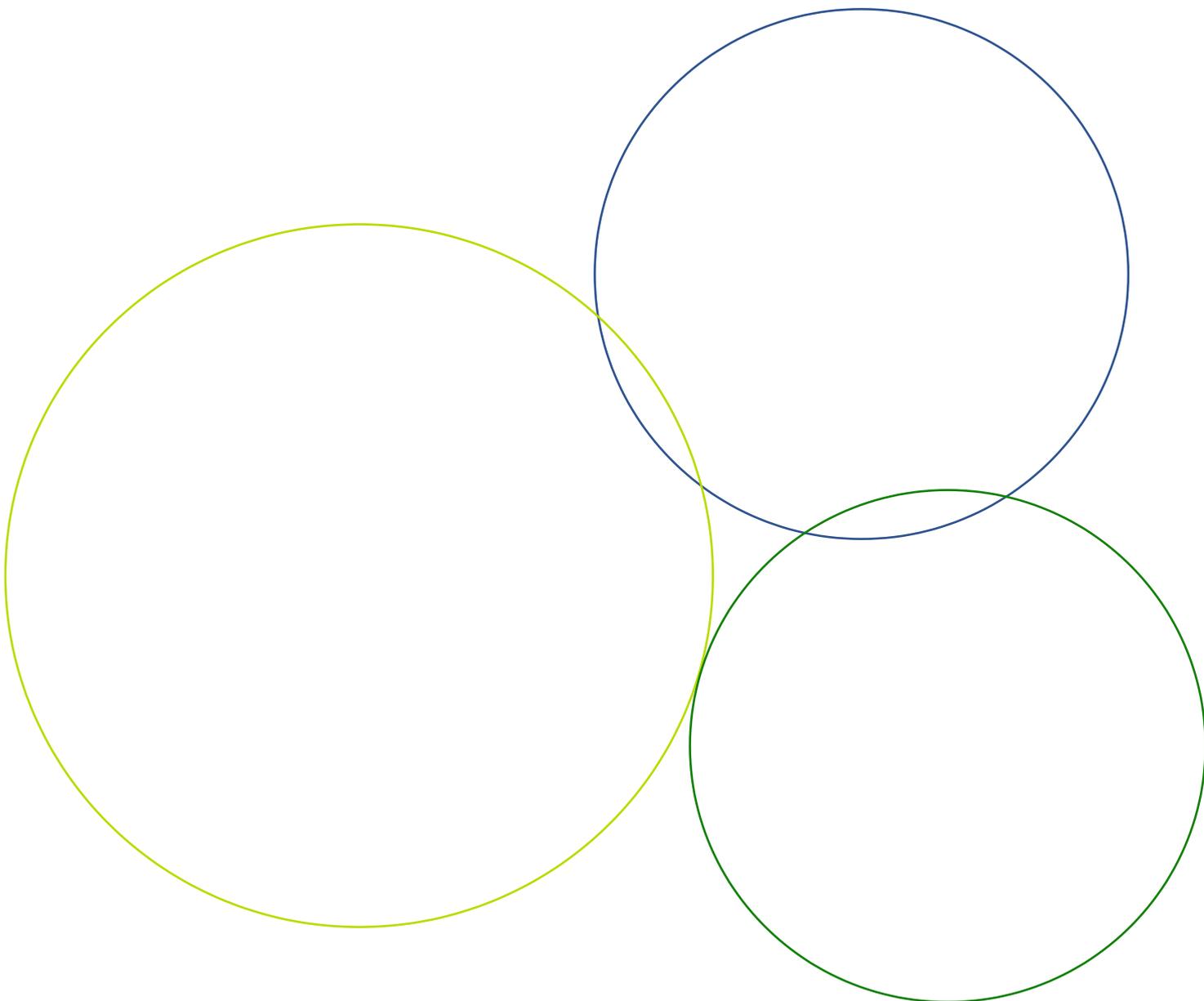


The Oil & Pipelines Agency Accounts 2024-25



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The Oil and Pipelines Agency Accounts 2024-25

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Chief Executive's Statement



It is my great pleasure to present the Annual Report and Accounts covering the period 2024-2025 for the Oil and Pipelines Agency (OPA). The last year has seen impressive and professional delivery of the highest standards of operations and maintenance activity across the infrastructure for which we hold responsibility, both in the UK and overseas. In parallel, the OPA has continued to support the Ministry of Defence (MOD) in a progressively diversified capacity and with expert advice, presenting opportunities for greater benefit to be derived in the future. This is in the context of growing geopolitical instability, a changing energy landscape and MOD's structural development under Defence Reform. The year ahead will continue to see further change as the Spending Review, Strategic Defence Review and National Security Strategy are published, all with potential impact on OPA.

The OPA continues to place the highest priority on safety and protection of the environment. It has continued the upward trajectory in delivering full compliance across the inherited estate in a high hazard industry, underlined by a very successful season of external audits and site inspections and the continued absence of significant injuries to personnel or environmental events.

With the OPA already delivering operations and maintenance for over half the MOD's global fuel capacity, the team has successfully and consistently facilitated UK and Allied naval operations at the UK Oil Fuel Depots and in Singapore, whilst continuing to deliver projects such as the Thanckes Tank Farm, contributing to the Gosport Jetty Project and informing development of the Navy's future strategic estate.

The OPA has welcomed various new members to its multidisciplinary team, from a variety of industry and military backgrounds, reinforcing the diversity of thought and inclusive culture of the organisation.

Its work with Air Command has driven a significant uplift in asset availability at airfields, a dramatic reduction in non-compliance against military safety standards, and cost avoidance savings now up to c.£9m. The renewed Service Level Agreement (SLA) with Air Command will see an expanded range of support tasks increasing from supporting 10 sites, to 14.

Its work in support of UK Strategic Command (Integrated Global Defence Network) at Singapore and Gibraltar has increased the requests for OPA overseas support. Building upon OPA's advisory work delivered on behalf of UK Strategic Command (Fuels Transformation Programme) and reinforcing its close relationship with the Operational Energy Authority (OEA), Defence's energy focal point, it has established a new SLA this year with the OEA. Through this SLA, the OEA will be able to continue to draw on the OPAs industry expertise and network to advise Defence on planning for the energy transition over the coming decades. This work is set against the pressures of reducing commercial production and availability, supply chain uncertainty and the need for national resilience and sustained operational advantage.

The OPA is well placed in providing this support thanks to their proximity over the last year to the OEA and Estates Energy Strategies, membership of the Defence Energy Steering Group, its contribution to the Defence Energy Conference and its growing interaction across Government, for example with the Department for Energy Security and Net Zero. The latter has enabled the OPA to

advise MOD on future national and commercial options for use of the Salt Caverns at Plumley. It has also been approached to inform NATO thinking, both via the MOD and the Federation of European Tank Storage Associations.

Thanks to a focus on strategic stakeholder engagement across the Front Line Commands and MOD Centre, the OPA is now more embedded and aligned with Departmental thinking than ever before. This will be of significant benefit to MOD as the new structures of Department of State, Military Strategic HQ, National Armaments Director Group and Defence Nuclear, mature.

The OPA is in the process of conducting a comprehensive review of its own strategy to ensure continued close alignment with the evolving needs of Defence. The essence of OPA's focus remains to optimise fuel and energy provision to the Front Line Commands. Building on the OPA's strong existing provision and track record, this means helping MOD to understand how its own systems could be improved and presenting enhanced options for the future. Work continues currently on developing a proposed structure that optimises operational readiness, asset availability, transparency, accountability, financial propriety and value for money for Defence. This is all based on modern 4th generation maintenance processes delivered with simplicity.

A handwritten signature in black ink, appearing to read 'A. Jackson', with a stylized flourish at the end.

Adrian Jackson, Chief Executive and Accounting Officer
10 July 2025

Performance Report

Purpose and activities of the OPA

Who we are

Delivering the optimal fuel storage, supply and logistic solutions for the Ministry of Defence and commercial customers

The Oil and Pipelines Agency (OPA) is a Public Corporation, formed at the end of 1985 by virtue of The Oil and Pipelines Act 1985. Its duties, powers and general functions are prescribed by this Act.

The OPA's focus continues to be on the operation and maintenance of the Naval Oil Fuel Depots (OFDs), the operations and maintenance of the Strategic Command oil fuel depot in Singapore and the MOD's two active cavern storage sites.

The OFDs (UK and overseas) are strategic defence assets and are the responsibility of the Secretary of State for Defence. The fixed assets, together with any associated liabilities, are owned by the MOD and are accounted for in the MOD's Department Resource Account. The MOD sponsor is represented on the OPA Board.

Our vision

Partnering Defence in the delivery of operational energy solutions

Our mission

To provide Operational Energy asset management expertise in storage, supply, logistics and associated services, in order to deliver Resilience and Support Advantage for UK Defence, Allies and commercial customers.

Our values

We strive to deliver **PRIDE** in everything we do:

Protect – Protect people and the environment from harm.

Responsibility – We hold ourselves accountable and accept our responsibilities at all levels.

Integrity – Integrity, honesty and an open culture engenders trust.

Dignity – Be considerate and respectful to others

Exceed – We strive for excellence in all we do.

What we do

The UK OFDs

The six OFDs receive, store and issue middle distillate fuels for Navy Command.

The two OFDs located in Southern England, at Gosport and at Thanckes, support the adjacent HM Naval Bases, namely Portsmouth and Devonport. There are four OFDs located in Scotland. The site at Garelochhead supports Clyde Naval Base, whilst OFDs at Loch Striven, Loch Ewe and Campbeltown provide strategic bulk storage and regional support to Royal Fleet Auxiliary tankers, Royal Navy and visiting allied warships. All sites are supplied by sea.

The OPA is responsible for the safe operation, security and maintenance of the UK OFDs and for delivery of the fuelling programming requirements of the UK Navy. The OPA is the Technical Authority for the OFDs and duty holder under the Control of Major Accident Hazard Regulations (COMAH). It is responsible for supporting all Defence Infrastructure Organisation (DIO) Capital Works Projects on OFD sites.

In addition to the management of middle distillate fuels for Navy Command, the OPA also provides fuel storage to commercial customers, where ullage allows, to maximise revenue and reduce the overall tax burden to the public.

The active cavern storage sites

The OPA also has stewardship of two active salt cavern storage sites, which are former Government Pipeline and Storage System (GPSS) assets. These are located in the northwest of the United Kingdom, near the village of Plumley in Cheshire. The sites consist of solution mined caverns used for the storage of hydrocarbons. The caverns were used as part of the UK's strategic reserve from the 1950s to the late 1970s and still contain crude oil and fuels. The caverns are top tier COMAH sites by virtue of their size, number and stock holding.

Overseas bases

The OPA is responsible for the safe operation, and maintenance of the MOD OFD in Singapore and for delivery of the fuelling programming requirements of the UK Navy and other customers. The OPA is the Technical Authority for the OFD and works under the Major Accident Control Regulations (MACR).

In addition, OPA is working with UK Strategic Command to recommission the facility in Gibraltar for Defence use.

Business Advisory Service

The OPA perform an Operations Maintenance Coordination and Intelligent Customer Interface to support the effective management and maintenance of the Air Fuels Infrastructure. It provided subject matter expertise in supporting the Fuels Transformation Programme (FTP). The FTP was established to transform and modernise the Defence Fuel Enterprise. The OPA also has an agreement to support the OEA with fuels subject matter expert advisory and fuels related project support.

The OPA is an integral component of the Defence operational energy enterprise delivering an increasing proportion of the MOD operational energy outputs. Through Service Level Agreements (SLAs) with the Single Services, UKStratCom and DIO, the OPA provides a contemporary industry-standard capability for Defence operations. Furthermore, its SLA with the OEA ensures alignment with MOD's energy centre of gravity and in supporting the Operational Energy Strategy will assist the MOD as it delivers the transition to future energy solutions.

The OPA's statutory obligation is to maintain the MOD assets and operations in line with the COMAH regulations, MACR regulations and the industry recommendations for Process Safety Leadership.

The focus of the Executive Team has been on completing delivery of the programme to renew and refurbish the OFD sites as well as assisting wider MOD on any fuel related activity. OPA now provides a fuels advisory service to Air Command and UK StratCom. This takes two forms 1) a team of regionally based 'Operations Maintenance Coordinators' [OMCs] and 2) a team of fuel specialists supporting the MOD Fuels Transformation Programme (FTP).

Overview

Main activities in year

Provide an excellent service to our primary customers Navy Command and UK StratCom

Navy Command have confirmed that all key deliverables, as outlined in the Service Level Agreement for 2024/25, covering marine fuel receipt, storage, delivery and jetty services, have been met with a small increase to the annual fee to take into account an urgent jetty repair at Loch Striven and some additional capabilities the OPA was able to deliver (increased storage for critical spares).

