the external review until spring 2025 and to instead proceed with an internal review in 2024. The Board noted that the incoming Chairman, who is expected to be in post by October 2024, may wish to bring forward the external performance review.

In spring 2024, the Board Secretary led the internal Board performance review. Directors completed a questionnaire to evaluate the effectiveness of the Board and its Committees and the Chairman assessed the performance of individual Directors. The Senior Independent Director led the annual appraisal of the Chairman. The Chairman discussed the outcomes one to one with Directors followed by a discussion at the May Board meeting.

Directors concluded that the Board continues to operate effectively, led by a Chairman who fosters robust and open debate. All Directors contribute fully to Board discussions and they agreed that the Board is strongly supported. The Board will in the coming months consider the delineation of roles between non-executive and executive directors to ensure that the balance is correct. Non-executive directors in particular find site visits with industry very beneficial and the Board agreed that additional meetings would be added to the Board calendar.

Declaration of Directors' financial interests

In accordance with the NSTA's conflict of interest policy, Directors must declare any financial interests which may, or may be perceived to, influence their judgment in performing their duties as Directors of the NSTA. This is done on appointment and annually. Directors are further asked to declare any conflicts of interest at the start of each board meeting. If a Director declares a conflict of interest with any agenda item, they will not participate in the discussion of that item.

The Board does not consider the interests held by Tim Eggar, Iain Lanaghan and Sarah Deasley, as declared below, to be sufficiently significant to impair their independent judgement in Board discussions. The Board does not consider that any decision within the NSTA's powers could materially impact the value of their shareholdings. Directors' declared interests are shown below.

Director	Date first advised Board Secretary	Nature of interest	Total value (£) at 31 March 2024
Tim Eggar	6 March 2019	140,511 equity shares MyCelx Technologies Corporation	73,066
		Family member holdings: 4,099 BP ordinary shares	20,331
		1,875 Shell ordinary shares	49,219
Iain Lanaghan	21 April 2020	1,017 BP ordinary shares	5,044
		358 Shell ordinary shares	9,398
	9 April 2024	450 SSE ordinary shares	7,425
Sarah Deasley	12 April 2024	8,999 BEPC (Brookfield Renewable COR-A) shares	175,146
		Family member holding: 597.5 BEPC (Brookfield Renewable COR-A) shares	11,629

Sarah Deasley declared her and her family member's holdings in BEPC after the NSTA revised its conflict of interest policy to reflect its expanded remit. It is a requirement of Sarah's BEPC Directorship that she builds up a financial stake in the company to a pre-agreed level within a five-year period from joining the Board.

Iain Lanaghan disclosed his SSE holding after the NSTA revised its conflict of interest policy to reflect its extended remit.

Malcolm Brown's investments are held in managed funds over which he has no control. Sara Vaughan, Stuart Payne and Nic Granger submitted nil returns.

Fiona Mettam and Vicky Dawe submitted a nil return to DESNZ.

Directors' other directorships and offices

Member	Remunerated activities	Non-remunerated activities	Memberships of professional bodies
Tim Eggar	Chairman, Raw Charging Group Limited (until 14 March 2024). Chairman of Haulfryn Holdings Limited; Director of its subsidiary Haulfryn Limited; Director of Haulfryn Limited's subsidiary Lleyn Estates Limited. Chairman of Suffolk Street Holdings Limited; Director of its subsidiary Haulfryn Group Limited. Director, The Gipsy Hill Brewing Company Limited.	Strategic Advisory Board, Braemar. Energy Ventures.	
Stuart Payne		Director, Energy Transition Zone Limited. Chairman, The Brightside Trust. Advisory Board member, Barnardo's Scotland.	Fellow, Energy Institute (FEI). Fellow of the Chartered Institute of Personnel & Development. Associate Fellow of the British Psychological Society.
Iain Lanaghan	Lead Non-executive Director, The UK Supreme Court. Non-executive Board Member and Audit Chair, Scottish Water (owned by the Scottish Government) and two subsidiaries. Non-Executive Director and Audit Committee Chairman of UK Government Defence Equipment and Support Agency (DE&S), an Arms' Length Body of the Ministry of Defence (until 30 June 2023). Occasional consultancy as Iain M. Lanaghan.		Institute of Chartered Accountants of Scotland.

Member	Remunerated activities	Non-remunerated activities	Memberships of professional bodies
Sarah Deasley	Executive Director, Frontier Economics. Independent Director, Brookfield Renewable (Brookfield Renewable BEP and BEPC and two Bermuda Holding Entities: BRP Bermuda GP Limited and Brookfield Renewable Investments Limited). Director of Brookfield BRP Holdings (Canada) Inc. (from 3 May 2024).	Trustee, Sustainability First. Advisory Board, Carbon Connect.	
Sara Vaughan	Chair, Elexon Limited and the Balancing and Settlement Code (BSC) Panel. Director, Poolserco Limited* (until 30 May 2023). Director, BSC CO Limited*. Director, Poolit Limited* (until 30 May 2023). Director, EMR Settlement Limited*. Director, Elexon Clear Limited*. Co-chair of Icebreaker One's Steering Group on Open Energy (as consultant). * A subsidiary of Elexon Limited.	Member of Energy Advisory Panel and Energy Policy Debates Committee, Energy Institute. Parish Councillor and Vice-Chair, Birdingbury Parish Council.	Member of The Law Society. Fellow, Energy Institute.

Member	Remunerated activities	Non-remunerated activities	Memberships of professional bodies
Malcolm Brown		Chair, Imperial College Trust. Chair of the Development Committee, Geological Society.	The Geological Society of London. Energy Exploration Society of Great Britain.
Nic Granger		Trustee, Falklands Conservation (UK) Member of the Risk, Audit and Finance Committee and the Data Management Committee, BCS (Chartered Institute for IT).	Institute of Chartered Accountants in England and Wales. The Chartered Institute of Public Finance and Accountancy. Institute of Directors (until December 2023). BCS (Chartered Institute for IT).
Fiona Mettam	-	-	-
Vicky Dawe	-	-	-

Directors' dates of appointment

At the end of the reporting year, and at the date of signing, the company had nine Directors, as follows.

Name	Date of appointment
Tim Eggar	6 March 2019
Nic Granger	2 November 2016
Iain Lanaghan	20 April 2020
Sarah Deasley	1 October 2020
Malcolm Brown	1 October 2021
Sara Vaughan	1 October 2021
Fiona Mettam*	3 November 2021
Vicky Dawe*	11 July 2022
Stuart Payne	1 January 2023

* Only one of the two Alternate Shareholder Directors attends Board and Committee meetings.

Directors – attendance at Board meetings and Committees

	Board	Audit and Risk Committee	Nomination Committee	Remuneration Committee
Total meetings 2023-24	8	3	1	4
Tim Eggar	8	-	1	4
Stuart Payne	8	3	-	4*
Nic Granger	8	3	-	-
Iain Lanaghan	8	3	1	4
Sarah Deasley	8	2(3)	1	4
Malcolm Brown	8	2(3)**	1	4
Sara Vaughan	8	3	1	4
Fiona Mettam / Vicky Dawe* **	8	2(3)****	1	4

Numbers in brackets denote the number of meetings held during a Director's Board or Committee tenure.

* The Remuneration Committee invites Stuart Payne to attend meetings meetings to present evidence in support of Committee decisions.

**Malcolm Brown's absence was due to ill health. He reviewed the Committee papers before the meeting and provided comments to the Committee Chairman.

***Only one of the two Alternate Shareholder Directors attends Board and Committee meetings.

**** A senior DESNZ official represented the Shareholder Director at one Audit and Risk Committee meeting.

Staff policies

The NSTA periodically reviews its Code of Conduct, which sets out the obligations and responsibilities of staff and Directors, including under Statute.

Quality assurance of analytical models

The NSTA has appropriate Quality Assurance (QA) procedures in place for modelling and analysis purposes which are subject to active monitoring. The arrangements are compliant with Aqua Book guidance and adhere to the principles of proportionality and risk with an emphasis on business-critical models.

Government functional standards for arm's length bodies

The NSTA was compliant with the mandatory elements of all applicable government functional standards in 2023-24. With the introduction of new Procurement Regulations due on 1st October 2024, functional standards will be reviewed and aligned with the regulations during 2024 and 2025.

Declaration of staff financial interests

The NSTA identified no new material conflicts of interest following the annual declaration by staff and Board Directors of any financial interests in oil and gas, carbon capture or offshore energy or related supply chain companies.

Fraud and whistleblowing

The Chief Digital and Information Officer chairs the NSTA's Security Advisory Board. The Information Security Manager produces dashboard reports for the Security Advisory Board and the Audit and Risk Committee. The NSTA's Security Operations Centre monitors cyber security and fraud threats. Staff undertake mandatory online fraud prevention training.

During the financial year no concerns were raised under the raising concerns at work (whistleblowing) policy. The NSTA has four whistleblowing officers.

Data protection

The NSTA's Data Protection Officer monitors the NSTA's compliance with data protection law. Staff are required to undertake annual Security and Data Protection online training. In 2023 the NSTA reported a data breach to the Information Commissioner's Office (ICO). The ICO confirmed that it was satisfied with the actions the NSTA had taken in response to the breach and closed the case.

Risk management

Directors have delegated the regular review of management's handling of the company's strategic risks to the Audit and Risk Committee. The NSTA maintains a strategic risk register which lists the principal external and internal risks facing the company, including those identified and escalated from within the organisation and those identified by the Leadership Team or by the Board or one of its Committees.

All risks in the strategic risk register have a named leadership team risk owner. All risks have mitigation measures in place to reduce the potential impact to an acceptable level, wherever possible. Material changes to the risks, including any new or escalated risks, are reviewed quarterly by the Leadership Team. The Audit and Risk Committee takes assurance on management's handling of strategic risks three times a year.

The Board reviews strategic risks, from a 'clean sheet' perspective, once a year. In 2023-24, the Board reviewed strategic risks in November 2023 and continues to monitor them closely.

The Chief Executive and the Leadership Team continue to foster a strong culture of risk awareness and risk management in the organisation. The principal risks identified by the NSTA are detailed on pages 8-9.

By order of the Board signed

Stuart Payne
Chief Executive

12th July 2024

Internal auditor's statement

Public Sector Internal Audit Standards (PSIAS) require the Head of Internal Audit (HIA) to give the Accounting Officer an opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control, timed to inform the Governance Statement.

The NSTA's focus continues to progress, with the organisation undergoing changes aligned with key risk areas and strategic and business priorities, and internal audit continues to provide assurance activity relating to this, as well as reflecting core controls. Whilst improvements are needed in some areas, audit testing confirms that controls are proportionate and working as intended.

The HIA opinion on the NSTA's framework of governance, risk management and management control is 'Moderate'. Where potential weaknesses have been identified through our internal audit reviews, we have worked with management to agreed appropriate actions and a timescale for improvement.

Remuneration and staff report

Remuneration policy

The remuneration policy for NSTA staff, including former senior civil servants, is set by the NSTA Board, as recommended by the Remuneration Committee, in consultation with both DESNZ and HM Treasury.

Whilst governed in large part by the rules relating to public bodies, specific arrangements were reached with HM Treasury in 2016 to better align the basic salary arrangements of staff to the relevant talent markets for those roles. This was a one-off adjustment.

Performance and reward

The NSTA has a policy and procedure for managing the performance of all staff to drive performance and reward delivery against clearly articulated goals.

All staff are reviewed during the year and a final assessment of their delivery against agreed goals is made in May. Annual bonus awards are dependent on the consistent attainment or exceeding of goals. No bonus payments are made if staff fail to meet their goals.

Recruitment policy

NSTA recruitment is underpinned by the company's values:

Considerate	the best available candidate will be appointed.
Accountable	those involved take responsibility for their campaigns.
Robust	the selection processes must be objective, impartial and applied consistently.
Fair	opportunities are advertised openly and there is no bias in the assessment of candidates.

Recruiting and retaining a diverse range of people to work in the NSTA and ensuring that there is an inclusive environment for them to deliver, is something the company is serious about and demonstrates the NSTA's values in action. As part of this commitment the NSTA sought and was awarded external accreditation as a Disability Confident employer and signed up to the AXIS network pledge.

As we make clear in our job application process, candidates with a disability who apply for a post in the NSTA (under the Guaranteed Interview Scheme) automatically go forward to the interview stage, provided they satisfy the minimum criteria.

Staff covered by this report hold open-ended appointments, with one exception: the Chief Executive holds a fixed term appointment, which terminates on 31st December 2027. Early termination of any appointment other than for misconduct would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Payments to Directors (audited)

The salary and pension entitlements of executive directors were:

Member	Salary (actual) 2023-24 (£'000)	Bonus Payment 2023-24 (£'000)	Pension Benefits 2023-24 (£'000)	Total 2023-24 (£'000)	Total 2022-23 (£'000)	Accrued pension at pension age at 31/3/24 (£'000)	Real increase in pension and related lump sum at pension age to 31/3/24 (£'000)	CETV at 31/3/24 (£'000)	CETV at 31/3/23 (£'000)	Real increase in CETV (£'000)
Stuart Payne	260-265*	45-50**	84	395-400	70-75***	35-40	5-7.5	489	370	55
Nic Granger	155-160	10-15	43	210-215	200-205	25-30	2.5-5	310	242	29

The opening CETV balance is higher than the previously published 2022-23 closing balance, for people with history in final salary schemes. This is because it has been recalculated by MyCSP on the assumption that everyone elects to keep their final salary benefits in the 2015-22 transition period, where they have a choice between this and the scheme they were actually enrolled in during this period (alpha). This is the key part of the Remedy to a 2015 transition into alpha, which the courts decided had been unlawful (the 'McCloud Remedy')[1].

Stuart Payne was appointed to the Board on 1st January 2023.

*Includes £5k of bought out annual leave.

**Chief Executive's 2023-24 bonus is for the 2023 performance year (calendar year).

*** The annualised 2022-23 figure for the Chief Executive was £240,000-£245,000.

'Salary' includes gross salary, recruitment and retention allowances and any other allowance that is subject to UK taxation.

Fees and benefits in kind paid to non-executive directors during the year (audited)

Non-executive directors	Expiry date of contract	Fee 2023-24 (£)	Fees 2022-23 (£)
Tim Eggar Non-executive Chairman	30 September 2024	80,000	80,000
Iain Lanaghan Non-executive director (wef 20 April 2020) and from 1 October 2021 Chairman of Audit and Risk Committee.	30 April 2026	25,200	25,200
Sarah Deasley Non-executive director (wef 1 October 2020)	30 September 2026	20,200	20,200
Malcolm Brown Non-executive director (wef 1 October 2021)	30 September 2027	20,200	20,200
Sara Vaughan Non-executive director (wef 1 October 2021)	30 September 2027	20,200	20,200

[1] www.gov.uk/government/collections/how-the-public-service-pension-remedy-affects-your-pension

Fair pay disclosures (audited)

The relationship to the remuneration of the organisation's workforce is disclosed in the table below (based on the annualised banded remuneration of the highest paid executive director of £310,000-£315,000):

	25th percentile	Median	75th percentile
2023-24			
Total remuneration (£)	52,256	78,997	91,247
Salary component of total remuneration (£)	48,993	77,062	88,815
Pay remuneration ratio information	**5.98:1**	**3.96:1**	**3.42:1**
2022-23			
Total remuneration (£)	45,473	74,531	86,121
Salary component of total remuneration (£)	43,012	73,387	82,588
Pay remuneration ratio information	**8.19:1**	**5.00:1**	**4.33:1**

The decrease in the pay ratios compared to the previous year is due to a number of factors including the lower salary of the current CEO, an increased headcount where roles have been generally more highly graded and a number of pre-existing posts re-graded upwards.

The assessment in the current year is in line with the performance management period. The NSTA believes the median pay ratio for the relevant financial year is consistent with the pay, reward and progression policies for the NSTA's employees taken as a whole. NSTA pay ratios have been calculated by determining the total full-time-equivalent (FTE) remuneration for all of the company's workforce for the relevant financial year; ranking those individuals from low to high, based on their total remuneration; and identifying the people whose remuneration places them at the 25th, 50th (median) and 75th percentile points.

The percentage changes in the highest paid director salary and allowances is -13.22% (2022-23: 3.42%) and for performance pay and bonuses payable is -34.48% (2022-23: 26.09%). The variance in the percentage is due to the lower salary of the highest paid director than in previous years. The average percentage changes for the employees of the NSTA compared to the prior year in respect of salary and allowances is 4.96% (2022-23: 5.01%) and for performance pay and bonuses payable is -4.23% (2022-23: 8.95%). The fluctuation in the percentages, is a result of the annual pay award and an increased headcount, but also a decrease in the CEO bonus payable.

In 2023-24, nil (2022-23: nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £28,000 to £315,000 (2022-23: £27,000 to £370,000).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

No senior management or non-executive directors were in receipt of benefits in kind for the financial year 2023-24.

The shareholder representative director receives no remuneration from the NSTA. The post is held by a senior civil servant employed by DESNZ.

Staff costs

	Permanent staff (£'000)	Others* (£'000)	Total (£'000)
2023-24			
Wages and salaries	15,728	421	16,149
Social security costs	1,984	-	1,984
Pension costs	4,203	-	4,203
Total	**21,915**	**421**	**22,336**

	Permanent staff (£'000)	Others* (£'000)	Total (£'000)
2022-23			
Wages and salaries	13,180	447	13,627
Social security costs	1,724	-	1,724
Pension costs	3,469	-	3,469
Total	**18,373**	**447**	**18,820**

*Others include contractor costs and inward secondees.

Average number of people employed (audited)

	Number
Permanent staff	211
Others	5
Total	**216**

The Cash Equivalent Transfer Value

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme.

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service Pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken. CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2024. HM Treasury published updated guidance on 27 April 2023; this guidance was used in the calculation of the CETV figures.

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.

Pension arrangements

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme was introduced – the Civil Servants and Others Pension Scheme, or alpha, which provides benefits on a career average basis, with a normal pension age equal to the member's State Pension Age (or 65 if higher).

From that date all newly appointed staff and the majority of those already in service joined alpha. Prior to that date, staff participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded, with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and five months from their normal pension age on 1 April 2012 switched into alpha sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see above). All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the

PCSPS having those benefits based on their final salary when they leave alpha.

(The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate in 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

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

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

Inclusion and diversity report

The NSTA embraces inclusion and diversity and ensures that it promotes equality of opportunity. The company's goal is to ensure that these commitments, reinforced by our values, are embedded in day-to-day working practices with all staff, partners in government and in industry. It is our belief that this makes the NSTA a Great Place to Work.

The NSTA has a dual role in this regard, recognising its responsibilities as an employer of public servants and as an industry authority. The NSTA has been working actively with partners to drive real improvements in the inclusion that exists in the sector, and to promote the value of real diversity as an enabler to greater collaboration, business outcomes and ultimately supporting the goals of Vision 2035. Additionally, the NSTA Chief Executive is a member of the POWERful Women Energy Leader's Coalition which comprises leading CEOs from the energy sector who have made a public declaration, and are actively working together, to improve gender diversity in their companies and in the sector as a whole.

In recognition of the NSTA's work as an employer, it is silver accredited in the Gender Diversity Benchmark, run by Business in the Community and the Prince's Responsible Business Network. The NSTA has also continued our commitments to the Axis Pledge, the Business in the Community Race Charter, as a Disability Confident employer and the Tech Talent Charter. The NSTA continues to look at what further actions it can take to improve on this recognition and to learn from and interact with other organisations.

The NSTA has a clear inclusion and diversity action plan covering 2023-2024 and beyond, which includes new elements which seek to support both line managers and staff. Previously, our progress and commitments have been set out in a separate annual inclusion report. To clearly demonstrate that our commitment to inclusion is embedded within the organisation, our progress and commitments will now be integrated into this report and are set out below. The report focuses on key developments over the year. Where activity has become embedded in our ways of working, we have not specifically mentioned these however you can read more in last year's inclusion report here.

The NSTA has run several awareness sessions around health and wellbeing this year. The wide-ranging topics covered have included sleep hygiene, skin cancer, testicular cancer, menopause and nutrition, seasonal affective disorder (SAD) and ovarian and cervical cancer. The online sessions have been very well attended and have led to engaging and supportive discussions amongst colleagues. Onsite spinal and posture checks were also held to highlight good practices to our staff.

The NSTA's storytelling inclusion series continues to be popular with staff. Previously external contributors have shared their stories however our hope that staff would feel comfortable sharing their stories in this forum has happened for the first time this year with two stories being shared. The topics covered included adoption and managing mental health. The sessions were well attended, and the support and encouragement shown towards those sharing their stories was extremely heartwarming. We look forward to featuring more personal stories next year and continuing to explore new topics.

The NSTA continues to have a successful relationship with social mobility charity, Career Ready. This year three students completed the programme supported by NSTA mentors. The programme includes mentoring, masterclasses on a variety of skills and a summer internship. Our internship includes the completion of a project along with sessions on the activities of the various teams at the NSTA, career paths of staff and skills sessions such as CV writing. We were able to widen the internship experience this year by adding some external activities to enhance knowledge of our sector and this approach was well received by the students. We therefore hope to continue to offer this for future internships. In the forthcoming year the NSTA will be supporting two students through the programme.

Understanding that busy days can sometimes create less opportunity for reflection, creative thinking and opportunities to learn, this year the NSTA launched 'innovation/protected time'. For one afternoon per month, staff are encouraged to take the time to do exactly that. Whilst still at an early stage, the signs are encouraging and we are seeing a variety of activities taking place varying from knowledge sharing, technical updates, and system improvements.

Building on our good work with Career Ready we have been looking to partner with organisations that would have an impact plus cover wider social initiatives. We have chosen to work closer with Developing the Young Workforce (Northeast Scotland) and Inspiring the Future (run by charity; Education and Employers). We felt that both presented excellent opportunities for working with and educating young people as well as development opportunities for staff. We have also signed up to the Young Person's Guarantee via Developing the Young Workforce. Activities against these initiatives will fall into next year.

The NSTA has continued to promote its volunteering policy and have seen an increase in uptake over the last year. Encouraging individuals and teams to share their volunteering experiences with colleagues has been helpful in promoting the personal benefits and that volunteering is a great opportunity to complement team building activity.

The NSTA has continued to run its internal leadership programmes to enhance the skills of managers. Over the last year we have run two cohorts of Leadership Fundamentals and one cohort of Leadership Reflections with further runs planned for 2024-2025 due to increased demand from staff. This year we have also commenced a series of mandatory Manager Masterclasses, the aim of which has been to introduce some new skills and refresh ones learned during our other internal programmes. The first masterclass was focused on managing career conversations as this was an area picked up in our engagement survey as being one where our managers could improve. Whilst having a practical purpose, open conversations are encouraged and by understanding more about what people would like to achieve in their careers, we can help to signpost them to different tools and resources and where possible help them to plan towards their goal. Our second masterclass will be focused on conducting more challenging conversations.

The NSTA launched a new website this year of which the careers section was a core part. The update included publishing a wider range of staff career stories covering a broad spectrum of professions and individual stories. It is hoped that potential applicants will better understand the wide range of roles that the NSTA offers and the diverse backgrounds and career paths of our staff, therefore encouraging them to apply.

The NSTA has recently launched a Positive Behaviours at Work policy. Positive behaviours are a fundamental part of how we operate and are an integral part of our values and culture. They also underpin everything that makes the NSTA a Great Place to Work. Within the policy, clarity is provided in terms of how we promote a healthy, respectful, and productive work environment. This Policy outlines expectations for our behaviour and sets standards for interactions among us.

Going forward into 2024-2025, we will continue to build on the initiatives above and additionally will:

- Relaunch our mentoring programme complete with new guidance, processes and formal training for both mentors and mentees.
- Aim to run at least two activities with Developing the Young Workforce and continue to promote the options available with Inspiring the Future.
- Achieve a positive increase in staff wellbeing as reported through our wellbeing survey - with scores in all 6 indicators above the HSE 75% benchmark. We will also specifically track any feedback regarding our Positive Behaviours policy and any additional action required.
- Formally launch an Extended Leadership Team (ELT) aiming to engage and involve our middle managers more closely in strategic conversations and improving communication channels across the NSTA.
- Conduct more proactive recruitment promotion activity in order to increase diversity of applicants.

The table shows the current available data, as recorded from staff declarations. The NSTA encourages staff to complete all categories which includes an option of “prefer not to say”.