There was a continued focus on compliance activities to ensure that there were no non-compliant tanks in use. All tanks in service have been inspected to the Engineering Equipment and Materials Users Association (EEMUA) standards and where necessary remedial work was undertaken to bring the assets back into operation both at home and overseas.

Utilise spare capacity for commercial use

Offering surplus storage capacity beyond Navy requirements to the market has reduced the annual running costs charged to MOD whilst retaining tanks which could be returned to Navy service if requirements change. Commercial contracts utilising irreducible spare capacity generated approximately £2.6m income in the financial year. Further commercial opportunities at all sites are actively pursued.

Capital works programme

The infrastructure at OFD Thanckes has been identified as requiring replacement due to the Bulk Fuel Storage Tanks ending their design life from 2027 and no longer being compliant. DIO identified the OPA, as MoD Fuel Storage SME, as best placed to deliver a phased replacement of the Tanks. The re-development of Thanckes Tank Farm continues with construction due to commence in 2026.

Overseas support

Since the commencement of the UKStratCom SLA, OPA management at Senoko OFD has undergone remarkable transformation, marking a new era of efficiency, safety, and operational excellence. One of the most notable advancements has been the significant improvement in tank service times and tank availability. Before the SLA, the site often faced operational challenges, with nearly half the tanks out of service and an average availability of only six functional tanks. Today, only one tank is out of service at a time—a testament to the carefully planned Tank Service strategy and the expertise of in-house SME's. This improvement ensures greater operational reliability and enhances the site's ongoing resilience.

Fuel Support

The OPA has been developing the best fuel support and supply solutions for Defence: it has been fully engaged with the Fuels Transformation Programme (FTP), Navy Command, UK StratCom, Air Command, DIO, Defence Equipment and Support (DE&S) and other fuel users to identify areas of opportunity to provide a more effective, resilient, and affordable fuel service to the Front-Line Commands. OPA will continue to develop proposals for operational and maintenance opportunities following demand across the Defence Fuel estate.

As a result, it is increasingly evident to the wider Defence community that the OPA is an essential partner in delivering operational capability now, and in supporting the energy transition as it gathers pace in the medium to long term.

Future Plans

The OPA continues to implement its strategy to position the OPA as the MOD's Centre of Excellence for fuel storage and provision across Sea, Land and Air domains. This strategy is underpinned by many years of technical and operational achievement rooted in, the skills, capabilities and passion of its world-class workforce which sets the OPA apart from others in the same field.

In the next 5 years, the OPA plans include - the reconstruction of the Thanckes Tank Farm; significant investment in its Scottish jetties; continued work on the fuel cells in Gibraltar and the continued upgrade of the Singapore facility, alongside supporting MOD on fuel supply transformation work streams by promoting awareness of OPA capabilities and services.

The OPA's key priorities for the coming 12 months are:

- Ensuring the safety of its people and the protection of the environment;
- Safe receipt, storage and issue of operational energy fuels to satisfy the Ministry of Defence's (MODs) operational demand and strategic storage needs;
- Ensuring regulatory compliance of all OPA operated and maintained fuels infrastructure at home and abroad;
- Driving value for money in everything it does;
- Meeting its customer expectations as defined in the Service Level Agreements with the Front Line Commands (FLCs) and other key partners;
- Expansion of services;
- Engagement in Defence reform;
- Strategic alignment within Defence.

Performance Analysis

How have we performed?

The Board assesses OPA's performance against its objectives by regularly reviewing Key Performance Indicators and the plans associated with each of the OPA's main objectives. The KPIs used for measuring the OPA's performance against its objectives have been agreed with the Board and its customers. They are set out in the associated SLAs with key metrics summarised below.

Operations

Same level of fuel issued to NC in year **172 million** litres (172 million in 2023/24)


Depots available for fuelling **100%** of the time (100% in 2023/24)


0 litres of off-specification fuel issued (0 litres 2023/24)


Customers

The obligations of the **SLA with Navy Command** were **met** during the year. The SLA includes, but is not limited to, the provisions of the following services:

- COMAH safety duty holder covering emergency response, health safety, environmental, engineering compliance, planned preventative maintenance and security responsibilities at all OFDs on behalf of Navy Command.
- Issue, receipt, storage and processing of fuel and related fuel products.
- Fuel quality and testing to ensure the appropriate level of fuel quality.
- Berthing and jetty services are provided as needed.



Health, Safety & Environmental Protection

<p>*Loss of Containment 11 incidents of less than 200 litres versus a target of less than 10. One incident of greater than 200 litres. All incidents were identified and dealt with effectively.</p>	<p>*No enforcement notices issued during the year against a target of zero (None issued in 2023/24)</p> <p style="text-align: center;"></p>	<p style="text-align: center;">One Employee Health and Safety reportable injuries in year Target Zero</p>
	<p>21 planned health and safety audits completed. (Target 20) There were 9 overdue actions, arising from the audits, at the year end.</p> <p style="text-align: center;"></p>	<p>*Tanks - 86 compliant tanks in service (83 in 2023-2024). 0 non-complaint tanks in service. All tanks in service now compliant.</p> <p style="text-align: center;"></p>

Performance, People and Finance

<p>Zero personal data related incident. Target Zero</p> <p style="text-align: center;"></p>	<p>Agreed services delivered for agreed fees</p> <p style="text-align: center;"></p>	<p style="text-align: center;">*2.76% Hours lost to absence, target less than - 2.9%.</p> <p style="text-align: center;"></p>
<p>*Aim for a continued reduction in legal actions issued by the Competent Authority 0 in 2024/25 (0 in 2023/24)</p> <p style="text-align: center;"></p>	<p>*Major Accident Hazard Planned Preventative Maintenance 100% of these have been completed on time versus a target of 100%</p> <p style="text-align: center;"></p>	<p>£32.3m in MOD fees charged for the year (£28.4m in 2023/24)</p> <p style="text-align: center;"></p>
		<p>OPA Risk Mapping showed MODERATE ASSURANCE for control framework</p> <p style="text-align: center;"></p>

* These statistics form part of the Key Performance Indicators that are reported to, and regularly reviewed by, the Board and other key stakeholders.

Finance

Our financial plan has three main objectives:

- To ensure OPA's Business Plan is deliverable.
- To increase value for money through tight control of our costs and utilisation of spare capacity.
- To invest in the MOD facilities to support efficient working and provide a sustainable, compliant infrastructure that meets regulatory compliance and future needs.

The financial goal of the OPA is to contain its normal operating and administrative expenses, before non-cash pension fund adjustments, within the fee it charges to Front Line Commands and the income it generates from other customers. A Framework Agreement is in place with the Ministry of Defence covering the period up to March 2026 and individual SLAs are negotiated with Frontline Commands ranging from one-year to five-year agreements.

The OPA receives income from NC, DIO, StratCom and commercial customers in respect of services provided to each. This income covers the OPA's costs.

Before the entries for finance related adjustments, the OPA's net income for the year was:

	2025	2024
Net income from operating activities	£442k	£167k

This increase was due to the delivery of more fixed price consultancy projects (increased income) utilising existing resource.

Cost budgets are set at the beginning of each year for activities on the sites. The FY24/25 budgets are detailed below with actual expenditure for the year as a comparison.

	Budget	Actual
UK OFD Operations & Maintenance	£17.3m	£17.8m
Capital Infrastructure Improvements	£3.6m	£3.5m
UK Tank Farm Support and Cavern Maintenance	£8.5m	£7.2m
Overseas Bases support	£7.2m	£5.1m
Business advisory service *	£2.2m	£2.2m
Total	£38.8m	£35.8m

* Business advice consisted of FTP and support to Air Command.

The OPA is in a position of strong liquidity with £2.3m in a long-term deposit account. These cash reserves are maintained to meet costs that could arise in the event of the OPA being wound up and/or sold, including potential commitments to meet pension liabilities.

Long term expenditure trends

Long term expenditure trends are detailed in the table below based on the annual budget cycle submissions to our main customers – Navy Command, Strategic Command and DIO.

	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Expenditure	Actual	Forecast								
Staff Costs	(13,453)	(10,936)	(10,648)	(9,662)	(8,794)	(8,246)	(8,068)	(8,068)	(8,068)	(8,068)
Maintenance Expenditure	(15,003)	(16,960)	(13,793)	(22,792)	(13,230)	(5,770)	(5,519)	(5,519)	(5,519)	(5,519)
Other Expenditure	(6,028)	(4,947)	(5,003)	(4,049)	(4,049)	(4,049)	(3,980)	(3,980)	(3,980)	(3,980)
Total Expenditure	(34,483)	(32,843)	(29,444)	(36,503)	(26,073)	(18,065)	(17,567)	(17,567)	(17,567)	(17,567)

This expenditure table includes all approved funding for the OPA under its service level agreements as submitted in the annual budget cycle (ABC25). Expenditure increases significantly in FY27-28 as construction on the Thanckes Tank Farm and the Plumley Recovery projects progress. The staff associated with running the OFDs in steady state remains similar over the ten-year look ahead.

The OPA continues to grow as it supports additional activities for the MOD and increases its commercial offering. Significant investment is required for the full design of the Thanckes Tank Farm, with construction due to commence in FY25/26 and due to complete in FY27/28.

Retirement Benefits Pension Schemes

Information on the OPA's pension schemes can be found in the Remuneration and Staff Report, Accounting Policies note 2.7 and note 11 to the accounts.

Payment of trade and other payables

It is the policy of the OPA to negotiate terms with its suppliers and to ensure that they know the terms on which payment will take place when business is agreed. It is the OPA's policy to abide by the Better Payment Practice Code to pay within 30 days of invoice date – in FY24/25: 88.2% of invoices were paid within this target (FY23/24: 93.40%). In FY24/25: 92.1% were paid within 60 days following any dispute resolution (FY23/24: 99.13%).

How we have managed Risk

Risk Management Process

The OPA is committed to ensuring that it has a robust and comprehensive system of risk management in line with Cabinet Office and Competent Authority requirements, and follows good practice in risk management. Risk management operates across the OPA and is central to the achievement of objectives and well-informed decision-making, whether at strategic, operational or project level.

Treasury guidance as set out in The Orange Book Management of Risk Principles and Concepts, states that risk management shall be an essential part of the governance, leadership and be fundamental to how an agency is directed, managed and controlled at all levels.

As a Control of Major Accident Hazards (COMAH) regulated organisation, the OPA fosters a strong cultural understanding of risk management in its operational environment that has translated into its business risks.

The OPA considers risk management oversight in two areas of governance, the Audit Committee which leads on Business Risks such as Fraud and Information Assurance, and the Health, Safety, Security, Environment and Quality Committee (HSSEQ) that leads on safety risks. These committees work together to ensure alignment in order to provide advice to the Accounting Officer about the comprehensiveness, reliability and integrity of assurances.

All staff in the organisation can identify and raise a risk. The key stakeholders involved in the identification process are: individual members of staff, Management Team and Executive Team. When a risk is identified, risk owners lead the design and implementation of controls or mitigations, in order to manage risks to an acceptable level.

Risks are monitored monthly by the Executive Team, led by the Compliance and Risk Director.

Principal Risks

Health Safety and Environmental Compliance and Major Accident to the Environment

During this financial year, ongoing intensive work continued to focus on primary containment (i.e. mechanical tank integrity) and the over-fill protection / safety instrumented systems (SIS) project.

The OPA continues to deliver improvements in People, Plant and Processes against the Competent Authority's ten key strategic priorities under COMAH. The CA robustly conducts interventions and OPA has had an intensive programme of interventions during the year: in 2024/25 the CA undertook 10 interventions which is a slight decrease from 13 in 2023/24.

The OPA continues to promote a safety culture at all of its sites. OPA's primary assets are its people. It implemented a Competency Management System (CMS) compliant with COMAH regulations, initially focusing on safety critical roles, which met the HSE guidance and codes of practice by 2017. The CMS is continuing to be developed to cover all roles and responsibilities within the OPA.

The effects of Climate Change

The OPA continues to review the effects of climate change on operations, mainly extreme weather events, with improvement works underway at Thanckes and Loch Ewe.

The OPA continues to use its expertise and knowledge to enhance sustainability and will use innovative thinking to promote the use of alternative energy sources and influence policy.

Security – Cyber and Physical

The OPA has continued with an intensive programme of work to ensure its IT systems are safe and secure from cyber-attacks. The OPA IT systems received full accreditation by Defence Assurance and Information Security (DAIS) in line with HMG and MOD policy. It continues to work closely with Defence Digital to ensure that its maturity in regard the cyber threat is appropriate as an agency of MOD.

The OPA has invested in managing, protecting and detecting cyber risks whilst minimising the impact if a cyber incident was to occur.

Ability to resource future strategy

One of the biggest risks that the OPA is managing, is its ability to resource its diverse portfolio of activities with appropriately skilled and experienced staff in the context of increasing demand across the wider sector for scarce skills. That demand causes pressure on its ability to both recruit and retain staff resources, especially in technical specialisms, such as those required in its control rooms. The diversification of activities will also require highly skilled resources in areas such as programme management, where the demands in the OPA's forward plan are extremely significant.