%	Male	Female
Gender	51	49

%	Full Time	Part Time
Working Pattern	90	10

%	Not Disabled	Declared Disabled	Undeclared	Prefer Not to Say
Disability	79	4	11	6

%	White	Asian	Black/African/ Caribbean/Other	Mixed/ Multiple	Other	Undeclared	Prefer Not to Say
Ethnicity	77	5	4	2	2	5	5

%	Below 20	21-30	31-40	41-50	51-60	61 and over
Age	0	9	31	28	23	9

%	Heterosexual/ Straight	LGBT+	Undeclared	Prefer Not to Say
Sexual Orientation	81	2	7	10

%	Same as at Birth	Different from Birth	Undeclared	Prefer Not to Say
Gender Identity	75	2	18	5

%	No Religion	Christian	Other	Undeclared	Prefer Not to Say
Religion and Belief	46	29	8	6	11

Sickness Absence data

The NSTA is committed to supporting the physical and mental health of its people and fostering employee wellbeing is a key element of our focus. The company has a comprehensive attendance management policy and provides access to occupational health provision and employee assistance to offer additional support to our people. Where staff are identified as needing reasonable adjustments, these will be provided.

The average number of days lost due to sickness absence was 1.7 days for 2023-24 (2.5 days for 2022-23).

Staff turnover

The staff turnover percentage for 2023-24 for NSTA was 10.5% (2022-23: 14.6%). This has been calculated as the number of leavers within that period divided by the average of staff in post over the period (headcount).

Consultancy and temporary staff

Spend on consultancy and temporary staff:

	£'000
Consultancy	-
Temporary staff	421
Total	**421**

The NSTA has introduced model 'payment of tax' clauses into its standard terms and conditions, following HM Treasury's review of the tax arrangements of public sector appointees. Crown Commercial Service has provided assurance that its resourcing frameworks, which the NSTA uses to source all its contractors, meet the new tax requirements.

For 2023-24 the NSTA undertook a risk-based, in-depth review of tax assurance for all contractors, as required under IR35 legislation.

Off-payroll engagements

The number of off-payroll engagements (for more than £245 per day and lasting for longer than six months) as at 31 March 2024 was:

Total number of existing engagements as of 31 March 2024	3
Of which;	
Number that have existed for less than one year at the time of reporting	3
Number that have existed for between one to two years at the time of reporting	0
Number that have existed for between two to three years at the time of reporting	0
Number that have existed for between three to four years at the time of reporting	0
Number that have existed for between four or more years at the time of reporting	0

The number of new off-payroll engagements or those that reached six months in duration between 1 April 2023 and 31 March 2024 (for more than £245 per day and that last for longer than six months) was:

No. of temporary off-payroll workers engaged during the year ended 31 March 2024	8
Of which;	
Not subject to off-payroll legislation	0
Subject to off-payroll legislation and determined as in-scope of IR35	0
Subject to off-payroll legislation and determined as out-of-scope of IR35	8
No. of engagements reassessed for compliance or assurance purposes during the year	0
Of which: No. of engagements that saw a change to IR35 status following review	0

There were no off-payroll engagements of directors and/or senior officials with significant financial responsibility between 1 April 2023 and 31 March 2024.

All recruitment of contractors in the NSTA is undertaken in compliance with the principles of the Alexander tax review of off-payroll workers.

Exit Packages (audited)

Reporting of civil service and other compensation schemes - exit packages to 31 March 2024:

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	0	0	0
£10,001 - £25,000	0	0	0
£25,001 - £50,000	0	1	1
£50,001 - £100,000	0	0	0
£100,001 - £150,000	0	0	0
£150,001 - £200,000	0	0	0
Total number of exit packages	0	0	0
Total cost (£000)	0	£27,583	£27,583

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. When the NSTA has agreed early departures, the additional costs are met by the NSTA and not the Civil Service pension scheme.

Signed on behalf of the Board

Stuart Payne
Chief Executive

12th July 2024

Accounting Officer statement

As the Accounting Officer of the North Sea Transition Authority (NSTA), I am responsible for reviewing the effectiveness of its corporate governance. My review is based on the work of our internal auditor and the directors and managers who are responsible for maintaining our governance and risk management framework in compliance with the requirements of the Orange Book's five principles.

During 2023-24, the NSTA undertook the following work:

- Reviewed its strategic risks on a quarterly basis and provided assurance on mitigation actions to the Audit and Risk Committee.
- Worked closely with the Government Internal Audit Agency on the 2023-24 internal audit and the 2023-26 internal audit plan.
- Worked collaboratively with the National Audit Office on the 2023-24 audit.
- Renewed all statutory and other appropriate insurance cover.
- Ensured it was compliant with data protection law.
- Ensured it monitored all IT activity and maintained effective defences against internal and external threats, in line with National Cyber Security Centre guidance.

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I have taken all the steps necessary to make myself aware of any relevant audit information and to establish that the NSTA's auditor is aware of that information.

I confirm that, as far as I am aware, there is no relevant audit information of which the auditor is unaware.

I confirm that the annual report and financial statements are fair, balanced and understandable.

I take personal responsibility for the annual report and financial statements and the judgments required for determining that it is fair, balanced and understandable.

Stuart Payne
Accounting Officer
12th July 2024

Future Developments

Summary of NSTA KPIs

ENERGY

- **STEWARDSHIP**
  - Zero routine flaring and venting by 2030
  - Maintain average UKCS production efficiency at 80%*
  - The P50 cost estimate of decommissioning the entirety of UKCS oil and gas infrastructure to be 35% lower (2017 price basis) than the initial P50 2017 baseline estimate of £59.7 billion by end 2022. A new decommissioning cost KPI for 2023, targeting a 10% reduction in the cost of decommissioning between 2023 and 2028 (from £37bn to £33.3bn, from an updated 2022 baseline) was agreed in November 2022. Reporting on the new KPI will commence in 2023*
- **MEETING DEMAND/ SECURITY OF SUPPLY**
  - Optimise UKCS production within the effective net zero test

TRANSITION

- **EMISSIONS TARGETS**
  - **As a minimum, reduce UKCS upstream greenhouse gas emissions by 50% by 2030*** 10% by 2025, 25% by 2027 (includes all greenhouse gases emitted from offshore production facilities, onshore terminals, drilling rigs and associated logistics)
- **ENERGY INTEGRATION**
  - At least two electrification projects to be commissioned by 2027
- **CCS**
  - To support ambition of capturing **20-30 million tonnes of CO_2** per year by 2030. The NSTA will aim to award two licences in 2022, 3-5 in 2023, 10+ by 2025

VALUE

- **SUPPLY CHAIN**
  - Evidence of meeting North Sea Transition Deal UK content commitments for net zero and decommissioning projects
- **INVESTMENT, EFFICIENCY, JOBS**
  - Compliance with environmental, social and governance reporting standards
- **DIGITAL/ TECHNOLOGY**
  - Increasing volume of data available from the Digital Energy Platform
  - Successful technology development/deployment case studies

CORPORATE/ ORGANISATIONAL

- **GREAT PLACE TO WORK**
  - Sustain staff engagement at 70% or above as measured by the bi-annual NSTA staff survey
- **DIGITAL EXCELLENCE**
  - Delivery of internal Digital Excellence programme of developments

*Existing NSTA KPI

Company

Financial statements

The Certificate and Report of the Comptroller and Auditor General to the Sole Shareholder of Oil And Gas Authority and the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Oil and Gas Authority ("the company") for the year ended 31 March 2024 under the Government Resources and Accounts Act 2000. The financial statements comprise the company's

- Statement of Financial Position as at 31 March 2024;
- Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in 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 the UK adopted International Accounting Standards.

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of the net income for the year then ended;
- have been properly prepared in accordance with UK adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006..

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 the terms of my contract, and I had regard to Practice Note 10 '*Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*'. My responsibilities under ISAs (UK) are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

ISAs (UK) require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the company in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

The framework of authorities described in the table below has been considered in the context of my opinion on regularity.

Framework of Authorities	
Authorising legislation	• Infrastructure Act 2015 • Energy Act 2016 and 2023 • Companies Act 2006
Parliamentary authorities	• The Oil and Gas Authority (Levy and Fees) Regulations 2023 • The Oil and Gas Authority (Fees) Regulations 2016 *and subsequent amendments*
Shareholder, HM Treasury and related authorities	• Articles of Association • Framework document between the Secretary of State and the company • HM Treasury and related authorities to the extent they are applicable to the company

Conclusions relating to going concern

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

My evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- reviewing the provisions of the legislation under which the company collects the levy it uses to fund operating costs;
- considering internal budget and cash flow information; and
- considering additional funding options available to the company.

I consider the key aspects of management's assessment to be their view that:

- operating costs are funded through an industry levy that is set by new regulations made each year;
- the legislation relating to the 2024-25 levy has already been enacted and there is no reason to believe that future regulations will not be forthcoming; and
- there are options available to the company to mitigate forecast operating cash flow and funding shortfalls, should these arise.

The assertions made by management are materially consistent with my review of the legislation relating to the industry levy and the company's framework agreement with the Department for Energy Security and Net Zero.

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 company'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.

In relation to the entity's reporting on how it has applied the UK Corporate Governance Code, I have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the director's considered it appropriate to adopt the going concern basis of accounting.

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

Overview of my audit approach

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters.

I have not identified any key audit matters throughout the course of my audit. This is consistent with the prior year.

I identified the risk of management override of controls as a significant audit risk in accordance with the requirements of *ISA (UK) 240 The Auditor's Responsibility Relating to Fraud in Financial Statements*. This was not a key audit matter and my work in this area has not identified any matters to report.

Application of materiality

Materiality

I applied the concept of materiality in both planning and performing my audit, and in evaluating the effect of misstatements on my audit and on the financial statements. This approach recognises that financial statements are rarely absolutely correct, and that an audit is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement or irregularity. A matter is material if its omission or misstatement would, in the judgement of the auditor, reasonably influence the decisions of users of the financial statements.

Based on my professional judgement, I determined overall materiality for the company's financial statements as a whole as follows:

	Audited Entity
Materiality	£690,000
Basis for determining materiality	2% of gross expenditure (2022-23: 2% of gross expenditure)
Rationale for the benchmark applied	The Company's operating expenditure reflects the costs incurred in delivering its role of licensing, regulating and influencing the UK oil and gas, offshore hydrogen, and carbon storage industries. Income is recognised to cover relevant expenditure incurred. I therefore chose gross expenditure as the benchmark as I consider it to be of principal interest to the users of the financial statements.

Performance Materiality

I set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 75% of materiality for the 2023-24 audit (2022-23: 75%). In determining performance materiality, I have also considered the uncorrected misstatements identified in the previous period.

Other Materiality Considerations

Apart from matters that are material by value (quantitative materiality), there are certain matters that are material by their very nature and would influence the decisions of users if not corrected. Such an example is any errors reported in the Related Parties note in the financial statements. Assessment of such matters needs to have regard to the nature of the misstatement and the applicable legal and reporting framework, as well as the size of the misstatement.

I applied the same concept of materiality to my audit of regularity. In planning and performing audit work to support my opinion on regularity and in evaluating the impact of any irregular transactions, I considered both quantitative and qualitative aspects that would reasonably influence the decisions of users of the financial statements.

Error Reporting Threshold

I agreed with the Audit and Risk Committee that I would report to it all uncorrected misstatements identified through my audit in excess of £13,000 as well as differences below this threshold that in my view warranted reporting on qualitative grounds. I also report to the Audit and Risk Committee on disclosure matters that I identified when assessing the overall presentation of the financial statements, that in my view warranted reporting on qualitative grounds.

Audit scope

The scope of my audit was determined by obtaining an understanding of the company and its environment, including the entity wide controls, and assessing the risks of material misstatement.

Other Information

The other information comprises the information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The directors are 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 prepare in accordance with the Companies Act 2006 as if the requirements of Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No. 410) applied to the Company.

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, I have not identified material misstatements:

- in the Strategic Report or the Directors' 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 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 Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made.

Corporate governance statement

I have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the company's voluntary compliance with the provisions of the UK Corporate Governance Code.

Based on the work undertaken as part of my audit, I have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or my knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 25;
- Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate set out on page 7;
- Directors' statement on whether it has a reasonable expectation that the company will be able to continue in operation and meet its liabilities set out on page 25;
- Directors' statement on fair, balanced and understandable set out on page 26;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 26 and the disclosures in the annual report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 36; and
- The section describing the work of the Audit and Risk Committee set out on page 28.

Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are 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 company from whom the auditor determines it necessary to obtain audit evidence.
- preparing financial statements, which give a true and fair view, in accordance with the Companies Act 2006.
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- preparing the Annual Report, which includes the Remuneration and Staff Report, in accordance with the Companies Act 2006; and
- assessing the company'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 directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000 and International Standards on Auditing (UK) (ISAs (UK).

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 company's accounting policies and key performance indicators.
- inquired of management, the company's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the company'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 company's controls relating to the company's compliance with the Companies Act 2006, Managing Public Money, The Oil and Gas Authority (Levy and Fees) Regulations 2022 and The Oil and Gas Authority (Fees) Regulations 2016.
- inquired of management, the company's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations; and
  - 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 company 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 company's framework of authority and other legal and regulatory frameworks in which the company 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 company. The key laws and regulations I considered in this context included the Companies Act 2006, Managing Public Money, employment law, pensions legislation, tax legislation, the Energy Act 2016, the Oil and Gas

Authority (Levy and Fees) Regulations 2022 and the Oil and Gas Authority (Fees) Regulations 2016.

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 directors, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I reviewed the recognition and measurement of levy income and fees and charges income against the provisions of the legislation these are charged under.

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

Context of the ability of the audit to detectfraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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
15th July 2024

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Oil and Gas Authority
Statement of Comprehensive Income for the year ended 31 March 2024

	Note	31 March 2024 £'000	31 March 2023 £'000
Income			
Income from sale of goods and services	3	2,618	4,556
Other income	3	35,059	30,289
Total operating income		**37,677**	**34,845**
Expenditure			
Staff costs	4	(22,336)	(18,874)
Other operating costs	5.1	(14,115)	(14,590)
Depreciation and amortisation charges	5.2	(1,133)	(1,271)
Provision expense	5.3	(16)	(36)
Finance cost	5.4	(77)	(74)
Total operating expenditure		**(37,677)**	**(34,845)**
Total net income		**-**	**-**
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**-**	**-**

The notes on pages 63 to 85 form part of these financial statements.

Oil and Gas Authority
Statement of Financial Position as at 31 March 2024

Non-current assets			
Property, plant and equipment	6	385	501
Right-of-use assets	7	7,169	8,143
Intangible assets	8	22	40
Total non-current assets		**7,576**	**8,684**
Current assets			
Cash and cash equivalents	9	7,990	8,055
Trade and other receivables	10	1,161	990
Total current assets		**9,151**	**9,045**
Total assets		**16,727**	**17,729**
Current liabilities			
Trade and other payables	11	(7,801)	(8,417)
Lease liabilities	12	(731)	(445)
Provisions	13	(236)	(236)
Total current liabilities		**(8,768)**	**(9,098)**
Total assets less current liabilities		**7,959**	**8,631**
Non-current liabilities			
Trade and other payables	11	(265)	(300)
Lease liabilities	12	(7,185)	(7,641)
Provisions	13	(509)	(690)
Total non-current liabilities		**(7,959)**	**(8,631)**
Total liabilities		**(16,727)**	**(17,729)**
Net assets		**-**	**-**
Shareholders' equity and other reserves			
Share capital	14	-	-
Retained earnings		-	-
Total equity		**-**	**-**

The notes on pages 63 to 85 form part of these financial statements.
The financial statements were approved by the Board of Directors on 20th June 2024 and signed on its behalf on 12th July 2024 by

Stuart Payne
Director
Company registered number: 09666504

Oil and Gas Authority
Statement of Cash Flows for the year ended 31 March 2024

	Note	31 March 2024 £'000	31 March 2023 £'000
Cash flows from operating activities			
Comprehensive income for the year		**-**	**-**
Adjustments to reconcile comprehensive income to net cash flows:			
Depreciation of property, plant and equipment	5.2	215	278
Depreciation of right-of-use assets	5.2	900	973
Amortisation of intangible assets	5.2	18	20
Interest expense	5.4	77	74
Tax paid		-	(95)
Working capital adjustments:			
(Increase)/decrease in trade and other receivables	10	(171)	530
(Decrease)/increase in trade and other payables excluding capital funding from government grant: current year	11	(751)	12
Provisions provided in year		44	36
Net cash inflow from operating activities		**332**	**1,828**
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(99)	(91)
Net cash outflow from investing activities		**(99)**	**(91)**
Cash flows from financing activities			
Capital funding from DESNZ: current year	11	100	150
Repayment of lease liabilities		(398)	(514)
Net cash outflow from financing activities		**(298)**	**(364)**
Net (decrease)/increase in cash and cash equivalents in the year		(65)	1,373
Cash and cash equivalents at the beginning of the year	9	8,055	6,682
Cash and cash equivalents at the end of the year	9	**7,990**	**8,055**

The notes on pages 63 to 85 form part of these financial statements.

Oil and Gas Authority
Statement of Changes in Equity for the year ended 31 March 2024

	Share capital £'000	Retained earnings £'000	Total equity £'000
As at 1 April 2022	**-**	**-**	**-**
Total comprehensive income for the year	-	-	-
Balance as at 31 March 2023	**-**	**-**	**-**
Total comprehensive income for the year	-	-	-
Balance as at 31 March 2024	**-**	**-**	**-**

The notes on pages 63 to 85 form part of these financial statements.

Notes to the Financial Statements

1. General information

The North Sea Transition Authority (NSTA) is the business name of the Oil and Gas Authority (OGA). The OGA adopted the new business name in March 2022 in order to better reflect its evolving role in the energy transition. The OGA is a private company limited by shares, incorporated and domiciled in the United Kingdom and registered in England and Wales under the Companies Act 2006. The company registration number is 09666504. The registered office of the company is situated at Sanctuary Buildings, 20 Great Smith Street, London SW1P 3BT. The company is wholly owned by the Secretary of State for Department for Energy Security and Net Zero (DESNZ) (the shareholder). The company's principal activities are to work with government and industry to ensure the United Kingdom (UK) gets the maximum economic benefit from its oil and gas reserves, whilst also supporting the move to net zero carbon by 2050. The Strategy, which was laid before Parliament on 16 December 2020, came into force on 11 February 2021 and is a revision of the Maximising Economic Recovery (MER) UK Strategy which originally came into force in 2016. The Strategy reflects the ongoing energy transition, featuring a range of net zero obligations on the oil and gas industry, and calling on industry to work collaboratively with the supply chain by actively supporting Carbon Capture Storage (CCS) and hydrogen production projects.

The OGA was incorporated on 1 July 2015 and commenced operations on 1 October 2016, following the transfer of assets and liabilities from the OGA executive agency. The OGA acquired the status of a Non-Departmental Public Body (NDPB) on 23 July 2020, sponsored by DESNZ.

Under the Companies Act 2006, Section 454, on a voluntary basis, the directors can amend these financial statements if they subsequently prove to be defective.

2. Accounting policies

2.1 Basis of preparation

These financial statements have been prepared under the historical cost convention and are presented in pounds sterling, with all values rounded to the nearest thousand pounds (£'000), except as otherwise disclosed.

These financial statements have been prepared in accordance with UK adopted International Accounting Standards.

These financial statements are exempt from the requirements of Part 16 of the Companies Act under section 482 of that Act (non-profit-making companies subject to public sector audit) and are subject to audit under section 25(6) of the Government Resources and Accounts Act 2000.

2.2 New or amended accounting standards and interpretations

The NSTA has reviewed all new accounting standards, amendments and interpretations of standards that are effective during the year ended 31 March 2024 to determine the impact on the company's financial statements.

The following new standards, amendments and interpretations are effective for periods beginning on 1 January 2023 and therefore relevant to these financial statements. These have had no material effect on the company.

IFRS	IASB Effective Date	UKEB (UK Endorsement Board) Status
Definition of Accounting Estimates (Amendments to IAS 8)	1 January 2023	Endorsed
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023	Endorsed
IFRS 17 Insurance Contracts	1 January 2023	Endorsed

- IAS 8: Accounting Estimates-The amendment helps entities to distinguish between accounting policies and accounting estimates.
- IAS 12: Deferred Tax-The amendment clarifies how entities account for deferred tax on transactions such as leases and decommissioning obligations.
- IFRS17: Insurance Contracts-The standards require insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts.

2.2.1 New or amended accounting standards and interpretations not yet adopted

The new standards, amendments to standards and interpretations that are issued, but not yet effective for the year ended 31 March 2024, and accordingly have not been applied in preparing these financial statements are detailed below. The company has not sought early adoption of any standards or amendments. The amendments are not expected to have a significant impact on the NSTA.

The following amendments are effective for the period beginning 1 January 2024:

- Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);
- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements); and
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures).

2.3 Going concern

In accordance with the Energy Act 2016, the OGA has been established as a government company. The legislative powers enable the OGA to impose a levy on persons holding licences for the exploitation of petroleum, providing funding to deliver operations. The day to day operational costs of the company are funded by the oil and gas industry levy and the licensing fees and charges income received through the assignment and relinquishment of petroleum licences. The industry levy is set by new regulations made each year. The directors note the low risk that annual regulations may not be made until after the commencement of the relevant financial year (which could result in the company experiencing a timing mismatch in its funding requirements). The directors are of the view that there is no reason to believe that future regulations will not be forthcoming. The 2024-25 levy regulations were laid before parliament on 1 March 2024, guaranteeing the company's ability to charge the levy for the coming year.

During the course of the year, the company may, where it identifies that there is likely to be a shortfall in the collection of the industry levy against its requirements, request the Department for Energy Security and Net Zero to provide additional grant in aid funding.

The directors also note that there is a low risk of total operational costs exceeding the levy income set for a year or that a timing mismatch might arise between the time when monies are raised by the levy and the time when monies are required to meet spend commitments made by the company.

The Statement of Financial Position at 31 March 2024 shows net current assets/liabilities of nil.

The directors acknowledge that there remains uncertainty over the recent General Election. However, the directors assessed that this will not affect the going concern of the NSTA as the need to regulate licensees will continue.

As at 31 May 2024, 93% of 2024-25 levy has been collected and the NSTA received a quarter of the 2024-25 funding of £450k from DESNZ. There is therefore no indication that the NSTA will be adversely affected by default of invoices.

The directors have a reasonable expectation that the company has adequate resources to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. The financial statements are, therefore, prepared on a going concern basis. In forming this view, the directors note that the company:

a. applies prudent financial management in order to ensure that its commitments are accommodated within the timing of its collection of its levy, fees and charges;
b. undertakes a robust and detailed annual business planning and budgeting process to establish its operational cost requirements each financial year;
c. has considered the potential impact of credit risk and liquidity risk detailed in note 15; and
d. assesses the viability of the NSTA, outlined on page 7.

2.4 Income

Income represents the amounts, exclusive of VAT, arising from the operating activities of the NSTA. Income is recognised when contractual obligations have been performed, the income can be measured reliably, and it is probable that the economic benefits will flow to the company.

i. Industry Levy
The NSTA is primarily funded by an industry levy. The legal basis for the NSTA to charge a levy was introduced by the Infrastructure Act 2015, which states that regulations must be brought forward every year to set the levy rate. The Oil and Gas Authority (Levy and Fees) Regulations 2023 were laid in Parliament to set the levy charges rate for the year from 1 April 2023 to 31 March 2024. Levy income is recognised in the Statement of Comprehensive Income to match expenditure not funded from elsewhere. The regulations state that any surplus at the end of the financial year must be reimbursed to levy payers. Therefore, any excess collected is not recognised in the Statement of Comprehensive Income and is shown as a payable due to industry on the Statement of Financial Position.