The OPA recognises these challenges, and during the year has overseen reorganisation and new resources in operations, engineering and programme management, though there is still more to be done. Building a resource base which is commensurate with the demands of business growth, whilst still ensuring the safety and efficiency of the existing infrastructure, is a key priority for the Board, as is planning for succession of critical corporate posts.

Going concern

The OPA's management have carried out a thorough assessment of the OPA's going concern position as required by International Accounting Standard 1, Paragraph 25 (IAS 1.25) and presented the results to the Board.

The OPA provides a support service critical to the delivery of key defence and national security outputs and expectations are that the requirement for this service will continue to increase. The MOD equipment programme continues to invest in diesel powered ships so the primary service the OPA provides will not change in the near future. The OPA, as part of the annual MOD budget cycle, has secured funding for the management and maintenance of the OFD and DIO assets under its control for the next Financial Year, and has submitted proposals for the continued service for a period of 10 years.

The Board has assessed the impact of the external marketplace and does not consider it to have affected the going concern status of the OPA as it provides a support service critical to the delivery of key defence and national security outputs.

As neither the Board nor the Secretary of State have the intention for the OPA to stop trading, alongside considering any external factors outside of Board control that could affect trading of the OPA, the Board has taken the decision that the accounts should be prepared on a 'going concern' basis.

A handwritten signature in black ink, appearing to read 'A. Jackson', with a stylized flourish underneath.

Adrian Jackson – Chief Executive and Accounting Officer

10 July 2025

Sustainability and Environmental Impact

As a public corporation of the MOD, the OPA's Greening Commitments in sustainability reporting are met via a single MOD report covering all in-scope associated bodies. Its activities are recorded through Navy Command and/or Defence Infrastructure Organisation.

Due to the de minimis size of the OPA estate and the fact that the reporting requirements are covered by Navy Command and/or the Defence Infrastructure Organisation, which are the landlords of the MOD estates, the OPA has not included sustainability reporting in this annual report.

The OPA takes its environmental responsibilities seriously. It has policies in place to ensure that all staff are aware of the need to protect the environment and that appropriate risk assessments are conducted prior to work being undertaken. Environmental risk assessments are carried out at each site in accordance with its COMAH requirements.

The OPA works hard to consider its environmental impact. This includes recycling waste, where possible. Investment in IT has enabled much more digital working, upgraded hardware for energy efficiency, disposing of obsolete equipment ethically and increasing video conferencing has lessened the environmental impact of travel.

The OPA avoid any unnecessary travel, encouraging its staff to work from home where possible and appropriate. When staff are required to travel, it use ULEV compliant vehicles and offers an employee electric car scheme.

It works with ethical suppliers and will be making this part of its tender process whilst reviewing its supply chain to reduce carbon footprint. The OPA consider social value at all stages of the project delivery process. For example, it has made decisions during the engineering process to avoid hydro testing tanks (if possible) to reduce water waste and encourage the use of local contractors to reduce its environmental impact.

The OPA is mindful of its power usage and make efficiencies where appropriate including the installation of energy efficient lighting when assets require replacement.

The Accountability Report

Corporate Governance Report

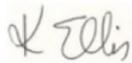
The purpose of the corporate governance report is to explain the composition and organisation of the entity's governance structure and process and how it supports the achievement of the entity's objectives.

Chair's Statement

The OPA has maintained its excellent track record of safe, efficient delivery throughout the last financial year. As the organisation's portfolio continues to grow and diversify, the team's top priority is to maintain the highest health, safety and environmental standards across all operations, existing and new. In this they have succeeded, thanks to deep industry skills and committed leadership.

Following previous years' capital programmes including the work on the tank farm at the Gosport Depot and the jetty at the Thanckes Depot, work continues to upgrade the UK sites, including tanks at Thanckes, the jetty at Gosport and a range of projects across the Scottish estate. Meanwhile, the Senoko site in Singapore is fully embedded in the OPA family and the team continues to provide support and advice to Front Line Commands in several other locations across the globe.

This consistent high performance continues to be appreciated by existing customers and sought after by new partners, and demand for the OPA's skills continues to grow. The entire leadership of the OPA is committed to ensuring that any growth is managed so as to maintain our existing standards. As our Sponsor department, the Ministry of Defence, seeks opportunities to increase its potency and efficiency in response to the current security and budgetary challenges it faces, the OPA is ready to play its part as the centre of operational excellence for energy supply and logistics.



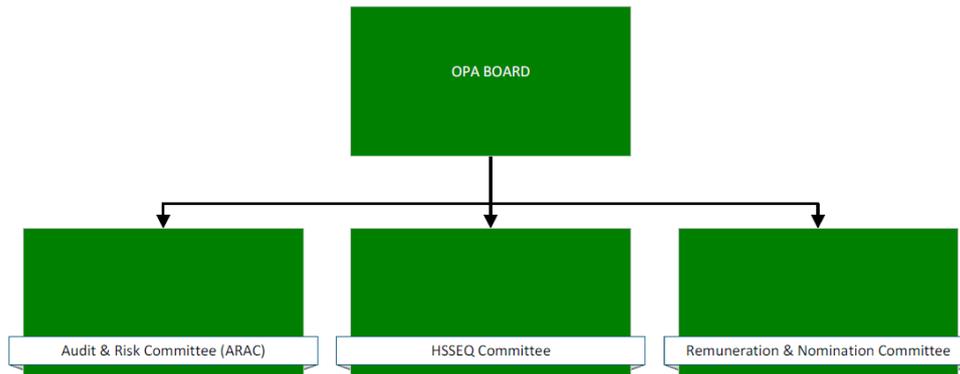
Kate Ellis – Chair of the Board
10 July 2025

The Directors Report

The OPA governance structure consists of the OPA Board and its three non-executive committees:

- Audit and Risk Assurance Committee
- Health, Safety, Security, Environment and Quality Committee
- Remuneration and Nomination Committee.

The committee's roles and responsibilities are set out in the Governance Statement.



Members, Principal Officers and Associate Members as at 31 March 2025

A formal appointment procedure exists to ensure the Board contains an appropriate balance of skills to deliver its objectives. Associate Members are appointed in an advisory capacity with approval from the Members of the Board.

Individual members of the Board have distinct roles to play.

	<p>Kate Ellis Non-Executive</p> <ul style="list-style-type: none"> • Chair of the Board • Chair of the Remuneration Committee 		<p>Adrian Jackson Executive</p> <ul style="list-style-type: none"> • Chief Executive • Accounting Officer • Member of the Board
<p>Experience: Kate joined the OPA Board as a Non-Executive Member in June 2021.</p> <p>External appointments: Kate is a Trustee of Richmond Council for Voluntary Services.</p>		<p>Experience: Adrian joined the OPA Board as an Executive Member in May 2015.</p> <p>External appointments: None.</p>	

	<p>Alison White Non-Executive</p> <ul style="list-style-type: none"> • Member of the Board • Chair of the Audit & Risk Assurance Committee • Member of the Remuneration Committee 		<p>Simon Wills Non-Executive</p> <ul style="list-style-type: none"> • Member of the Board • Member of the Audit & Risk Assurance Committee • Chair of HSSEQ Committee • Member of the Remuneration Committee
<p>Experience: Alison joined the OPA Board as a Non-Executive Member in January 2022.</p> <p>External appointments: Alison is as a Non-Executive Director of Defence Audit & Risk Assurance Committee, Non-Executive Director of Veterinary Medicines Directorate and Independent Member of The National Archives Audit & Risk Committee.</p>		<p>Experience: Simon joined the OPA Board as a Non-Executive Member in August 2021.</p> <p>External appointments: Simon is a Non-Executive Director of Thamesway Limited and a number of its subsidiaries, a Trustee of Herriard Village Charity, Non-Executive Director and Chair of B&D Energy Limited, Director of Wills Advisory Limited, Non-Executive Director of National Highways and Chair of its Health & Safety Committee.</p>	
	<p>Tara Usher Non-Executive</p> <ul style="list-style-type: none"> • Sits on the Board as MOD Sponsor representative • Member of the Remuneration Committee 		<p>Mark Eames Non-Executive</p> <ul style="list-style-type: none"> • Associate Member of the Board • Member of the Audit & Risk Assurance Committee
<p>Experience: Tara has been attending Board meetings since May 2024 and formally became the MOD representative on the Board in October 2024.</p> <p>External appointments: Tara is a Non-Executive Member of UK Hydrographic Office, Non-Executive Member of Defence Science & Technology Laboratory, Board Observer of Single Source Regulations Office and Independent Co-opted (non-voting) Member of Royal Borough Kensington & Chelsea Council Audit & Transparency Committee.</p>		<p>Experience: Mark joined the OPA Board as an Associate Member in October 2022.</p> <p>External appointments: None.</p>	

	<p>Tim Backhouse Executive</p> <ul style="list-style-type: none"> • Chief Financial Officer • Associate Member of the Board 		<p>Paul Grange Executive</p> <ul style="list-style-type: none"> • Chief Operating Officer • Associate Member of the Board
<p>Experience: Tim joined the OPA Board as an Associate Member in September 2021.</p> <p>External appointments: None.</p>		<p>Experience: Paul joined the OPA Board as an Associate Member in July 2024.</p> <p>External appointments: None.</p>	

Board Member Diversity

The OPA Board consists of three female members and two male members. Together there is a diversity of skills, background, experience and approach which underpins strong decision-making.

Board composition

The following changes were made to the Board during the year:

Joe Dean was replaced by Tara Usher with effect from 7 October 2024. Paul Grange was appointed Associate Member of the Board with effect from 22 July 2024.

The MOD sponsor is represented on the OPA Board by Tara Usher, Deputy Director, Public Bodies & Appointments.

Secretary to the OPA:

Samantha Luxon	Company Secretary
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Attendance at Board and Board Committee Meetings

Attendance during the year for all Board and Board committee meetings is given in the table below.

	Board	Audit	HSEQ	Remuneration
Members				
Kate Ellis	7/7			4/4
Adrian Jackson	7/7			4/4
Simon Wills	7/7	4/4	4/4	4/4
Alison White	7/7	4/4		4/4
Joe Dean**	0/2			
Tara Usher*	5/5			2/2
Associate Members				
Tim Backhouse	7/7			
Mark Eames	7/7	4/4		
Paul Grange*	6/6			

* Appointed partway during the year.

** Resigned partway during the year.

Associate Members attend Board meetings in an advisory capacity and have no formal voting rights.

Register of Interests

The OPA maintains a Register of Interests and requires all Members to sign a Conflict-of-Interest Declaration annually. There were no conflicts reported during the past year.

Personal data related incidents

There were no personal data related incidents to report.

Auditors

Further to the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2003, which came into force on 23 May 2003, the Comptroller and Auditor General was appointed as the independent auditor to the OPA. The cost of the audit carried out by the National Audit Office (NAO) was £57k. No further payments were made to the NAO for non-audit work. The Certificate and Report of the Comptroller and Auditor General is included on pages 37 to 42.

Statement of the Chief Executive and Accounting Officer's Responsibilities

Under Schedule 3 paragraph 9 of The Oil and Pipelines Act 1985, the OPA is required to prepare a statement of accounts for each financial year, in the form and on the basis determined by the Secretary of State for Defence with the consent of the Treasury. The accounts are prepared on an accruals basis and give a true and fair view of the state of affairs of the OPA and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing these accounts, the OPA is required to:

- Observe the accounts direction issued by the Secretary of State, including relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed and explain any material departures in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the OPA will continue in operation.

I, the Chief Executive, as Accounting Officer for the OPA, am also responsible for:

- The propriety and regularity of the public finances for which I am answerable.
- The keeping of proper accounts.
- Prudent and economical administration.
- The avoidance of waste and extravagance and the effective and efficient use of all available resources.
- The maintenance of public service values within the OPA, and for the transparency and openness of its proceedings.
- The taking of appropriate action if OPA Members consider taking a course that would not comply with these requirements.

The responsibilities of the Accounting Officer are set out in the Non-Departmental Public Bodies' Accounting Officer's Memorandum, issued by the Treasury and published in "Managing Public Money".

I confirm that the annual report and accounts as a whole is fair, balanced and understandable and that I take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

Statement of Disclosure to Auditors

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

Scope of responsibility

This statement provides an opportunity to outline my Accounting Officer's responsibilities in managing and controlling the OPA's resources during the course of the year. I have responsibility for ensuring delivery of the OPA's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money. Such assets include the Oil Fuel Depots and storage caverns which are the property of the Ministry of Defence. The OPA exercises financial and technical control over the operation and maintenance of these funds and assets, within the constraints set by the Ministry of Defence, in its capacity as Managing Agent for the Secretary of State. The OPA's Chief Financial Officer assists me in this.