The industry levy is recognised as income in the financial year to which it relates and is presented net of any industry levy repayable to levy payers. The levy is recognised on an accrued basis.

ii. Fees and charges

The NSTA provides a range of services to specific licence holders. These services include issuing petroleum licences, as well as consents issued under the petroleum licences (both onshore and offshore), offshore methane gas storage licences, carbon dioxide storage licences and for pipeline works authorisations. This income is credited to the Statement of Comprehensive Income net of any refunds due to erroneous information provided by the applicant.

iii. Other government grant

The NSTA receives funding from DESNZ to assist the company with its day to day operations and the funding is accounted for in accordance with IAS 20. DESNZ grants are provided to cover general expenditure so are recognised as the NSTA incurs the costs for which this funding is intended to compensate. DESNZ also provides funding for capital expenditure. At the point the NSTA incurs capital costs which give rise to a right to capital funding from DESNZ, the company recognises both an asset and capital loan owed to DESNZ. Any capital costs incurred by the NSTA that are not recoverable through the levy or other income are funded through the capital loan from DESNZ.

iv. Miscellaneous income

Miscellaneous income mainly relates to income received from other interest receivable.

2.5 Property, plant and equipment

The NSTA capitalises assets as property, plant and equipment if they are intended for use on a continuing basis and the original purchase cost of the asset on an individual or grouped basis is £5,000 or more. The company's assets are funded through a capital loan from DESNZ and are stated at cost or their current value in existing use at the reporting date. Property, plant and equipment are depreciated at rates calculated to write them down to their estimated residual value (if any) on a straight line basis over their estimated useful lives.

Assets in the course of construction are valued at cost and when they are brought into use the relevant value is transferred to assets, at which point depreciation commences.

Following initial recognition, property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The depreciation expense is charged to the Statement of Comprehensive Income.

2.6 Intangible assets

The NSTA capitalises assets as intangible if they are without physical substance and the cost of the asset on an individual basis is £5,000 or more and can be reliably measured. The company's intangible assets are funded through a capital loan from DESNZ, have finite lives and are capitalised at cost where they satisfy the capitalisation criteria. The cost of intangible assets comprises the purchase cost and any directly attributable costs incidental to their acquisition. Software licences are amortised over the shorter of the term of the licence and the useful economic life. The estimated useful life of third party developed software licences is five years.

Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The amortisation expense is charged to the Statement of Comprehensive Income.

2.7 Depreciation and amortisation

Property, plant and equipment are depreciated on a straight line basis in order to write-off the value of the assets less any estimated residual values over the assets expected useful life or the period of the lease, if shorter. The company reviews the useful lives of assets on a regular basis. The useful lives are as follows:

Depreciation	
Furniture and fitting	5 to 10 years
Information technology	3 to 4 years
Right-of-use assets (leased office in London)	0 to 1 year
Right-of-use assets (leased office in Aberdeen)	1 to 14 years
Amortisation	
Software licences	3 to 5 years
Websites	5 years

2.8 Impairment

The NSTA reviews the carrying amount of property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss on an annual basis. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Impairment losses are charged to the Statement of Comprehensive Income and prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

2.9 Financial instruments

The NSTA does not hold any complex financial instruments. The only financial instruments included in the financial statements are the following assets and liabilities: receivables and payables, as disclosed in notes 10 and 11 respectively. These are non-derivative financial assets and liabilities with fixed or determinable payments that are not traded in an active market and, as they are expected to be realised within 12 months of the reporting date, there is no material difference between fair value, amortised cost and historical cost. Trade and other receivables are recognised at fair value and upon recognition, a loss allowance is recognised for an amount equal to the lifetime expected credit losses. Trade and other payables are recognised at fair value.

All financial assets and liabilities are recognised when the company becomes party to the contractual provisions to receive or make cash payments. The categorisation of financial assets and liabilities depends on the purpose for which the asset or liability was held or acquired. Management determine categorisation of the asset or liability at initial recognition and then annually re-evaluate.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash held in the bank.

2.11 Receivables

A receivable is recognised if an amount of consideration that is unconditional is due from a customer, that is, only the passage of time is required before payment of the consideration is expected. Trade and other receivables may be measured at fair value or amortised cost depending on the nature of the individual balance. Where the balance is measured at amortised cost, the carrying value is subject to an expected credit loss calculation.

The company always measures the loss allowance for trade receivables on a simplified expected credit loss allowance and on a collective basis. The expected loss rates are based on the company's historical credit losses experienced and an analysis of the customers' current financial position, adjusted for current and forward-looking information on factors affecting the customers. The company has recognised a loss allowance of 100 per cent against all receivables over 2 years past due and company that has been placed under liquidation because these receivables are generally not recoverable. Receivables between 1 to 2 years have been subject to an allowance of 50 per cent. NSTA writes off a trade receivable when there is information indicating that the customer has been dissolved and there is no realistic prospect of recovery.

2.12 Leases

Determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement. If the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases as lessee

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i. Right-of-use assets
   The company recognises a right of use asset and lease liability at the commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for initial direct costs, prepayments or incentives, and costs related to restoration at the end of a lease. The right of use assets are subsequently measured at either fair value or current value in existing use in line with property, plant and equipment assets. The cost measurement model in IFRS 16 is used as an appropriate proxy for current value in existing use or fair value. Right-of-use assets are depreciated on a straight-line basis over the lease term and the estimated useful lives of the assets. The right-of-use asset is also subject to impairment. Refer to note 15.1.1.

ii. Lease Liabilities
   The lease liability is initially measured at the present value of future lease payments, discounted at the rate of 0.95%-1.99% in accordance with the published rate by HMT. The Company's management agreed to use the rate published by HMT, due to no interest rate implicit in the lease in addition to not having a readily available alternative corporate borrowing rate. The lease payments include fixed payments. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

iii. Short-term leases and leases of low-value assets
   The company applies the short-term lease recognition exemption to its short-term leases of office equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease

of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expenses on a straight-line basis over the lease term.

2.13 Employee benefits

Under IAS19 Employee Benefits, all staff costs must be recorded as an expense as soon as the company has an obligation to pay them. This includes the cost of any untaken leave as at the reporting date, which is recognised as an accrual.

2.14 Pensions

The majority of past and present employees are covered by the provisions of the Principal Civil Service Pension Schemes (PCSPS) which are described in the Remuneration Report. The NSTA is unable to identify its share of liabilities in these multi-employer schemes so accounts for its expenses as if the schemes were on a defined contribution basis, as required by IAS19. Expenditure accrues to the extent contributions are payable by the NSTA as employer. The employer contribution rates payable by the NSTA for employees covered by the PCSPS in 2024-25 are expected to be in a range of 28.97% for all pay bands (2023-24: 26.6% - 30.3%).

2.15 Corporation tax

The NSTA is liable for corporation tax in relation to income earned from business activities. The vast majority of the company's activity is non-business as it has a statutory obligation to regulate and provide services to the oil and gas industry and is not in competition with the private sector in carrying out this activity, as no-one else has the right to maintain this role. Non-business activity is further characterised by the fact that the company does not receive any payment in consideration for regulating the oil and gas industry; instead it is funded from levies charged. Non-business activities are not subject to corporation tax.

The company does not have any business activities that are subject to corporation tax in this financial year. Where tax is to be paid, it is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

2.16 Value Added Tax (VAT)

The NSTA has trading activities where VAT is charged at the prevailing rate and where the related input VAT costs are recoverable. Input VAT is also recoverable on certain contracted-out services. Irrecoverable VAT is charged to the relevant expenditure category or, if appropriate, capitalised with additions to fixed assets. Where output tax is charged on business activities or input tax is recoverable, the amounts are stated net of VAT.

2.17 Provisions

Provisions are recognised when the NSTA has a present obligation (legal or constructive) as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle that obligation. The provisions represent the directors' best estimate of the expenditure required to settle the obligation, often with the benefit of technical advice.

Dilapidation Provision

The NSTA is required to restore the leased premises at 48 Huntly Street, Aberdeen and the 4th Floor, 21 Bloomsbury Street, London to their original condition at the end of their respective lease terms. The transitional provisions have not been applied to these two premises when IFRS16 was adopted. They are measured at the present value of the expenditure expected to be required to settle the obligation. The accounting policy allows for an increase in the provision due to the passage of time (time value of money) which would be recognised as an expense. The lease agreement for 21 Bloomsbury Street ended on 30 September 2022, progress was made for the dilapidations but there was no settlement as at 31 March 2024.

The lease for the premise at 1 Marischal Square, Aberdeen, obliged the company to return the office to its original state, at the end of the lease term. This will be assessed under the requirement of IFRS 16, which requires dilapidation provisions to be capitalised as part of the cost of the right-of-use asset. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements. These costs have been capitalised and are depreciated over the term of the lease and the useful life of the assets. The NSTA has discounted the provision to its present value using the discount rate of 4.72% which was set by HM Treasury, the rates are updated annually and have effect on liabilities. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease.

2.18 Financial risk identification and management

The NSTA's financial risk management process seeks to enable the early identification, evaluation and effective management of key risks facing the company.

The company is not exposed to significant interest rate, credit or cash risks. The trade receivables are reviewed at year end and where it is considered there is a risk in relation to recoverability of these monies, an impairment provision is included within the financial statements. The Expected Credit Loss Allowance at 31 March 2024 is analysed in Note 15.1.

Under IFRS 9, financial assets are required to be assessed for impairment based on expected credit losses. The Government Financial Reporting Manual (FReM) 2023-24 states that balances with core central government departments are excluded from recognising impairments under IFRS 9; while the NSTA is a non-FReM body, receivables from DESNZ have been excluded from this assessment as the NSTA considers there to be no recoverability risk. The company has experienced some historical credit losses with regards to trade receivables, therefore a review of outstanding balances at 31 March 2024 was carried out to establish a 'loss rate' to apply. The company will continue to reflect identified losses using the calculated loss rate methodology on an ongoing basis.

2.19 Critical accounting judgements, estimates and assumptions

The preparation of the NSTA's financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The results form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period or in the period of the revision and future periods, if the revision affects both current and future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

Estimating useful lives of property, plant and equipment and intangible assets

At each reporting date, the useful lives and residual values of property, plant and equipment and intangible assets are reviewed. Assessing the appropriateness of useful life requires the company to consider a number of factors such as the physical condition of the asset, technological advancement, expected period of use of the asset by the company, and expected disposal proceeds (if any) from the future sale of the asset. An incorrect estimate of the useful life will affect the depreciation/amortisation expense recognised in the Statement of Comprehensive Income and the asset's carrying amount.

Determining the lease term (IFRS 16)

NSTA has applied judgement to determine the lease term for those lease contracts that include a break option. The assessment of whether the NSTA is reasonably certain not to exercise a break option significantly impacts the value of lease liabilities and right-of-use assets recognised on the Statement of Financial Position. The importance of the underlying assets to the NSTA's operation and business plan is a key factor in making this assumption.

Provisions

Judgement and estimation techniques are employed in the calculation of the best estimate of the amount required to settle obligations, including determining how likely it is that expenditure will be required by the company. The company only has provisions which relate to a future liability for dilapidations costs for its leased premises.

3. Income

In 2023-24, the NSTA received income from fees and charges; levy on industry; and grant from DESNZ to assist with the company's activities. The tables below detail the breakdown of income received for the year to 31 March 2024.

	2023-24 £'000	2022-23 £'000
a) Income		
Income from fees and charges	2,618	4,556
Income from sale of goods and services	**2,618**	**4,556**
Income from the industry levy	32,325	28,337
Income from other government grant	2,721	1,950
Miscellaneous income	13	2
Other income	**35,059**	**30,289**
b) Reconciliation of levy collected and levy income recognised		
Industry levy collected	35,030	32,864
Income from the industry levy (matched by expenditure funded by the industry levy)	(32,325)	(28,337)
Underspent levy refundable to industry	**2,705**	**4,527**

4. Staff costs

Staff costs comprise:

			2023-24	2022-23
	Permanently employed staff £'000	**All other staff** £'000	**Total** £'000	**Total** £'000
Wages and salaries	15,728	421	16,149	13,627
Social security costs	1,984	-	1,984	1,778
Other pension costs	4,203	-	4,203	3,469
Total net costs	**21,915**	**421**	**22,336**	**18,874**

The average number of staff employed by the company (including executive directors) during the year:

	2023-24 FTE	**2022-23** FTE
Permanent staff	211	195
Agency and contracted staff	5	4
Total	**216**	**199**

Key management personnel include executive directors and their compensation is disclosed in the Remuneration Report on pages 37 to 48.