To form an opinion on our system of internal control for the period 1 April 2024 to 31 March 2025, I have relied on and received advice and assurances from various sources including:

- Government Internal Audit Agency (GIAA)
- National Audit Office (NAO)
- The Health and Safety Executive (HSE)
- The Environment Agency (EA)
- Other external assurance providers
- OPA internal assurance
- The Board and its sub-committees
- The Executive Team annual assurance statement.

Details of this advice are covered further within this report.

Ownership and financial structure

The OPA was created by The Oil and Pipelines Act 1985 and came into existence on 1 December 1985. As a Public Corporation the OPA is 100% owned by the Secretary of State for Defence but has substantial day to day operating independence and is seen as a separate institutional unit from its parent department, the MOD.

The OPA's financial statements, drawn up to 31st March each year, are prepared in accordance with the accounts direction March 2004 as given by the Secretary of State for Defence, with the approval of the Treasury, in accordance with schedule 3, paragraph 9(3), to the Oil and Pipelines Act 1985.

Status and governance framework

The Framework Document between MOD and the OPA sets out the roles, responsibilities and accountability of both parties. This was updated in 2023 to reflect the OPA's areas of responsibility and is available on the Gov.uk website.

OPA's organisational performance is formally assessed by the MOD DSOP team as OPA's Sponsor, acting through the Director DSOP, via Performance and Risk Review (P&RR) meetings and supporting processes.

Objectives are set by Front Line Command customers via individual SLAs to ensure overall alignment with the Defence Plan. Delivery performance is managed and monitored by the Senior Responsible Officer (SRO) through their individual SLAs.

The Governance Statement

Minister responsible for the OPA

The Minister responsible for the OPA is the Minister for Defence Procurement and Industry, acting on behalf of Secretary of State for Defence. During the financial year the Minister was the Rt Hon Maria Eagle MP (from July 24). There were no Ministerial Directions given to the OPA during the year.

OPA Board

The OPA Board provides the strategic leadership for the OPA in delivering its objectives. It provides a forum for independent, non-executive, support and constructive challenge to OPA's Chief Executive and the Executive. The Board seeks to comply where it is deemed relevant and practical with the Cabinet Office Corporate Governance Code, which is focused on the role of boards.

Responsibility for assuring that high standards of corporate governance are observed at all times rests with the OPA Members.

The quality of management information provided to the Board is reviewed regularly. The Board is satisfied that the information provided is fit for purpose.

During the year, the Board held six meetings, one of which focused on future strategy. It regularly reviewed key areas of performance for its customers, and the financial performance of the organisation. It introduced improvements in stakeholder engagement, reporting of major projects and future business development. It held deep dives on cyber security, and ethics and propriety. It commissioned improvement programmes in strategic HR and procurement, and oversaw the resultant improvement plans. The Board also engaged regularly with strategic risks, and their associated risk appetite.

The effectiveness of the Board is assessed annually and any improvement opportunities in the Board's performance or composition, or those of its sub committees, are addressed by the Chair.

Board members participate in a range of training and development opportunities each year to support the Board's effectiveness.

The Board is supported by its sub committees. The roles and activities of these committees are detailed below.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee (RemNomCom) is a committee of the Board. It is responsible for reviewing the level of remuneration of employees of the OPA as described in the Remuneration and Staff Report below.

The Committee comprises four members, Kate Ellis (Chair), Alison White, Simon Wills and Tara Usher (MOD Sponsor).

The responsibility of the Committee is set out in its terms of reference which are reviewed annually.

The Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee (ARAC) is a committee of the Board. Its role is to support the OPA Board, and the Chief Executive as the Accounting Officer, in providing advice about the organisation's corporate governance, control systems and risk management.

The Committee comprises three members, Alison White (Chair), Mark Eames and Simon Wills.

The responsibility of the Committee is set out in its terms of reference which were reviewed in October 2024, and subsequently approved by the Board, and which clarified further the Committee's role in regard to counter fraud and whistleblowing.

The Chief Executive and Chief Financial Officer are not members of the Committee: however, they do attend meetings, as do the Government Internal Audit Agency (GIAA), National Audit Office and the Departmental Sponsor, when appropriate.

During the year the Committee:

- Held four meetings.
- Received comprehensive reports from management and the internal and external auditors, and reviewed the implementation of audit recommendations.
- Reviewed a selection of the OPA's key policies, including risk management, whistleblowing, information assurance; counter fraud and gifts, hospitality and entertainment.
- Reviewed the Annual Report and Accounts, including a technical review of the financial statements, and provided advice to sign to the Accounting Officer.
- Continued to provide advice about risk management, including a fundamental review of the strategic risk register, to enable improvement in Board engagement.
- Continued to provide advice about the comprehensiveness, reliability and integrity of assurances.
- Conducted deep dives into cyber security; ethics and propriety; counter fraud and procurement, and sponsored Board engagement on these issues.
- Conducted a review of its own effectiveness.

The Health, Safety, Environment and Quality Committee

The role of the Committee is to provide assurance to the Board that an effective HSEQ management system is operating throughout the OPA. The Committee also provides the Board with assurance that a strong safety leadership and a learning culture is in place and being sustained.

As of 31 March 2025, the HSEQ Committee comprised six members: Simon Wills (Non-Executive Director), Adrian Jackson (Chief Executive and Accounting Officer), Ian Lindsay (Engineering Director), Paul Grange (Chief Operating Officer), Lisa England (Compliance and Risk Director) and Mark Jessop (Programme Director). The Committee was chaired by Simon Wills, who attends all OPA board meetings in his capacity as a Non-Executive Director. The Committee ToR were updated in March 2025 for job title changes and successfully submitted to the Board for approval.

The Committee works to an agenda that embraces specific topics for review, plus, a risk review, a Major Projects review, controls and assurance (including performance KPIs), audit (internal and external) and an event review. In 2024 the Committee continued its review of various elements of

the OPA Assurance Framework relating to HSEQ, utilizing evidence-based deep dives to validate, and update, the assurance ratings assigned within the assurance map and received the results of the first Process Safety Self-Assessment, designed to provide a comprehensive overview of controls and assurance in process safety, facilitating the CEO's annual assurance statement.

During the year the Committee:

- Held four meetings, two virtual and two on site to engage the local Depot Managers and provide an opportunity to review activities and challenges with site staff.
- Reviewed, using a range of KPIs and data sources, risks and performance in respect of Health, Safety, Environment and Quality activities throughout the year.
- Reviewed specific HSEQ issues including: the proposed 2024/25 HSEQ Audit plan, mental health metrics and Control of Works.
- Reviewed four elements of the OPA Assurance map, namely, the OPA's Safety Management System, Safe Systems of Work, Competence and Emergency Preparedness.
- Discussed the results of the first Process Safety Self-Assessment, noting that it had received strong business engagement from the Depot Managers and has helped reinforce local accountability for safety performance.
- Conducted three "deep dive" event reviews, looking at the quality of the investigations, actions and lateral learnings.
- Focused on securing and sustaining compliance with COMAH requirements.
- Ensured that the close out of any actions from the Regulator have progressed well during the year.
- Reviewed internal safety audit results and external compliance activity undertaken by the Competent Authority to provide overall assurance to the ARAC, the Board and the Accounting Officer of the coverage and quality of HSEQ assurance within the OPA.
- Ensured Health, Safety, Environmental and Quality performance has been maintained at a good level throughout the year.

The Executive Team (ET)

The purpose of the ET is to support the Chief Executive in managing the OPA. It currently comprises of six directors who are the persons in senior positions that are responsible for delivering the business plan as agreed by the Board.

Compliance with the Cabinet Office Corporate Governance Code

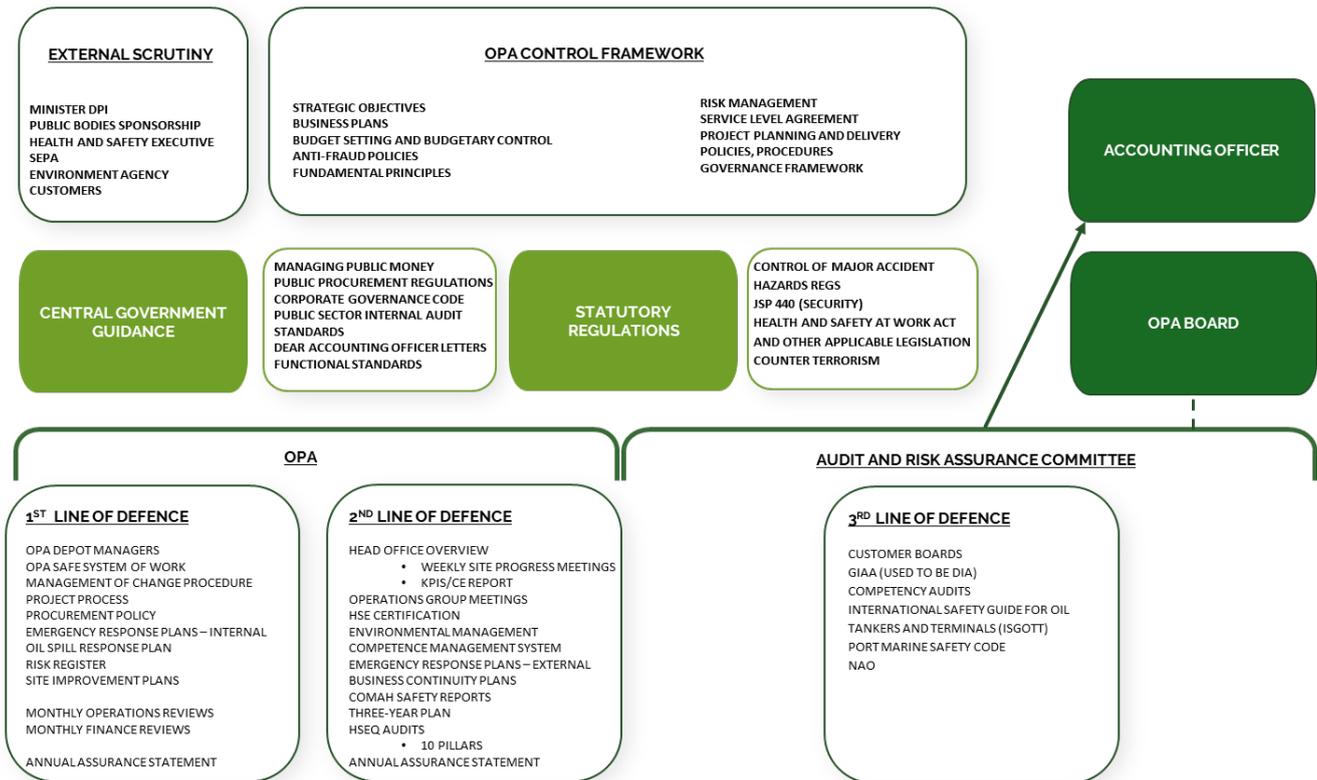
The OPA has assessed itself against the Cabinet Office corporate governance code and considers that it complies with the governance code as far as is deemed relevant and practical.

The Terms of Reference (TORs) of the Board have been updated within the last three years as required by the code and the Board considers the existing TORs to be suitable.

Corporate Governance Framework

The OPA has continued to develop and implement formal governance and assurance arrangements which clearly set out the framework of roles, responsibilities, and detailed internal controls.

The OPA's corporate governance framework is a combination of various controls and processes which, together with effective information and communication systems, ensure probity at all times. The Internal Control System and Assurance System enable the Accounting Officer to ensure that the OPA is operating effectively and that objectives are being achieved.



Internal Audit

Government Internal Audit Agency (GIAA) has conducted three risk-based audits during the year, in support of the Board's own assessment of risk. It submitted regular reports, including its opinion on the adequacy and effectiveness of internal control. It made findings, which are agreed with management, which then form the basis of improvement actions. The ARAC monitors outstanding improvement actions to ensure they are implemented.

The overall opinion, based on the audit assignments completed was Moderate Assurance.

Functional Standards

The mandate for use of functional standards is provided by Managing Public Money (MPM). The standards support accounting officers to oversee functional work effectively and efficiently, and to target improvement. The default scope of functional standards mirrors that of MPM (departments and their arm's length bodies).

The OPA as a Public Corporation is exempt from following the functional standards unless through

mutual agreement with its parent department. The strategies, policies, standards, and processes of the OPA are not inconsistent with, and take account of those set by both Government and MOD Functional Owners in order to secure a key part of the OPA's system of internal control.

Assurance Map

In February 2025 the Assurance Map was reviewed and updated by the Executive Team across the 3 Lines of Defence to provide better insight, identify any problem/priority areas, improve the breadth of reporting and inform the development of the internal audit programme.