5. Other expenditure

	SoCI Reference	2023-24 £'000	2022-23 £'000
Project delivery costs		7,045	7,939
IT outsourcing		2,127	2,265
IT expenditure		1,406	1,309
Accommodation		880	883
Training		440	424
Other		448	411
Travel and subsistence		649	409
Legal, professional and consultancy		428	293
Subscriptions		277	222
Office services		251	204
Personnel related		107	179
Auditors' remuneration and expenses - National Audit Office		57	52
	5.1	**14,115**	**14,590**
Non-cash items			
Depreciation of right-of-use assets		900	973
Depreciation of property, plant and equipment assets		215	278
Amortisation of intangible assets		18	20
	5.2	**1,133**	**1,271**
Provision expense			
Provision provided in year		17	36
Provision unwinding of discount		27	-
Provision written off		(28)	-
	5.3	**16**	**36**
Finance costs			
Interest expense on lease liabilities		77	74
	5.4	**77**	**74**
Total		**15,341**	**15,971**

Project delivery costs include £1.9m (2022-23: £1.8m) in relation to the National Data Repository Services and £1.5m (2022-23: £1.5m) relates to the Data warehouse.

Accommodation costs includes rates and service charges. The long term operating lease rental is recognised in the Statement of Financial Position per IFRS 16.

Other costs include events, insurance, bank charges, telecommunications, health and safety, printing & publications and incidentals costs.

6. Property, plant and equipment

	IT equipment £'000	Furniture and fittings £'000	Total £'000
Cost or valuation			
At 1 April 2023	**1,125**	**1,177**	**2,302**
Additions	99	-	99
Disposals	(101)	-	(101)
At 31 March 2024	**1,123**	**1,177**	**2,300**
Depreciation			
At 1 April 2023	**891**	**910**	**1,801**
Charged in year	109	106	215
Disposals	(101)	-	(101)
At 31 March 2024	**899**	**1,016**	**1,915**
Net book value at 31 March 2024	**224**	**161**	**385**
Asset financing:			
Owned	224	161	385
Net book value at 31 March 2024	**224**	**161**	**385**

	IT equipment £'000	Furniture and fittings £'000	Total £'000
Cost or valuation			
At 1 April 2022	**1,626**	**1,333**	**2,959**
Additions	91	-	91
Disposals	(592)	(156)	(748)
At 31 March 2023	**1,125**	**1,177**	**2,302**
Depreciation			
At 1 April 2022	**1,381**	**890**	**2,271**
Charged in year	102	176	278
Disposals	(592)	(156)	(748)
At 31 March 2023	**891**	**910**	**1,801**
Net book value at 31 March 2023	**234**	**267**	**501**
Asset financing:			
Owned	234	267	501
Net book value at 31 March 2023	**234**	**267**	**501**

Additions during the year relates to the acquisition of a networking equipment and additional laptops for new staff. As of March 2024, the company disposed of videoconferencing equipment that was deemed obsolete and had no residual value.

7. Right-of-use assets

	Buildings £'000	Total £'000
Cost or valuation		
At 1 April 2023	**9,890**	**9,890**
Modification	(74)	(74)
At 31 March 2024	**9,816**	**9,816**
Depreciation		
At 1 April 2023	**1,747**	**1,747**
Charged in year	900	900
At 31 March 2024	**2,647**	**2,647**
Net book value at 31 March 2024	**7,169**	**7,169**
Asset financing:		
Leased	7,169	7,169
Net book value at 31 March 2024	**7,169**	**7,169**

	Buildings £'000	Total £'000
Cost or valuation		
At 1 April 2022	**2,782**	**2,782**
Additions	7,438	7,438
Disposals	(888)	(888)
Captalised Provision	558	558
At 31 March 2023	**9,890**	**9,890**
Depreciation		
At 1 April 2022	**1,662**	**1,662**
Charged in year	973	973
Disposals	(888)	(888)
At 31 March 2023	**1,747**	**1,747**
Net book value at 31 March 2023	**8,143**	**8,143**
Asset financing:		
Leased	8,143	8,143
Net book value at 31 March 2023	**8,143**	**8,143**

Amounts recognised in Statement of Comprehensive Income

	2023-24 Total £'000	2022-23 Total £'000
Depreciation expense on right-of-use assets	900	973
Interest expense on lease liabilities	77	74
Expenses relating to short term leases	-	1

None of the NSTA's property leases contain variable payment terms. The total cash outflow relating to leases in the year amounted to £398k (2022-23: £514k).

8. Intangible fixed assets

	Finance and HR software £'000	Software licences £'000	Website £'000	Total £'000
Cost				
At 1 April 2023	**189**	**299**	**104**	**592**
At 31 March 2024	**189**	**299**	**104**	**592**
Amortisation				
At 1 April 2023	**149**	**299**	**104**	**552**
Charged in year	18	-	-	18
At 31 March 2024	**167**	**299**	**104**	**570**
Net book value at 31 March 2024	**22**	**-**	**-**	**22**
Asset financing:				
Owned	22	-	-	22
Net book value at 31 March 2024	**22**	**-**	**-**	**22**

	Finance and HR software £'000	Software licences £'000	Website £'000	Total £'000
Cost				
At 1 April 2022	**189**	**299**	**104**	**592**
At 31 March 2023	**189**	**299**	**104**	**592**
Amortisation				
At 1 April 2022	**131**	**297**	**104**	**532**
Charged in year	18	2	-	20
At 31 March 2023	**149**	**299**	**104**	**552**
Net book value at 31 March 2023	**40**	**-**	**-**	**40**
Asset financing:				
Owned	40	-	-	40
Net book value at 31 March 2023	**40**	**-**	**-**	**40**

9. Cash and cash equivalents

	2023-24 £'000	2022-23 £'000
Balance at 1 April	**8,055**	**6,682**
Net change in cash and cash equivalent balances	(65)	1,373
Closing balance	**7,990**	**8,055**
The following balances were held at:		
Government Banking Service	7,990	8,055
Balance at 31 March	**7,990**	**8,055**

10. Trade and other receivables

	2023-24 £'000	2022-23 £'000
Amounts falling due within one year		
Trade receivables	99	142
Trade receivables - expected credit losses	(2)	(30)
Other receivables	12	13
Prepayments	938	865
DESNZ receivable	114	-
Total trade and other receivables at 31 March	**1,161**	**990**

The carrying value of trade and other receivables approximates their fair value.

11. Trade and other payables

	Note	2023-24 £'000	2022-23 £'000
Amounts falling due within one year			
Trade payables		2,197	1,354
Current year levy underspend - refundable to industry	3	2,706	4,527
Prior years' levy underspend - refundable to industry *		39	46
VAT payable		41	61
Taxation and social security		1,063	844
Accruals		1,620	1,399
DESNZ capital loan **		135	186
Total current payables at 31 March		**7,801**	**8,417**
Amounts falling due after more than one year			
DESNZ capital loan **		265	300
Total non-current payables at 31 March		**265**	**300**
Total trade and other payables at 31 March		**8,066**	**8,717**

The carrying value of trade and other payables approximates their fair value.

*£39k of the 2019-20, 2020-21, 2021-22 and 2022-23 levy underspend is still due to levy payers at 31 March 2024. The NSTA are actively liaising with levy payers to ensure these funds are returned.

** The DESNZ capital loan includes current year funding of £100k to purchase assets.

12. Lease liabilities

	Note	2023-24 £'000	2022-23 £'000
Land & Buildings			
Balance at 1 April		**8,086**	**1,183**
Additions		-	7,343
Interest expense	5.4	77	74
Modification	7	151	-
Lease payments		(398)	(514)
Closing balance		**7,916**	**8,086**
Amount falling due within one year			
Current lease liability		731	445
Amount falling due after more than one year			
Non-current lease liability		7,185	7,641
Total lease liabilities		**7,916**	**8,086**
Maturity analysis			
Not later than 1 year		110	445
Later than 1 year and not later than 5 years		367	1,627
Later than 5 years		7,439	6,014
		7,916	**8,086**

13. Provisions

	Dilapidations £'000	Total £'000
At 1 April 2023	**926**	**926**
Provided in the year	17	17
Unwinding of discount	27	27
Written back in the year	(225)	(225)
At 31 March 2024	**745**	**745**
Analysis of expected timing of cash flows:		
Not later than 1 year	236	236
Later than 1 year and not later than 5 years	150	150
Later than 5 years	359	359
	745	**745**

	Dilapidations £'000	Total £'000
At 1 April 2022	**332**	**332**
Provided in the year	594	594
At 31 March 2023	**926**	**926**
Analysis of expected timing of cash flows:		
Not later than 1 year	236	236
Later than 1 year and not later than 5 years	132	132
Later than 5 years	558	558
	926	**926**

The dilapidations provision relates to the company's leased premises as disclosed in note 2.17. At the end of the lease term, the company is obliged to return the offices to their original state. The provision represents the best estimate of the expenditure required to settle that obligation, with the benefit of technical advice. The total undiscounted provision liability as at 31 March 2024 is at £386k (2022-23: £368k) and the total discounted provision liability as at 31 March 2024 is £359k (2022-23: £558k), these have been discounted to present value using discount rates provided by HM Treasury.

14. Share capital

	Number
Authorised shares	
1 Ordinary share of £1 each	1

Ordinary share capital issued £1 each and fully paid.

15. Financial instruments

IFRS 7 requires minimum disclosures about the nature and extent of credit risk, liquidity risk and market risk that the company faces in undertaking its activities. Due to the way in which Government entities are financed, the company is not exposed to the degree of financial risk faced by many business entities. Moreover, financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies. The company has very limited powers to borrow or invest surplus funds. Financial assets and liabilities are generated by day to day operational activities and are not held to change the risks facing the company in undertaking its activities. Nevertheless, the company's board of directors has overall responsibility for the establishment and oversight of the company's risk management framework. The core operations of the company are resourced from funds raised through the industry levy and so the company's activities are largely dependent on revenues from customers. This has an impact on the financial risks to which the company is exposed.

15.1 Credit risk

Credit risk is the risk of suffering financial loss, should any of the company's customers or counterparties fail to fulfil their contractual obligations to the company. The majority of the company's customers are private companies which increases the company's exposure to credit risk. In order to mitigate this, the company has policies and procedures in place to ensure credit risk is kept to a minimum and receivables are impaired where a specific receivable is deemed to be irrecoverable, based on the information available. The carrying amount of financial assets in the financial statements represents the maximum credit risk exposure of the company.

The following table provides an overview of the ageing profile of the financial assets comprising trade and other receivables at 31 March.

	2023-24 £'000	2022-23 £'000
Ageing of financial assets		
Neither past due nor impaired	79	74
Past due 1-30 days	16	29
Past due 30-60 days	8	1
Past due 61-90 days	3	12
Past due > 90 days	6	38
Total at 31 March	**112**	**154**

The loss allowance as at 31 March 2024 for trade receivables over 90 days, has been determined as follows:

	Between 1-2 years %	< 2 years %
Expected Loss Rate	50	100

The following table below shows the movement in expected credit loss that has been recognised during the reporting period.

	2023-24 £'000	2022-23 £'000
At 1 April	**30**	**28**
New allowances in the reporting period	-	11
Released on repayment	(1)	(5)
ECL utilised when written-off	(27)	(4)
At 31 March	**2**	**30**

15.1.1 Impairment of financial assets

The company assesses at each year end whether there is objective evidence that financial assets are impaired based on historical credit loss rates. The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. Future cash flows from receivables are estimated on the basis of the contractual cash flows of the assets and historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

15.2 Liquidity risk

Liquidity risk is the risk that the company is unable to meet its obligations when they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The company's policy is to determine its liquidity requirements by using forecasts and mitigating funding constraints by requesting annual payments from levy payers in advance. The company believes that its contractual obligations, including those shown in notes 16, 17, and 18, can be met under the short and long term funding structure currently in place.

15.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures where these are considered to materially impact the business and operations of the company.

15.3.1 Interest rate risk

This is the risk that the company will suffer financial loss due to interest rate fluctuations. The company's financial assets and its financial liabilities carry nil or fixed rates of interest; therefore the company is not exposed to significant interest rate risk.

15.3.2 Exchange rate risk

This is the risk that the company will suffer financial loss due to changes in exchange rates. The company undertakes very few foreign currency transactions and is not exposed to significant exchange risk. Given the quantum of transactions in foreign currency, the company has assessed that a strengthening or weakening in these exchange rates will not have any significant impact on the financial statements.