All Executive Team members gave assurance to the Accounting Officer of the position of the different functional frameworks and controls. The overall Assurance level was high, with some areas of improvement identified and prioritised for management focus in the next financial year.

Review of Effectiveness of Risk Management and Internal Control

As CE and Accounting Officer, I am responsible for the effectiveness of the system of internal control with the support and advice of the OPA's ARAC. This review is informed by the work of external auditors and departmental managers within the OPA and supported by the work of the OPA's committees. Any anomalies or unexpected outputs are investigated and actioned with reporting to Members where appropriate.

The risk management system continues to be robustly reviewed by the Board and its committees.

We have no recorded non compliances with key Defence Controls. There was one Employee Health and Safety reportable injury in year, due to a manual handling issue that resulted in an over-7 day absence.

I am satisfied that the OPA has a sound system of internal control in place,.



Adrian Jackson - Chief Executive and Accounting Officer

10 July 2025

Remuneration and Staff Report

The Remuneration and Nomination Committee

The members of the Remuneration and Nomination Committee are the Chair, and the non-executive Members of the OPA. The Committee is responsible for reviewing the level of remuneration of employees of the OPA. It is not responsible for the remuneration of the non-executive members. The Secretary of State determines the remuneration of the non-executive members on their appointment. The Chief Executive is not involved in setting his own remuneration.

Remuneration Policy

The OPA sets its remuneration policy for all employees, including the Chief Executive, and is guided by Treasury policy, market competitiveness and inflation indices. Comparison of competitive market data including periodic review with external commercial entities in similar industries is regularly considered. Staff are subject to levels of remuneration and terms and conditions of service (including Pensions) as set by the OPA, having due regard to equal pay, Union negotiation, job grading, retention and motivation of staff.

Remuneration details (Audited)

Non-executive Board Members are appointed by the Secretary of State for a fixed term with no provision for compensation for early termination as follows:

Name	Position	Appointed	Appointed to	2024/25 Salary band £'000	2023/24 Salary band £'000	2024/25 Pension £'000	2023/24 Pension £'000	2024/25 Bonus £'000	2023/24 Bonus £'000	2024/25 Total £'000	2023/24 Total £'000
K Ellis	Chair	01-Jun-21	31-May-28	25-30	25-30	-	-	-	-	25-30	25-30
S Wills	Member	08-Aug-21	16-Aug-27	10-15	10-15	-	-	-	-	10-15	10-15
T Usher	Sponsor Rep	07-Oct-24	**	-	-	-	-	-	-	-	-
J Dean	Sponsor Rep	29-Jan-24	07-Oct-24	-	-	-	-	-	-	-	-
A White	Member	15-Jan-22	14-Jan-29	10-15	10-15	-	-	-	-	10-15	10-15
A Jackson	Chief Exec	01-May-15	*	140-145	130-135	21	20	10-15	10-15	175-180	160-165

* Notice period of 6 months

** appointed for the tenure of their MOD appointment.

Joe Dean and Tara Usher as employees of MOD, were remunerated outside the OPA. The OPA has not made any pension contributions in respect of non-executive Members, nor did they receive any other benefit except for the reimbursement of actual expenses.

Adrian Jackson is a member of the Oil and Pipelines Agency Group Pension Plan, the defined contribution pension scheme; as a result, Pension CETVs are not disclosed. The OPA defined contribution scheme is open to all employees and offers a double contribution + 1% match up to 15% of salary (7% Employee contribution = 15% Employer contribution). The OPA meets all its obligations under auto-enrolment.

Relationship between the highest paid Director and the workforce median (Audited)

	2024/25	2023/24
Remuneration of highest paid Director	£150K-£155K	£140K-£145K
Median total remuneration	£46,725	£42,739
Ratio	3.3	3.3
Remuneration range for entire workforce	£13,000 to £150K-£155K	£12,220 to £140K-£145K

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest-paid director in the OPA in the financial year 2024-25 was £150k-155k (2023-24, £140k-145k) a percentage rise of 7.0%. This was 3.3 times (2023-24, 3.3 times) the median remuneration of the workforce, which was £46,725 (2023-24, £42,739).

In 2024-25, the average salary for the employees of the entity as a whole (total wage bill divided by no. of FTE) was £47,668 (2023-24: £44,312). This represents a change of 8% as more employees were bought into the business at higher salary levels to assist with its advisory business stream. The average bonus, for the eligible employees of the entity as a whole, remained consistent. The annual pay review was consistent across all employees except the highest paid director received a salary increase of 8.8% from the previous year. The bonus for the highest paid director increased by 9.5% from the previous financial year.

The ratio between the highest paid director's remuneration and the pay and benefits of the employee on the 25th and 75th percentile of pay and benefit is disclosed below.

		25th Percentile	Median	75th Percentile
2024/25	Remuneration	£32,260	£46,725	£63,635
2024/25	Ratio	4.8 : 1	3.3 : 1	2.4 : 1
2024/25	Salary Only	£30,510	£44,760	£61,690
2023/24	Remuneration	£30,930	£42,739	£60,000
2023/24	Ratio	4.6 : 1	3.3 : 1	2.4 : 1
2023/24	Salary Only	£29,280	£40,760	£57,725

In 2024-25, no employees (2023-24, 0) received remuneration in excess of the highest-paid director. Remuneration ranged from £13,000 to £150k-£155k (2023-24 £12,220 to £140k-£145k). 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.

Total remuneration paid by the OPA for the Board members was £205,220 (2023-2024: £192,660); the variance was caused by the increase in remuneration of the Chief Executive.

The Chief Financial Officer, Chief Operating Officer, HR Director, Risk and Compliance Director, Engineering Director and Programme Director comprise the Executive Team but are not voting members of the Board and are not disclosed above.

Cash equivalent transfer disclosures are not relevant to the OPA as no Board members are participants of the Defined Benefit Pension schemes.

Staff Report

The OPA is an equal opportunity employer, fully committed to equal opportunity policies. Employees are central to the ongoing performance of the OPA. Access to opportunities within the OPA is based upon competence, knowledge and ability to do the work. An 'open door' policy is encouraged, and employees meet regularly in various ways to enable discussion and dissemination of information across the OPA.

The OPA has an anti-bribery and corruption policy in place and all staff are required to abide by this policy. Any potential conflicts of interest are considered by the HR Department and notified to the Company Secretary.

OPA employees are Public Sector Workers: there were no senior civil service staff employed by the OPA during the financial year.

The total number of personnel employed by the OPA as at 31 March 2025, excluding non-executive members, was 203 (2023-2024: 188). Staff costs were £13,453k (2023-24: £11,029k) during the year including performance pay accrued, taxes and other social security costs. (This paragraph is subject to audit).

As at 31 March 2025, one staff member was on a short-term contract with the OPA (2023-2024:1) assisting with the control system installation at Loch Ewe.

Staff costs analysis (Audited)

	2025	2024
Staff Costs	£000	£000
Wages and salaries - to permanently employed staff	9,516	7,803
Wages and salaries - to other contract and temporary staff	781	604
Social security costs incurred by the Agency	1,026	851
Defined benefit pension costs (note 11)	246	333
Defined contribution pension costs	1,799	1,402
Redundancy costs	85	36
	13,453	11,029

Social security costs include all tax and national insurance payable to HMRC. The OPA complies with all tax legislation.

Contract and temporary staff increased as cavern experts were contracted to assist in the COGH recovery project and temporary staff were contracted to assist with our new business advisory service.

Workforce by gender – FTE

Numbers as at 31 March	Male 2025	Male 2024	Female 2025	Female 2024
Agency Members	3	3	2	2
Senior Managers	5	5	2	2
Employees	168	149	27	31

Reporting of high paid off-payroll appointments

The OPA had no engagements of senior or highly paid individuals remunerated by any means other than payroll at the reporting date or during the year ending 31 March 2025.

Staff Turnover

Staff turnover for the financial year was 15.27% (2023/24: 15.0%).

Sickness absence

The OPAs current annual absence rate has increased this year from 2.02% to 2.76%, which is still well below the UK average (5.4%).

Compensation for loss of office (Audited)

There were 4 exit packages in the year (2023/24: 2), all of which were in the £10,000-£25,000 band; the total value of which were £84,788 (2023/24: £35,928). None were compulsory redundancies, with all 4 being due to the changing structure of the OPA.

Expenditure on consultancy and contingent labour

During the year the OPA spent £132k on consultancy after undertaking a strategic review of Procurement and Human Resources (2023/24: £0k): these were required to improve efficiency and effectiveness. The OPA spent £0k on contingent labour (2023/24: £0k).

Retirement Benefits Pension Schemes

The OPA operates two funded defined benefits pension schemes, the Oil and Pipelines Agency Retirement Benefits Plan and the Mercer DB Master Trust (previously known as the Federated Pension Plan), providing benefits based on final pensionable pay. Both defined benefits schemes are closed to new entrants and all new employees of the OPA are offered membership of the defined contribution pension scheme. The OPA pension costs are detailed in Note 11 to the accounts.

Trade Union facility time

The OPA have a recognised Trade Union Agreement, which provides for 2 Union representatives for each of the 2 unions. Since the previous union official has left, no other employee has currently come forward as a representative. The OPA continues to meet with the national officers.

	2025	2024
Relevant union officials	0	0
Percentage of time spent on facility time	0%	0%
Percentage of pay bill spent on facility time	0%	0%
Paid trade union activities	0	0

Parliamentary accountability and audit report

Parliamentary Accountability Disclosures [Audited]

The Oil and Pipelines Agency receives income from Navy Command, DIO and Strategic Command. This income covers the OPA's actual costs. All work with the Ministry of Defence is covered with service level agreements. These service level agreements enable the OPA to invoice MOD for the cost of the operations and maintenance of the OFDs, capital project support, OMC support and technical consultancy.

During the financial year, the OPA charged fees to the MOD of £32.3m (2024: £28.4m).

The OPA operates under the guidance of Managing Public Money, material expenditure is compliant with relevant legislation and delegated authority. The OPA ensures the regularity and propriety of expenditure of public finances which is subject to audit.

There are no remote contingent liabilities, gifts, charges or losses and special payments.

A handwritten signature in black ink, appearing to read 'A. Jackson', with a stylized flourish at the end.

Adrian Jackson - Chief Executive and Accounting Officer

10 July 2025

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

Opinion on financial statements

I certify that I have audited the financial statements of the Oil and Pipelines Agency for the year ended 31 March 2025 under the Oil and Pipelines Act 1985.

The financial statements comprise the Oil and Pipelines Agency's

- Statement of Financial Position as at 31 March 2025;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

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

In my opinion, the financial statements:

- give a true and fair view of the state of the Oil and Pipelines Agency's affairs as at 31 March 2025 and its net income after taxation for the year then ended; and
- have been properly prepared in accordance with the Oil and Pipelines Act 1985 and Secretary of State 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 certificate.

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 Pipelines Agency in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

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

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

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

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

Other Information

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

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

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

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

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Oil and Pipelines Act 1985.

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

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the Oil and Pipelines Act 1985; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Oil and Pipelines Agency and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

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

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

Responsibilities of the Board and Accounting Officer for the financial statements

As explained more fully in the Statement of the Chief Executive and Accounting Officer's Responsibilities, the Board and Accounting Officer 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 Oil and Pipelines Agency from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view in accordance with Secretary of State directions issued under the Oil and Pipelines Act 1985;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with Secretary of State directions issued under the Oil and Pipelines Act 1985; and
- assessing the Oil and Pipelines Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board and Accounting Officer either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Oil and Pipelines Act 1985.

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 Oil and Pipelines Agency's accounting policies and key performance indicators.
- inquired of management, the Government Internal Audit Agency and those charged with governance, including obtaining and reviewing supporting documentation relating to the Oil and Pipelines Agency's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Oil and Pipelines Agency's controls relating to the Oil and Pipelines Agency's compliance with the Oil and Pipelines Act 1985, the Framework agreement between the Oil and Pipelines Agency and the Secretary of State for Defence and Managing Public Money;
- inquired of management, the Government Internal Audit Agency 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 Pipelines Agency for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Oil and Pipelines Agency's framework of authority and other legal and regulatory frameworks in which the Oil and Pipelines Agency operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Oil and Pipelines Agency. The key laws and regulations I considered in this context included the Oil and Pipelines Act 1985, the Framework agreement between the Oil and Pipelines Agency and the Secretary of State for Defence, Managing Public Money, Employment Law and Tax Legislation.

Audit response to identified risk

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

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management and the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports; 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 potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

Other auditor's responsibilities

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

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

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

Date

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

Financial Statements

Statement of Comprehensive Net Expenditure

STATEMENT OF COMPREHENSIVE NET EXPENDITURE YEAR ENDING 31 MARCH 2025

	Notes	2025 £000	2024 £000
Expenditure			
Staff costs	5	(13,453)	(11,029)
Maintenance expenditure	7	(15,003)	(13,863)
Depreciation and impairment charges		(57)	(26)
Other expenditure	6	(5,970)	(5,715)
Total expenditure		(34,483)	(30,633)
Income			
Income from activities	4	34,925	30,800
Net income		442	167
Finance income		169	150
Finance expense		(52)	(8)
Net income after interest and other finance income		559	309
Tax on taxable net income after interest and other finance income		0	0
Net income after taxation		559	309
Other Comprehensive Income			
Actuarial gain / (loss) recognised in pension scheme	11	118	(1,190)
Change in asset ceiling		(225)	1,104
Total comprehensive income for the year		452	223

The accompanying notes on page 44 to 63 form part of these accounts.

Statement of Financial Position

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2025

	Notes	2025 £000	2024 £000
Non-current assets			
Property, plant & equipment		172	67
Right-of-use asset	2.12	12	33
Total non-current assets		184	100
Current assets			
Trade and other receivables	8	8,675	9,649
Cash on deposit	14	2,280	2,167
Cash at bank and in hand	15	3,462	2,116
Total current assets		14,417	13,932
Total assets		14,601	14,032
Current liabilities			
Trade and other payables	9	(9,115)	(8,976)
Right-of-use liabilities		(7)	(10)
Total current liabilities		(9,122)	(8,986)
Total assets less current liabilities		5,479	5,046
Non-current liabilities			
Right-of-use liabilities		(4)	(23)
Defined Benefit Pension schemes	11	0	0
Total non-current liabilities		(4)	(23)
Total assets less total liabilities		5,475	5,023
Reserves			
Contributed capital	1.1	2,380	2,380
General fund reserve	12	3,095	2,643
Total Reserves		5,475	5,023

The accompanying notes on page 44 to 63 form part of these accounts.



A Jackson - Chief Executive and Accounting Officer

10 July 2025

Statement of Cash Flows

STATEMENT OF CASH FLOWS YEAR ENDING 31 MARCH 2025

	2025	2024
	£000	£000
Cash flows from operating activities		
Net income after interest before other finance income and taxation	559	309
Adjustment for non-cash transactions		
Depreciation	57	26
Defined benefit pension fund contributions paid, recognised in OCI	(107)	(86)
Decrease / (Increase) in trade and other receivables	974	(4,513)
Increase in trade and other payables	118	4,878
(Increase) in Cash on deposit (note 14)	(113)	(105)
Net cash inflow from operating activities	1,488	509
Cash flow from investing activities		
Purchase of Property, Plant and Equipment	(142)	(101)
Net cash (outflow) from investing activities	(142)	(101)
Net Increase in cash and cash equivalents in the period	1,346	408
Cash and cash equivalents at the beginning of the period	2,116	1,708
Cash and cash equivalents at the end of the period	3,462	2,116

The accompanying notes on page 44 to 63 form part of these accounts.

Statement of Changes in Taxpayers' Equity

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY YEAR ENDING 31 MARCH 2025	Notes	Contributed Capital £000	General Fund £000	Total Reserves £000
Balance at 1 April 2023		2,380	2,420	4,800
Comprehensive net income/(expenditure) for the year		0	309	309
Total remeasurements recognised in defined benefit pension funds		0	(86)	(86)
Balance at 31 March 2024	12	2,380	2,643	5,023
Balance at 1 April 2024		2,380	2,643	5,023
Comprehensive net income/(expenditure) for the year		0	559	559
Total remeasurements recognised in defined benefit pension funds		0	(107)	(107)
Balance at 31 March 2025	12	2,380	3,095	5,475

The accompanying notes on page 44 to 63 form part of these accounts.

Notes to the Accounts

Year ending 31 March 2025

1. The OPA

- 1.1. The OPA was created by The Oil and Pipelines Act 1985 and came into existence on 1 December 1985 responsible for managing the Department of Energy's pipeline and fuel storage depots. The property, rights and liabilities of the British National Oil Corporation (BNOC) were vested in the OPA. The OPA's initial capital was established at £2,380,000. In 1989 the OPA was amalgamated with the Ministry of Defence spur pipelines and fuel storage depots as a strategic defence asset under the responsibility of the Secretary of State for Defence.
- 1.2. The Framework Document between the OPA and the Secretary of State for Defence states that the MOD and the OPA share the common objective of delivering the optimal fuel storage, supply, and logistic solutions for the MOD and commercial customers.
- 1.3. The accounts have been prepared in accordance with Paragraph 9 of Schedule 3 to The Oil and Pipelines Act 1985 and with the most recent related Accounts Direction as to the form of the accounts given by the Secretary of State for Defence. This Accounts Direction is reproduced on page 67.

2. Statement of accounting policies

These financial statements have been prepared in accordance with the 2024-25 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where a FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstance of The Oil and Pipelines Agency for the purpose of giving a true and fair view has been selected. The particular policies adopted by The Oil and Pipelines Agency are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

2.1. Basis of preparation

The OPA manages the OFDs, the Overseas Base and the cavern sites as an agent of the Secretary of State for Defence, the assets of the OFDs and the cavern sites are excluded from the OPA's Statement of Financial Position. The OPA is responsible for the management and maintenance of the OFDs and cavern sites. Note 7 provides a breakdown of OPA Expenditure which includes 'Expenditure on new assets' which are capitalised in the MOD accounts but correctly recorded within OPA accounts as operating costs.

Notes to the Accounts (continued)

Year ending 31 March 2025

2. Statement of accounting policies (continued)

2.2. *Significant Judgments and Estimation Uncertainty*

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities and the reported amount of income and expenditure. All estimates are based on knowledge of current facts and circumstances, assumptions concerning past events, and forecasts of future events and actions. Where appropriate, the relevant notes to the accounts provide further detail on estimation techniques.

Accounting Boundary: the OPA acts as the technical authority for capital projects on behalf of the MOD. The MOD are the facilities owners and, as such, any assets purchased as part of these projects are not recognised within OPA's Statement of Financial Position as they are recognised within the MOD's. However, the staff costs associated with these projects are an operational cost to OPA and as such are recognised within the OPA's Statement of Comprehensive Net Expenditure.

Pension: how management have applied the OPA's accounting policies regarding the pension liabilities is detailed in (2.7). Independent and qualified actuaries assess the specific factors that influence the pension fund position.

Other significant judgements include the estimation of accruals. The OPA uses a qualified Quantity Surveyor to assist in these estimations so that expenditure is recognised in the correct period.

2.3. *Going Concern*

These accounts have been prepared on a going concern basis. The Chief Executive as Accounting Officer, after having received advice from the Board, has taken the view that as the primary service of the OPA will remain unchanged for the long-term fuel management for the Navy, the OPA will continue in its current form as Managing Agent of the OFDs and cavern sites. The OPA is responsible for the safe running of these facilities.

The OPA provides a support service critical to the delivery of key defence and national security outputs and there are no plans for this to change.

The OPA's management have carried out a thorough assessment of the OPA's going concern position as required by International Accounting Standard 1, Paragraph 25 (IAS 1.25) and presented the results to the Board.

Demand for OPA's services are enduring and there is no planned change to MOD requirements for these services. In view of this, and alongside considering any external factors outside of Board control that could affect trading of the OPA, the Board have taken the decision that the accounts should be prepared on a 'going concern' basis.

Notes to the Accounts (continued)

Year ending 31 March 2025

2. Statement of accounting policies (continued)

2.4. Income

Operating income relates directly to the operating activities of the OPA, primarily the safe storage of fuel for the Front Line Commands. Income is recognised in line with the IFRS 15 five step model. The OPA has identified the service level agreement or contracts with our customers, identified the performance obligations, determined the price and recognised revenue when we have fulfilled the performance obligation.

The OPA also has long-term contracts with commercial operators. These contracts are firm price contracts when the transfer of control passes to the customer at a point in time. Each point in time reflects the transfer of a performance obligation to the customer (a contract milestone), and each performance obligation has an attributed contract price. The recognition of operating income reflects the price of an achieved performance obligation that is accepted by the customer.

Operating income is accrued as contract assets (accrued income) where there is a timing difference between income recognition and invoicing.

2.5. Expenditure

Expenditure is recognised on an accruals basis. The OPA is responsible for the management and maintenance of the OFDs and cavern sites. Note 7 provides a breakdown of OPA Expenditure which includes 'Expenditure on new assets' which are capitalised in the MOD accounts but correctly recorded within OPA accounts as operating costs therefore expenditure which is capital in nature, but for which the OPA does not retain the risks and rewards in the future, is expensed in year.

2.6. *Property, plant and equipment*

For furniture, plant and machinery, new acquisitions are capitalised where the cost exceeds £10,000. In respect of IT assets, new additions and improvements are capitalised where the value of discrete items exceeds £1,000. Assets are recognised initially at cost, which comprises purchase price, construction costs, after deducting for any discounts or rebates and any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended.

Depreciation on other assets is calculated to write off the original cost or revalued amount, over their estimated useful lives. Assets are depreciated on a straight-line basis as over the following periods:

- IT equipment between 3 and 4 years.
- Vehicles over 4 years.

During the year the OPA spent £142k on new IT equipment, plant and machinery. Front Line commands are then charged a fee over the life of the asset, which results in more consistent charging and forecasting for the customers.

Notes to the Accounts (continued)

Year ending 31 March 2025

2. Statement of accounting policies (continued)

2.7. *Pension costs*

Pension costs incurred in respect of the defined contribution pension fund are charged to the statement of comprehensive net expenditure.

Pension costs incurred in respect of the defined benefit pension funds are accounted for in accordance with IAS 19. The OPA recognises a liability in respect of any deficit, being the excess of the present value of the scheme's liabilities over the value of the assets in the scheme, to the extent that the OPA has a legal or constructive obligation to make good the deficit in the scheme.

Conversely, the OPA recognises an asset in respect of any surplus. The net defined benefit asset is recognized at the lower of (a) the surplus in the defined benefit plan; and (b) the asset ceiling. The asset ceiling is defined as the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Scheme managers/trustees are required to undertake a sensitivity analysis for each significant actuarial assumption, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumption that were reasonably possible at that date. Details of this can be found in Note 11.

The service costs of providing retirement benefits to employees, together with the cost of any benefits relating to past service, are charged to the statement of comprehensive expenditure. A credit equivalent to the net interest income is included in the statement of comprehensive expenditure. The return on plan assets during the year is recognised in the general reserves account in the year together with any differences arising from changes in assumptions.

2.8. *Taxation*

Corporation tax

The charge for taxation is based on the taxable profit for the year and takes into account deferred taxation. In accordance with IAS 12 (Income Taxes), deferred tax is recognised as a liability or an asset if transactions have occurred during the year that may give rise to an obligation to pay more, or a right to pay less, taxation in the future. Deferred tax assets or liabilities are not discounted.

Value Added Tax

VAT is charged at the prevailing rate and where related input VAT costs are recoverable. Input VAT is also recovered on certain contracted-out services. Irrecoverable VAT is charged to the relevant expenditure category. Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT.

Notes to the Accounts (continued)

Year ending 31 March 2025

2. Statement of accounting policies (continued)

2.9. Staff costs

In accordance with IAS 19 (Employee Benefits), all staff costs must be recorded as an expense as soon as the organisation is obliged to pay them. This includes the cost of any untaken leave at the year end. The cost of untaken leave has been determined and charged to the statement of comprehensive net expenditure.

2.10. Financial instruments

Financial instruments are considered in accordance with IFRS 9. The Oil and Pipelines Agency does not hold any complex financial instruments. The only financial instruments included in the accounts are receivables and payables (notes 8 and 9). Trade receivables are recognised initially at fair value, less provision for impairment. A provision for impairment is made when there is evidence that the OPA will be unable to collect an amount due in accordance with agreed terms.

2.11. Operating segments

The OPA operates on the basis that OPA has a single operating segment, that being the management of oil fuel depots on behalf of the Secretary of State for Defence.

In November 2022, the OPA took on responsibility for the safe operations and maintenance of the Senoko Oil Fuel Depot in Singapore. The British Defence Singapore Support Unit (BDSSU) Head of Establishment is the UKStratCom representative within Singapore and holds Duty of Care responsibilities under the Health and Safety at Work Act 1974, the OPA does not hold regulatory risk. As a result of this expansion an analysis of revenues by geographical area is disclosed below as required by IFRS 8.

Operating Segments	2025	2024
	£000	£000
Expenditure		
Europe	31,024	27,117
Singapore	3,459	3,516
Income		
Europe	(31,466)	(27,284)
Singapore	(3,459)	(3,516)
Total net income per the Statement of Comprehensive Net Expenditure	(442)	(167)

Notes to the Accounts (continued)

Year ending 31 March 2025

2. Statement of accounting policies (continued)

2.12. *Right-of-use assets*

IFRS 16 requires attention to lessee accounting, removing the distinction between operating and finance leases. It also requires the recognition of a right-of-use (ROU) asset and a corresponding lease liability at commencement for all leases (except for short-term leases and leases of low value assets). There were two ROU vehicles on the balance sheet at year end.