15.3.3 Fair values

Set out below are the carrying amounts and fair values of the company's financial assets and liabilities that are carried in the financial statements. The company considers that the carrying amounts for trade and other receivables and trade and other payables approximate their fair value due to the short term maturities of these instruments.

	2023-24 £'000	**2022-23** £'000
Carrying amounts and fair values		
Trade and other receivables	1,161	990
Trade and other payables	(8,066)	(8,717)
Total at 31 March	**(6,905)**	**(7,727)**

16. Losses and special payments

Losses statement

The Statement of Comprehensive Income includes the following losses, including write-offs of unrecoverable debts and fruitless payments.

	2023-24	2022-23
Number of cases	5	1
£'000	**27**	**4**

17. Related party transactions

DESNZ publishes a consolidated Annual Report and Accounts for the core department each year. The NSTA is classified within the DESNZ consolidation boundary; therefore, any transaction that the company carries out within the group is considered a related party transaction. During the year, the company received grant in aid of £2.7m (2022-23: £1.9m) and a capital loan of £100k (2022-23: £150k) from DESNZ.

At the balance sheet date, the company has a balance of £114k (2022-23: £nil) in trade and other receivables, which is due from DESNZ. The company has a capital loan of £400k (2022-23: £486k) included in trade and other payables which is due to DESNZ and will be repaid through the annual depreciation which is funded by the levy.

No board members, key managers or other related parties have undertaken any material transactions with the company during the year. There are no conflicts of interest to report.

18. Events after the reporting period

In accordance with the requirements of IAS 10, Events after the Reporting Period, events are considered up to the date on which the financial statements are authorised for issue, which is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General. As of the date of issuance of these financial statements, there has been no further significant financial impact on the company's financial statements.

It is noted that, on 20th June 2024, the UK Supreme Court announced its decision on the Finch case which relates to an onshore oil production planning application. The Board is assessing any impacts on the sector, including exploration and CCS.

Trust Statement

Financial statements

Accounting Officer's Foreword to the Trust Statement

Scope

The North Sea Transition Authority (NSTA) is a business name of the Oil and Gas Authority (OGA), the company is responsible for the collection and allocation of receipts from the Petroleum Licensing Regime. The Petroleum Licence fees collected by the NSTA and paid over to the Consolidated Fund are included in this Trust Statement, along with the revenues, expenditure, assets, and liabilities relating to the receipts of Petroleum Licences under the Petroleum Act 1998 for the financial year 2023-24.

This statement is also prepared to provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.

Background

The Petroleum Act 1998 vests in the Crown all rights to the nation's petroleum resources. The Act gives the Secretary of State power to grant licences that confer exclusive rights to "search and bore for and get" petroleum. The Secretary of State transferred these rights to the OGA on vesting of the OGA as a government company on 1 October 2016. Each of these licences confers such rights over a limited area and for a limited period.

The NSTA is responsible for issuing and administering these licences. This process is carried out with a view to realising the full benefit to the UK of its petroleum resources in a way which balances the interests of potential developers with the interests of the nation as the owner of the resource.

Licences are awarded in periodic "rounds" subject to a requirement that the holder will make annual payments (known as 'Licence Rental Fees') to the NSTA, which remits them, via the the Department of Energy Security and Net Zero (DESNZ), to the Consolidated Fund. These payments are calculated on the basis of the acreage under licence, and incorporate an escalating scale of pre-determined rates per square kilometre, designed to encourage licensee-companies to relinquish acreage not undergoing productive activity, thus making it available for relicensing to other potential interested applicants.

Future developments

The 33rd Offshore Petroleum Licensing Round was launched on 7 October 2022 with 931 blocks and part-blocks made available for application. In total, the NSTA received 115 applications from 76 companies for 258 blocks/part-blocks when the application window closed on 12 January 2023. The NSTA have awarded a first tranche of licences in December 2023, a second tranche of awards in March 2024, and the remaining third tranche were awarded in May 2024. The NSTA announced the opening of a Carbon Storage out of round application in the English Channel and will be considering further Petroleum out of round licensing applications in second half of 2024.

Financial Review

Fees received in respect of Petroleum licences amounted to £45.9m for the period to 31 March 2024 (£50.8m in 2022-23). Under Section 2 of the Miscellaneous Financial Provisions Act 1968, the Northern Ireland Government is entitled to a share of the proceeds received under the regime. The Northern Ireland Government payment for the 2023-24 year has been calculated in the current at £1.2m and will be paid in the 2024-25 financial year (£1.6m in 2022-23 and paid in 2023-24 financial year). These payments are recognised in the Statement of Revenue, Other Income and Expenditure.

Auditors

These financial statements have been audited, under Section 3 of the Exchequer and Audit Departments Act 1921, by the Comptroller and Auditor General (C&AG), who is appointed under statute and reports to Parliament. The audit opinion is on pages 90 to 94. The auditor's notional remuneration of £15.6k (2022-23: £14k) is included within the DESNZ accounts. There were no fees in respect of non-audit work.

Basis for preparation

The HM Treasury Accounts Direction, issued under Section 2 of the Exchequer and Audit Departments Act 1921, requires the NSTA to prepare the Trust Statement to give a true and fair view of the situation relating to the collection of receipts from the Petroleum Licences regime (together with the revenue, expenditure, and cash flows for the financial year). Regard is given to all relevant accounting and disclosure requirements given in Managing Public Money and other guidance issued by HM Treasury.

Accounting judgements

As the Accounting Officer, it is my responsibility to apply suitable accounting policies in the preparation of the Trust Statement. These are all detailed in Note 1 to the Trust Statement.

Events after the reporting period

Details of events after the reporting period are given in Note 9 to the Trust Statement.

Stuart Payne
Chief Executive and Accounting Officer
12th July 2024

Statement of the Accounting Officer's responsibilities in respect of the Trust Statement

Under Section 2 of the Exchequer and Audit Departments Act 1921, HM Treasury has directed the Oil and Gas Authority (OGA) to prepare a Trust Statement for each financial year in the form and on the basis set out in the Accounts Direction.

HM Treasury has appointed the Chief Executive as Accounting Officer of the North Sea Transition Authority (NSTA) with overall responsibility for preparing the Trust Statement and for transmitting it to the Comptroller and Auditor General.

The Accounting Officer is responsible for ensuring that there is a high standard of financial management, including a sound system of internal control; that financial systems and procedures promote the efficient and economical conduct of business and safeguard financial propriety and regularity; that financial considerations are fully taken into account in decisions on policy proposals; and that risk is considered in relation to assessing value for money.

The Accounting Officer is responsible for the collection of Petroleum Licences receipts and their onward transmission to the Consolidated Fund.

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

The Trust Statement must give a true and fair view of the state of affairs of the Petroleum Licensing Schemes. These streams of income are recognised on an accruals basis.

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

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

The Accounting Officer confirms that, as far as he is aware, there is no relevant audit information of which the entity's auditors are unaware, and has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

The Accounting Officer confirms that the annual report and accounts as a whole are fair, balanced, and understandable and that he takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced, and understandable.

Governance Statement

The NSTA's Governance Statement, covering both the Accounts and the Trust Statement, is included in the Governance section of this report on page 27.

The report of the Comptroller and Auditor General to the House of Commons

Opinion on financial statements

I have audited the financial statements of the Oil and Gas Authority Trust Statement for the year ended 31 March 2024 under the Exchequer and Audit Departments Act 1921.

The financial statements comprise: the Oil and Gas Authority Trust Statement's:

- Statement of Financial Position as at 31 March 2024;
- Statement of Revenue, Other Income and Expenditure, and Statement of Cash Flows 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 Oil and Gas Authority Trust Statement's affairs as at 31 March 2024 and its net revenue for the year then ended; and
- have been properly prepared in accordance with the Exchequer and Audit Departments Act 1921 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 (2022)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the Oil and Gas Authority 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 Oil and Gas Authority Trust Statement'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 Oil and Gas Authority Trust Statement'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 report.

The going concern basis of accounting for the Oil and Gas Authority Trust Statement is adopted in consideration of the requirements set out in HM Treasury's Government 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 nor my auditor's 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 report, 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, based on the work undertaken in the course of the audit: the information given in the Accounting Officer's Foreword to the Trust Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Oil and Gas Authority Trust Statement and its environment obtained in the course of the audit, I have not identified material misstatements in the Accounting Officer's Foreword to the Trust Statement.

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 Oil and Gas Authority or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- 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 the Accounting Officer's responsibilities in respect of the Trust Statement, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Oil and Gas Authority Trust Statement 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 Exchequer and Audit Departments Act 1921;
- preparing the annual report in accordance with HM Treasury directions issued under the Exchequer and Audit Departments Act 1921; and
- assessing the Oil and Gas Authority Trust Statement'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 Oil and Gas Authority Trust Statement will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and report on the financial statements in accordance with the Exchequer and Audit Departments Act 1921.

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 report that 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 Oil and Gas Authority Trust Statement's accounting policies.
- inquired of management, the Oil and Gas Authority's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Oil and Gas Authority Trust Statement'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 Oil and Gas Authority Trust Statement's controls relating to the Oil and Gas Authority Trust Statement's compliance with the Exchequer and Audit Departments Act 1921, Managing Public Money, the Petroleum Act 1998 and the Miscellaneous Financial Provisions Act 1968.
- inquired of management, Oil and Gas Authority'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 Oil and Gas Authority Trust Statement 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 Oil and Gas Authority Trust Statement's framework of authority and other legal and regulatory frameworks in which the Oil and Gas Authority Trust Statement 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 Oil and Gas Authority Trust Statement. The key laws and regulations I considered in this context included the Exchequer and Audit Departments Act 1921, Managing Public Money and the Petroleum Act 1998 and the Miscellaneous Financial Provisions Act 1968.

Audit response to identified risk

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

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

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

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

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
Date: 15th July 2024

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Statement of Revenue, Other Income and Expenditure for the year ended 31 March 2024

	Note	31 March 2024 £'000	31 March 2023 £'000
Revenue			
Licence fees and taxes			
Petroleum licences	2	45,939	50,841
Total licence fees and taxes		**45,939**	**50,841**
Total revenue and other income		**45,939**	**50,841**
Expenditure			
Disbursements	3	(956)	(1,328)
Total expenditure and disbursements		**(956)**	**(1,328)**
Net revenue for the Consolidated Fund		**44,983**	**49,513**

There were no recognised gains or losses accounted for outside the above Statement of Revenue, Other Income and Expenditure.

The notes on pages 98 to 104 form part of this statement.

Statement of Financial Position as at 31 March 2024

	Note	31 March 2024 £'000	31 March 2023 £'000
Current assets			
Receivables	4	5,556	5,974
Cash and cash equivalents	5	22,561	21,166
Total current assets		**28,117**	**27,140**
Current liabilities			
Payables	6	(3,134)	(2,627)
Total current liabilities		**(3,134)**	**(2,627)**
Net current assets		**24,983**	**24,513**
Total net assets		**24,983**	**24,513**
Represented by:			
Balance on Consolidated Fund Account	7	**24,983**	**24,513**

The notes on pages 98 to 104 form part of this statement.

Stuart Payne
Chief Executive Officer
12th July 2024

Statement of Cash Flows for the year ended 31 March 2024

	Note	31 March 2024 £'000	31 March 2024 £'000
Net cash flows from operating activities		**45,909**	**48,384**
Cash paid to the Consolidated Fund	7	(44,514)	(44,873)
Increase in cash in this year		**1,395**	**3,511**

Notes to the Statement of Cash Flows

A: Reconciliation of Net Cash Flow to Movement in Net Funds			
Net revenue for the Consolidated Fund	7	44,983	49,513
Decrease/(increase) in receivables and accrued fees	4	418	(1,105)
Increase/(decrease) in payables	6	508	(24)
Net cash flows from operating activities		**45,909**	**48,384**

B: Analysis in changes in Net Funds			
Increase in cash in this year		1,395	3,511
Net Funds as at 1 April (net cash at bank)	5	21,166	17,655
Net Funds as at 31 March (closing balance)	5	**22,561**	**21,166**

The notes on pages 98 to 104 form part of this statement.

Notes to the Trust Statement

1. Statement of Accounting Policies

1.1 Basis of Accounting

The Trust Statement is prepared in accordance with the Accounts Direction issued by HM Treasury under Section 2 of the Exchequer and Audit Departments Act 1921. The Trust Statement is prepared in accordance with the accounting policies detailed below. These have been agreed between the North Sea Transition Authority (the Company) and HM Treasury and have been developed with reference to International Financial Reporting Standards (IFRS) and other relevant guidance. The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

The income and associated expenditure contained in these statements are those flows of funds which the company handles on behalf of the Consolidated Fund and where it is acting as agent rather than as principal.