The right-of-use asset measurement was calculated on the present value of lease payments of the vehicle at the time of commencement of the lease and depreciated on a straight-line basis across the term of the lease.

The lease liability was measured at the present value of lease payments, discounted using the implied borrowing rate at the date of the start of the lease.

2.13. Leases

IFRS 16 specifies how to recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

2.14. *Impending Application of Newly Issued Accounting Standards Not Yet Effective*

IFRS 18 will be effective for annual reporting periods beginning on or after 1 January 2027 with early application permitted. IFRS18 will replace IAS 1 Presentation of Financial Statements.

IFRS 18 will introduce three key new requirements on presentation and disclosures in the financial statements, with a focus on the income statement and reporting of financial performance.

Income and expenses in the income statement will be classified into three new defined categories:

- Operating
- Investing
- Financing

and two new subtotals:

- Operating profit or loss
- Profit or loss before financing and income tax.

Existing requirements of IAS 1 are expected to be brought forward into IFRS 18 or other IFRS Accounting Standards with only limited changes.

IFRS 4 Insurance Contracts will be superseded by IFRS 17 Insurance Contracts which was issued in May 2017 with an effective date for annual reporting periods beginning on or after 1 January 2025 for central government. IFRS 17 Insurance Contracts require that insurance liabilities be measured at present value of future insurance cash flows, resulting in more uniform measurements and presentation for all insurance contracts. IFRS 17 does not address accounting by policyholders. As the OPA does not issue any insurance contracts this standard will have no impact.

Notes to the Accounts (continued)

Year ending 31 March 2025

3. Information required by paragraph 2 of The Oil and Pipelines Agency Accounts Direction 2004

Statutory Borrowing Limit

The Secretary of State for Defence has given the OPA consent, under Paragraph 1(4) of Schedule 3 to The Oil and Pipelines Act 1985, to borrow, temporarily, from sources other than himself, up to the current limit of £20 million, which is specified in that Schedule. This limit may be raised to such greater amount, not exceeding £80 million, as the Secretary of State for Defence may specify by Order, made with the approval of the House of Commons. The Oil and Pipelines Agency has no such borrowings.

4. Operating income

Operating income (exclusive of VAT) represents the OPA's fees received from the Secretary of State for Defence in respect of the management of the OFDs, the cavern sites, the overseas bases and commercial receipts:

	2025	2024
	£000	£000
Operating Income		
Agency Fees (Defence Infrastructure Organisation)	4,300	2,542
Agency Fees (Navy Command)	20,618	19,141
Agency Fees (Strategic Command)	5,198	5,409
Agency Fees (Fuel Enterprise Strategy)	1,677	854
Agency Fees (Air Command)	540	500
Commercial receipts	2,592	2,354
	34,925	30,800

Agency fees are calculated through apportionment of costs incurred in delivery of operation and maintenance of the UK OFDs, the cavern sites and overseas bases activities. The above fees represent the respective costs of managing each group of crown assets on behalf of the different top-level budgets in MOD. Income is disaggregated by type of customer.

The revenue received from Navy Command has risen as activity on the Thanckes Tank Farm project has increased. The revenue received from DIO also rose as the Cape of Good Hope project progressed.

5. Staff costs

The average number of permanent employees plus Members and Committee Members, during the year was 200 (2024: 184) and the number of employees at 31 March 2025 was 207 (2024: 192). The average of whole-time equivalent non-permanent persons employed during the year was 6 (2024: 6). Staffing costs were as follows:

	2025	2024
	£000	£000
Staff Costs		
Wages and salaries - to permanently employed staff	9,516	7,803
Wages and salaries - to other contract and temporary staff	781	604
Social security costs incurred by the Agency	1,026	851
Defined benefit pension costs (note 11)	246	333
Defined contribution pension costs	1,799	1,402
Redundancy costs	85	36
	13,453	11,029

Notes to the Accounts (continued)

Year ending 31 March 2025

6. Other Expenditure

	2025	2024
Other Expenditure	£000	£000
Other occupancy costs	2,358	2,187
Staff related costs*	422	511
Travel, subsistence and hospitality	1,011	994
Recruitment and training	475	553
Professional fees	793	608
Auditors' Remuneration: Audit (NAO)	57	55
Office supplies and equipment	618	596
Other administration costs	236	211
	5,970	5,715

*Staff related costs include: Permanent Health and Life Assurance premiums undertaken by the OPA for the benefit of its employees and untaken holiday at year end (calculated as actual cost). The costs of Personal Protective Equipment (£68k) are included in staff related costs this financial year.

Other occupancy costs have increased as it includes facilities costs, previously recognised in Maintenance (other costs). This includes the costs of grass cutting and other grounds maintenance. Professional fees included the consultancy costs disclosed above (£132k). Recruitment and training has reduced as we have bought recruitment in house, thus reducing our dependency on agencies.

7. Maintenance Expenditure

	2025	2024
Maintenance Expenditure	£000	£000
Tank Inspection Programme	2,327	3,053
Jetty maintenance	628	257
Infrastructure improvements	4,707	3,864
HSEQ investment	537	533
Security	528	658
Expenditure on new assets	5,773	5,238
Other costs	503	260
	15,003	13,863

The amount of expenditure spent on infrastructure improvement increased during the year due to pipeline and wharf work carried out in Singapore. The Tank Inspection Programme reduced as the level of repairs needed to assure the tanks was significantly less than previous years.

Expenditure on new assets increased as the Thanckes Tank Farm project increased in activity.

Notes to the Accounts (continued)

Year ending 31 March 2025

8. Trade and other receivables

Trade and other receivables	2025	2024
Trade and other receivables falling due within one year	£000	£000
Trade and other receivables	770	2,998
Accrued Income	6,919	6,164
Prepayments	986	487
	8,675	9,649

Trade and other receivables are lower than previous year due to the OPA invoicing on a monthly basis and ensuring the debts are paid each month.

9. Trade and other payables

Trade and other payables	2025	2024
Trade and other payables falling due within one year:	£000	£000
Trade and other payables	1,194	437
Accruals and deferred income	7,377	7,256
Other creditors	0	393
Other taxation and social security	544	890
	9,115	8,976

During the year a new commercial report has made the recognition of accruals more scientific. This has allowed the evidence behind accruals to be more demonstrable.

10. Commitments

Capital Commitments

At the end of the year there were no capital commitments authorised (2024: £84.7k).

The OPA had no other financial commitments.

Notes to the Accounts (continued)

Year ending 31 March 2025

11. Retirement benefits pension schemes

The OPA operates two funded pension schemes providing benefits based on final pensionable pay; the Retirement Benefits Plan (RBP) and the Mercer DB Master Trust (FPP). Both are now closed to new entrants.

The Oil and Pipelines Agency Retirement Benefits Plan is a defined benefits scheme managed by The OPA Pension Trustees Limited. The assets of the scheme are held separately from those of the OPA and are invested in separate trustee administered funds. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The Oil and Pipelines Agency Retirement Benefits Plan has no active members.

During the Financial Year the liabilities of the RBP scheme were perfectly matched via the purchase of an insurance policy. This was an investment strategy decision, made to eliminate any risk within the scheme.

Any staff who TUPE transferred from the Ministry of Defence on 1 July 2012 had the option to join the Mercer DB Master Trust. The Mercer DB Master Trust (also known as FPP) is a Government Actuary Department (GAD) assured scheme therefore any members who transferred have reassurance from independent actuaries that the pension benefits offered are a fair deal broadly equivalent to their previous Principal Civil Service Pension Scheme. The FPP is a defined benefits multi-employer scheme managed by PAN Trustees UK LLP, a professional trustee that runs the scheme on behalf of the various organisations who participate in it. There were 22 active members on 5 April 2024.

The OPA and PAN Trustees UK LLP agreed that the OPA will make employer contributions of 53.0% and employee contributions ranging between 2.1% and 4.7% according to the employee's job level.

If necessary additional employer contributions would be paid into both schemes to reduce the schemes deficit if advised by the scheme's actuaries. The OPA adopts the accounting requirements set out in IAS19 Employee Benefits. As required under IAS 19 the OPA has used the "projected unit credit" method of valuation and uses a roll forward methodology from the last formal scheme funding assessments.

Notes to the Accounts (continued)

Year ending 31 March 2025

11. Retirement benefits pension schemes (continued)

Statement of Financial Position Pension asset

The plan assets and liabilities in the schemes were:

OPA Retirement Benefit Fund (OPA RBP)	2025	2024
Net Assets	£000	£000
Equities	0	2,257
Government Debt	0	6,413
Insurance Contract	5,810	
Cash	810	154
Total fair value of assets	6,620	8,824
Present value of liabilities	(5,810)	(8,323)
Surplus/(deficit) in the scheme	810	501
Asset ceiling	(810)	(501)
Surplus/(Deficit)	0	0

Mercer DB Master Trust (FPP)	2025	2024
Net Assets	£000	£000
Equities	1,683	1,804
Government Debt	6,402	6,655
Corporate Bonds	0	0
Cash	56	116
Other	2,593	2,804
Total fair value of assets	10,734	11,379
Present value of liabilities	(4,810)	(5,677)
Surplus/(Deficit) in the scheme	5,924	5,702
Asset ceiling	(5,924)	(5,702)
Related deferred tax (liability) asset	0	0
Surplus/(Deficit)	0	0

Notes to the Accounts (continued)

Year ending 31 March 2025

11. Retirement benefits pension schemes (continued)

Under the RBP and FPP Scheme rules, OPA do not have unconditional right to a refund of any surplus at the end of the plan and, therefore, IFRIC 14 does not allow a surplus to be recognised on the balance sheet. As the RBP and FPP schemes are in surplus as at 31 March 2025, a restriction has been applied to the balance sheet, and the net surplus recognised on the balance sheet has been restricted to £nil.

OPA acknowledges that the recognition of pension scheme surplus is an area of accounting judgment, which depends on the interpretation of the wording of the Scheme Rules and the relevant accounting standard, IFRIC 14.

The total value of assets before taxation has moved over the year as follows:

Reconciliation of opening & closing values of the fair value of plan assets	FPP £000	OPA RBP £000	2025 £000	FPP £000	OPA RBP £000	2024 £000
Opening fair value of assets at 1 April	11,379	8,824	20,203	10,905	9,482	20,387
Interest Income	558	409	967	530	436	966
Employer contributions	353	-	353	419	-	419
Contributions by Members	22	-	22	26	-	26
Return on plan assets (excluding amounts included in net Benefits (paid))	(1,213)	(2,331)	(3,544)	(312)	(846)	(1,158)
	(365)	(282)	(647)	(189)	(248)	(437)
Total fair value of plan assets before tax at 31 March	10,734	6,620	17,354	11,379	8,824	20,203

Changes in present value of defined benefit obligations over the year are as follows:

Reconciliation of opening & closing present value of the defined benefit obligation	FPP £000	OPA RBP £000	2025 £000	FPP £000	OPA RBP £000	2024 £000
Opening fair value of liabilities at 1 April	5,677	8,323	14,000	5,159	8,255	13,414
Current service cost	246	0	246	333	0	333
Interest cost	276	385	661	254	378	632
Contributions by Members	22	0	22	26	0	26
Remeasurements						
Change in assumptions	(623)	(890)	(1,513)	74	(102)	(28)
Liability experience (gains)	(423)	(1,726)	(2,149)	20	40	60
Benefits (paid)	(365)	(282)	(647)	(189)	(248)	(437)
Present value of obligation before tax at 31 March	4,810	5,810	10,620	5,677	8,323	14,000

Notes to the Accounts (continued)

Year ending 31 March 2025

11. Retirement benefits pension schemes (continued)

11.1 Charge to the statement of comprehensive net expenditure

Defined benefit costs recognised in Expenditure:

Total re-measurements recognised in Other Comprehensive Expenditure:

Defined Benefit costs recognised in profit or loss	FPP £000	OPA RBP £000	2025 £000	FPP £000	OPA RBP £000	2024 £000
Expected return on scheme assets	558	409	967	530	436	966
Interest on schemes liabilities	(276)	(385)	(661)	(254)	(378)	(632)
Interest on asset ceiling	(282)	(24)	(306)	(276)	(58)	(334)
Net interest (cost)/Income	0	0	0	0	0	0
Current service cost (staff costs note 5)	(246)	0	(246)	(333)	0	(333)
Credited/(charged) to net expenditure	(246)	0	(246)	(333)	0	(333)

Defined Benefit costs recognised in Other Comprehensive Income	FPP £000	OPA RBP £000	2025 £000	FPP £000	OPA RBP £000	2024 £000
Return on plan assets (excl. amounts included in net interest cost)	(1,213)	(2,331)	(3,544)	(312)	(846)	(1,158)
Experienced gains on liabilities	423	1,726	2,149	(20)	(40)	(60)
Changes in assumptions underlying liabilities	623	890	1,513	(74)	102	28
Change in Asset ceiling	60	(285)	(225)	320	784	1,104
Total remeasurements	(107)	0	(107)	(86)	0	(86)

11.2 Actuarial assumptions

OPA Retirement Benefits Fund (OPA RBP)

A qualified independent actuary carried out an actuarial assessment as at 31 March 2025 and the major assumptions used were:

OPA Retirement Benefit Fund (OPA RBP)	2025	2024
Discount Rate	5.65%	4.75%
RPI inflation	3.25%	3.40%
Deferred revaluation	Same as RPI assumption	Same as RPI assumption
Pension increase in payment	Same as RPI assumption	Same as RPI assumption
Mortality (base table)	100% of S4PA light tables	100% of S3PX light tables
Mortality (future improvements)	CMI_2023 projection model with a long-term improvement rate of 1.25% p.a.	CMI_2022 projection model with a long-term improvement rate of 1.25% p.a.
Cash commutation	Members are assumed to take 80% of the maximum tax free cash available at retirement	Members are assumed to take 80% of the maximum tax free cash available at retirement
Proportion married at retirement	90% for deferred pensioners, 85% for pensioners	90% for deferred pensioners, 85% for pensioners, 75% at retirement
GMP equalisation allowance	0.78% addition to the liabilities	0.78% addition to the liabilities

Notes to the Accounts (continued)

Year ending 31 March 2025

11. Retirement benefits pension schemes (continued)

No assumption is made for increases to salaries as there are no active members in the plan.