The financial information in the Trust Statement is presented in pounds sterling and in the notes is rounded to the nearest thousand.

1.2 Accounting convention

The Trust Statement has been prepared in accordance with the historical cost convention.

1.3 Changes in accounting policy and disclosures

There have been no changes in accounting policies for the year ended 31 March 2024.

1.4 Revenue recognition

Taxes, licence fees and penalties are recognised on an accrual basis and are measured in accordance with FReM 8.2.4. They are measured at the fair value of amounts received or receivable net of repayments. Revenue is recognised when:

- A taxable event has occurred, the revenue can be measured reliably, and it is probable that the economic benefits from the taxable event will flow to the Exchequer. A taxable event occurs when a liability arises to pay a tax or licence fee; or
- A penalty is validly imposed and an obligation to pay arises.

Revenue in respect of petroleum licence fees is recognised when it falls due, which is on the anniversary date of each existing licence.

In the event that HM Treasury retrospectively waives certain petroleum licence fees, the waiver is recognised as a reduction to revenue and receivables at the date of its approval.

Petroleum license fees collected by the company as agent on behalf of the Welsh and Scottish Governments are not recognised as revenue.

1.5 Receivables

Receivables are shown net of impairments in accordance with the requirements of the FReM and IFRS 9. The NSTA enforces the full collection of rental income, therefore any rental income debt written off is only where specific circumstances apply, such as company in liquidation. The FReM requires the NSTA Trust to include expected credit loss allowances, estimating the value of outstanding debt, which are measured in accordance with IFRS 9. The impairment estimate has been determined based on our assessment of recoverability of debt at the year-end date that have been outstanding for more than 90 days.

Debts will be written off by following the appropriate approval process, when there is information indicating that the company has been dissolved and there is no realistic prospect of recovery. Therefore, receivables for rental income are measured at amortised cost, less any expected credit loss allowance. The details of debt write-offs in year are disclosed in Note 8.2.

1.6 Financial instruments

The only financial instruments included in the financial statements are the following assets and liabilities: receivables and payables, as disclosed in notes 4 and 6. These are non-derivative financial assets and liabilities with fixed or determinable payments that are not traded in an active market and, as they are expected to be realised within twelve months of the reporting date, there is no material difference between fair value, amortised cost and historical cost. Trade and other receivables are recognised at amortised cost and upon recognition, a loss allowance is recognised for an amount equal to the lifetime expected credit losses. Trade and other payables are recognised at amortised cost.

All financial assets and liabilities are recognised when the trust becomes party to the contractual provisions to receive or make cash payments. The categorisation of financial assets and liabilities depends on the purpose for which the asset or liability was held or acquired. Management determine categorisation of the asset or liability at initial recognition and then annually re-evaluate.

1.7 Cash and cash equivalents

Cash and cash equivalents comprise cash held in the bank.

2. Revenue

Petroleum licence income

	2023-24 £'000	2022-23 £'000
Fees receivable	45,779	50,526
Fines and penalties	160	315
Total	**45,939**	**50,841**

The responsibility for the collection of petroleum licences is with the Company. The fees receivable have been adjusted to reflect the waivers that have been approved by HM Treasury post year end. The waivers for the current year amount to £2.2m and £2.4m relates to the prior year.

Fines and penalties served with a Sanction Notice for breaching a licence condition:

	2023-24 £'000	2022-23 £'000
Repsol Sinopec North Sea Limited	160	-
EnQuest Heather Limited	-	150
Equinor U.K. Limited	-	65
Shell U.K. Limited	-	50
Spirit Energy North Sea Limited	-	50
Total	**160**	**315**

3. Expenditure and disbursements

	2023-24 £'000	2022-23 £'000
Payments to Northern Ireland Government	1,210	1,559
Allowance for expected credit losses	(254)	(231)
Total	**956**	**1,328**

The company makes payments to the Northern Ireland Government to reflect their share of the proceeds received by the company under the Petroleum Licensing Regime. These payments are made under Section 2 of the Miscellaneous Financial Provisions Act 1968. The calculation has been adjusted to reflect the change in the population figures from the latest Census update. The amounts outstanding at the reporting date are disclosed under the payables note 6.

4. Receivables and accrued fees

	2023-24 £'000	2022-23 £'000
Petroleum licence fees receivable	10,030	6,234
Provision of waivers	(4,646)	-
Trade receivables – expected credit losses	(6)	(260)
Accrued petroleum licences receivable	178	-
Total	**5,556**	**5,974**

Petroleum licence fees receivable represent the amounts due from the licensees where invoices for payment have been issued but not paid at the year end.

On 16 May 2024, HM treasury approved the waivers for some petroleum licence rentals in respect of financial periods 2022-23 and 2023-24. These have been reflected in the current year provision for waivers as an adjusting post balance event.

The expected credit loss allowance at 31 March 2024 is analysed in Note 8.2.

5. Cash and cash equivalents

	2023-24 £'000	2022-23 £'000
Balance as at 1 April	**21,166**	**17,655**
Net change in cash and cash equivalent balances	1,395	3,511
Balance at 31 March	**22,561**	**21,166**
The following balances were held at:		
Government Banking Service	22,561	21,166
Total	**22,561**	**21,166**

6. Payables

	2023-24 £'000	2022-23 £'000
Northern Ireland Government	1,210	1,559
Other payables	1,924	1,068
Total	**3,134**	**2,627**

Other payables represent monies owed to the Welsh Government and the Scottish Government.

7. Balance on the Consolidated Fund Account

	2023-24 £'000	2022-23 £'000
Balance on the Consolidated Fund as at 1 April	**24,514**	**19,873**
Net revenue for the Consolidated Fund	44,983	49,513
Less amounts paid to the Consolidated Fund	(44,514)	(44,873)
Balance on the Consolidated Fund as at 31 March	**24,983**	**24,513**

8. Financial instruments

8.1 Classification and categorisation of financial instruments

	2023-24 £'000	2022-23 £'000
Financial assets:		
Cash and cash equivalents	22,561	21,166
Petroleum licence fees receivable	5,556	5,974
Total cash and receivables	**28,117**	**27,140**
Financial liabilities:		
Northern Ireland Government payables	(1,210)	(1,559)
Other payables	(1,924)	(1,068)
Total other financial liabilities	**(3,134)**	**(2,627)**

8.2 Risk exposure to financial instruments

The fees receivable under the Petroleum Licensing Regime are subject to credit risk. The majority of the licensees are private companies which increases the exposure to credit risk. To mitigate this, management has policies and procedures in place to ensure credit risk is kept to a minimum and receivables are impaired where a specific receivable is deemed to be irrecoverable, based on the information available. The company assesses at each year end whether there is objective evidence that financial assets are impaired. IFRS 9 Financial Instruments allows an entity to use a simplified method for calculating expected losses using historical default rates over the expected life of the trade receivables and adjusting for forward-looking estimates. Forward-looking information such as macroeconomic factors and entity specific situations are considered for entities with significant outstanding balances. The carrying amount of financial assets in the financial statements represents the maximum credit risk exposure of the Trust Statement.

There is no foreign exchange risk as all the fees under this regime are receivable in sterling. The market risk is limited due to there being a current demand for licences. The company operates as an agent for the Consolidated Fund with devolved administrations and is only required to surrender amounts due to the extent they are collected.

The following table provides an overview of the ageing profile of the financial assets comprising trade and other receivables at 31 March:

	2023-24 £'000	2022-23 £'000
Ageing of financial assets:		
Neither past due nor impaired	2,520	2,345
Past due 1-30 days	791	338
Past due 30-60 days	1,253	394
Past due 61-90 days	323	622
Past due >90 days	5,321	2,535
Total at 31 March	**10,208**	**6,234**

The above balances are generally considered to be a very low credit risk under the current legislation, particularly those under 90 days. The expected credit losses have been applied to the 90 days past due aged balances that do not relate to Welsh and Scottish Licensing - 35% (2022-23: 40%) and amounts waived - 64% (2022-23: 49%). Refer to Note 4 for more information on the waiver.

The following table shows the movement in expected credit loss that has been reported during the reporting period:

	2023-24 £'000	2022-23 £'000
Balance as at 1 April	**260**	**491**
New allowances in the reporting period	-	260
Released on repayment	(12)	(2)
Written off	(242)	(489)
Total at 31 March	**6**	**260**

Debts written off are the amounts reportable to Parliament under rules on disclosure of losses and write-offs in Managing Public Money Annex A.4.10.24. Managing Public Money (6.5.1) does not allow the NSTA accounting officer to write off revenues without HM Treasury approval. There were no individual amounts over £300k, of approved debts written off in 2023-24. Debts written off amounted to £242k (2022-23: £489k), which relate to fruitless payments as a result of dissolved or liquidated companies.

9. Events after the reporting period

In accordance with the requirements of IAS 10, Events after the Reporting Period, events are considered up to the date on which the Trust Statement is authorised for issue, which is interpreted as the date of the Report of the Comptroller and Auditor General.

In April 2024, we received payment for a fine of £100k from NEO Energy Production UK Limited who have been served a Sanction Notice for breaching their licence condition.

After the balance sheet date, the Trust Statement received approval from HM Treasury to waive the rental for some petroleum licences for the year 2022-23 and 2023-24, these were previously recognised as revenue. This adjustment impacts the financial statements for the reporting period ended 31 March 2024. This event has been appropriately reflected in the financial statements, and the impact has been disclosed in accordance with applicable accounting standards.

As of the date of the issuance of these financial statements, there has been no further significant financial impact on the Trust Statement.

The Accounting Officer has duly authorised the issue of the Trust Statement on the date of the Comptroller and Auditor General's audit Report.

Annex D

Accounts Direction given by HM Treasury in accordance with Section 2 of the Exchequer and Audit Departments Act 1921

1. This direction applies to the Oil and Gas Authority (OGA), a government company (and previously an executive agency) of the Department of Energy Security and Net Zero (DESNZ).
2. The OGA shall prepare a Trust Statement ("the Statement") for the financial year ended 31 March 2024 for the revenue and other income, as directed by the Treasury, collected by the department as an agent for others, in compliance with the accounting principles and disclosure requirements of the edition of Government Financial Reporting Manual ("FReM") 2023-24.
3. The Statement shall be prepared, as prescribed in Appendix 1, so as to give a true and fair view of (a) the state of affairs relating to the collection and allocation of taxes, licence fees, fines and penalties and other income by the Department as agent and of the expenses incurred in the collection of those taxes, licence fees, fines and penalties insofar as they can properly be met from that revenue and other income; (b) the revenue and expenditure; and (c) the cash flows for the year then ended.
4. The Statement shall also be prepared so as to provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
5. When preparing the Statement, the Department shall comply with the guidance given in the FReM (Chapter 11). The Department shall also agree with HM Treasury the format of the Principal Accounting Officer's Foreword to the Statement, and the supporting notes, and the accounting policies to be adopted, particularly in relation to revenue recognition. Regard shall also be given to all relevant accounting and disclosure requirements in Managing Public Money and other guidance issued by HM Treasury, and to the principles underlying International Financial Reporting Standards.
6. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.

7. The Statement shall be transmitted to the Comptroller and Auditor General for the purpose of his examination and report by a date agreed with the Comptroller and Auditor General and HM Treasury to enable compliance with the administrative deadline for laying the audited accounts before Parliament.

8. The Trust Statement, together with this direction (but with the exception of the related appendices) and the Report produced by the Comptroller and Auditor General under section 2 of the Exchequer and Audit Departments Act 1921 shall be laid before Parliament at the same time as the Department's Resource Accounts for the year unless the Treasury have agreed that the Trust Statement may be laid at a later date.

Charlotte Goodrich
Deputy Director, Government Financial Reporting
His Majesty's Treasury
14 December 2023

North Sea Transition Authority

The North Sea Transition Authority is the business name for the Oil & Gas Authority, a limited company registered in England and Wales with registered number 09666504 and VAT registered number 249433979.
Our registered office is at Sanctuary Buildings, 20 Great Smith Street, London, SW1P 2BT.

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