Mercer DB Master Trust (FPP)

A qualified independent actuary carried out an actuarial assessment as at 31 March 2025 and the major assumptions used were:

Mercer DB Master Trust (FPP)	2025	2024
Discount Rate	5.85% p.a.	4.90% p.a.
Inflation (RPI)	3.25% p.a.	3.25% p.a.
Inflation (CPI)	3.00% p.a.	2.95% p.a.
Salary Growth	5.00% p.a.	4.95% p.a.
Mortality (base table)	125% of S4PMA tables for males 120% of S4PFA_M tables for females	126% of S3PMA tables for males 126% of S3PFA_M tables for females
Mortality (future improvements)	CMI 2023 model (SK=7.0, A=0) with long term improvement rate of 1.25% p.a.	CMI 2022 model (SK=7.0, A=0) with long term improvement rate of 1.25% p.a.
Allowance for revaluation of deferred pensions of CPI or 5% pa if less	3.00% p.a.	2.95% p.a.
Allowance for pension in payment increases of CPI	3.00% p.a.	2.95% p.a.
Allowance for commutation of pension for cash at retirement	50% of members who do not have a cash benefit assumed to take 25% of their pension as cash	50% of members who do not have a cash benefit assumed to take 25% of their pension as cash

Notes to the Accounts (continued)

Year ending 31 March 2025

11. Retirement benefits pension schemes (continued)

11.3 Sensitivity Analysis

The effect of changes in assumptions used on the 2025 annual defined benefit pensions are detailed below. This information has been determined by taking into account the duration of the liabilities and the overall profile of the plan memberships.

		2025	2024
		£000	£000
OPA Retirement Benefit Fund (OPA RBP)			
<i>Effect on present value of defined benefit obligation (increase/(decrease))</i>			
Discount Rate	-0.5%	320	505
Price inflation rate	+0.5%	314	488
Mercer DB Master Trust (FPP)			
<i>Effect on present value of defined benefit obligation (increase/(decrease))</i>			
Discount Rate	-0.5%	329	462
Salary increase rate	+0.5%	50	101
Price inflation rate	+0.5%	315	454
Post-retirement mortality assumption	+1 year age rating	108	127

The sensitivities above are approximate. Each sensitivity considers one change in isolation. The inflation sensitivity includes changes to the assumptions for revaluation, pension increases and salary growth.

As the liabilities of the scheme are long-term, the effects of short-term volatility in markets is reduced. The OPA work with the Trustees of both schemes to ensure the schemes are appropriately funded.

Notes to the Accounts (continued)

Year ending 31 March 2025

11. Retirement benefits pension schemes (continued)

11.4 Plan History

OPA Retirement Benefit Fund (OPA RBP)	2025	2024
	£000	£000
Fair value of assets before taxation	6,620	8,824
Present value of defined liabilities before taxation	5,810	8,323
Surplus (deficit) before taxation	810	501

History of experience gains and losses

Return on plan assets (excluding amounts included in net interest cost)	(2,331)	(846)
<i>Percentage of scheme assets (%)</i>	(35.2)	(9.6)
Experienced gains on liabilities:	1,726	(40)
<i>Percentage of present value of scheme liabilities (%)</i>	29.7	(0.5)
Changes in assumptions: (£000)	890	102
Total remeasurements	285	(784)
<i>Percentage of present value of scheme liabilities (%)</i>	4.9	(9.4)

Mercer DB Master Trust (FPP)

	2025	2024
	£000	£000
Fair value of assets before taxation	10,734	11,379
Present value of defined liabilities before taxation	4,810	5,677
Surplus/(deficit) before taxation	5,924	5,702

History of experience gains and losses

Return on plan assets (excluding amounts included in net interest cost)	(1,213)	(312)
<i>Percentage of scheme assets (%)</i>	(11.3)	(2.7)
Experienced gains on liabilities:	423	(20)
<i>Percentage of present value of scheme liabilities (%)</i>	9	(0)
Changes in assumptions: (£000)	623	(74)
Total remeasurements	(167)	(406)
<i>Percentage of present value of scheme liabilities (%)</i>	(3.5)	(7.2)

11.5 Reconciliation of asset ceiling

Reconciliation of opening & closing value of asset ceiling	FPP	OPA RBP	2025
	£000	£000	£000
Asset ceiling at year start	5,702	501	6,203
Interest on asset ceiling	282	24	306
Change in asset ceiling over the year	(60)	285	225
Asset ceiling at year end	5,924	810	6,734

Notes to the Accounts (continued)

Year ending 31 March 2025

11. Retirement benefits pension schemes (continued)

11.6 Expected Contributions

OPA acknowledges that the recognition of pension scheme surplus is an area of accounting judgement, which depends on the interpretation of the wording of the Scheme Rules and the relevant accounting standard, IFRIC 14.

The OPA and Trustees of both pension schemes are in regular contact and additional funding is discussed between the trustees and the OPA if necessary.

The Mercer DB Trust is a multi-employer scheme, the OPA has agreed to adhere to a deed that extends the benefits of the plan to the OPA. Any amendment that materially affects the costs or liabilities of the OPA must be given prior approval by the OPA.

The OPA anticipates that no employee contributions will be paid to The Oil and Pipelines Agency Retirement Benefits Plan for the year commencing 1 April 2025 as there are no active members.

11.7 Asset liability matching

The OPA meets regularly with the Trustees of the pension schemes to ensure that the investment strategy of the pension scheme is able to meet future liabilities. Insurance policies have been purchased to provide funding to match liabilities for a number of pensioners. During the financial year all liabilities of the OPA RB scheme were matched via the purchase of an insurance policy that perfectly mirrored the individual liabilities. This policy was bought by the pension fund as part of their investment strategy.

The liabilities of the schemes are considered long term and as a result the investment strategy is also long term to ensure future liabilities are matched by appropriate asset types.

11.8 Defined Contributions Scheme

During FY09/10 a defined contribution scheme was opened. Defined employer and employee contributions are paid into externally managed funds.

During the year employer contributions amounted to £1,799,000 (2024: £1,401,000). Pension contributions have increased as the OPA encourages staff to save for retirement with a pension match up to 7% employee contribution / 15% employer contribution.

Notes to the Accounts (continued)

Year ending 31 March 2025

12. General Fund Reserve

GENERAL FUND RESERVE	Operating Cost £000	Pension Reserve £000	Total £000
At 31 March 2023	3,040	(620)	2,420
Changes to the general fund reserve for the year	309	(86)	223
At 31 March 2024	3,348	(706)	2,643
Changes to the general fund reserve for the year	559	(107)	452
At 31 March 2025	3,907	(813)	3,095

13. Contingent liabilities

Under the terms of the OPA agreements for the management of MOD assets, the Secretary of State for Defence indemnifies the OPA against any liabilities to third parties arising from the performance of its duties under the agreement. Commercial Insurance is purchased as agreed with the MOD.

At 31 March 2025 there were no contingent liabilities recorded in the OPA Accounts (2024: Nil).

14. Cash on deposit

	2025 £000	2024 £000
Cash on deposit		
Balance 1 April	2,167	2,062
Interest Received	113	105
Balance 31 March	2,280	2,167

The following balances at 31 March were held at:

Commercial bank - 95 day notice	2,280	2,167
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15. Cash at bank and in hand

	2025 £000	2024 £000
Cash at bank and in hand		
Balance 1 April	2,116	1,708
Net change in cash at bank and in hand	1,346	408
Balance 31 March	3,462	2,116

The following balances at 31 March were held at:

Commercial bank - 10 day notice	18	18
Commercial bank - instant access	3,444	2,098
Net cash at bank and in hand	3,462	2,116

Notes to the Accounts (continued)

Year ending 31 March 2025

16. Related party transactions

The OPA acts as the MOD's managing agent in managing cavern sites and the OFDs, which are strategic defence assets and the MOD is therefore regarded as a related party. The fees the OPA receives for the services it provides to the MOD are detailed in Note 4.

During the year, the OPA was charged £53.7k by the MOD for services provided by Government Internal Audit Agency (2024: £65.4k). The variance being due to a reduction in audit scope by GIAA as additional audits were undertaken by Defence Digital.

During the year, two employees of the MOD sat on the OPA Board as MOD's representatives: Joe Dean (until 7 October 2024) and then Tara Usher (from 7 October onwards). Both received their standard civil service remuneration from MOD and neither received any additional remuneration from OPA.

The current Chairman and Chief Executive, were both Trustees of OPA Pensions Trustees Ltd. The transactions between the OPA and OPA Pension Trustees Ltd are as per Note 11. Neither are members of the scheme.

During the year none of the board members, members of staff or other related parties have undertaken any material transactions with the OPA other than those disclosed in the remuneration and staff report or referenced in this note.

17. Financial Instruments

IFRS 9 specifies how an entity should classify and measure financial assets, financial liabilities, and some contracts to buy or sell non-financial items. IFRS 9 requires an entity to recognise a financial asset or a financial liability in its statement of financial position when it becomes party to the contractual provisions of the instrument. The OPA holds no financial instruments other than those detailed below.

As the duty of the OPA is to manage the OFDs and the cavern sites and to charge a fee that materially covers its operating costs, including actual pension contributions but not non-cash pension asset charges or credits, it is not exposed to significant financial risk.

The only financial instruments relate to debtors, creditors and cash balances and therefore liquidity and cash flow risk is very low. All assets and liabilities are denominated in sterling and therefore the OPA is not exposed to currency risk. Our activities in overseas bases are charged at the actual cost in sterling after currency exchange. The OPA has no embedded derivatives.

Interest Rate Risk Management

The OPA has, at the balance sheet date, 40% of its cash deposited on 95 days' notice. This account attracts interest at a floating rate related to bank base rate. The OPA has no other deposits subject to market interest rate fluctuations, and is therefore subject to only limited interest rate risk.

Notes to the Accounts (continued)

Year ending 31 March 2025

17. Financial Instruments (continued)

Liquidity and Cash Flow Risk

The OPA has borrowing powers (note 3) these have not been exercised during the year. 60% of the cash funds which are deposited with its bankers are available immediately. Therefore, the OPA is not exposed to any significant liquidity risk or cash flow risk.

Credit Risk

The OPA is subject to some credit risk. The carrying amount of trade and other receivables, which is net of impairment losses, represents the OPA's maximum exposure to credit risk. Trade and other receivables are impaired where there is sufficient knowledge to indicate that recovery is improbable.

18. Leases

	2025	2024
Leases	£000	£000
Vehicles:		
Not later than one year	4	13
Later than one year and not later than five years	9	26
Later than five years	0	0
	13	39

19. Events after the reporting date.

The OPA continues in its current form concentrating on fuel storage, supply, and logistic solutions on behalf of the Secretary of State for Defence.

These accounts have been authorised for issue by the Accounting Officer on the same date as the C&AG's Audit Certificate.

Accounts Direction

Accounts direction given by the Secretary of State for Defence, with the approval of the Treasury, in accordance with schedule 3, paragraph 9(3), to the Oil and Pipelines Act 1985 (the Act)

1. The annual accounts shall give a true and fair view of The Oil and Pipeline Agency's profit or loss and cash flows for the financial year and the state of affairs as at the year-end. Subject to this requirement the OPA shall prepare accounts for the financial year ended 31 March 2004 and subsequent financial years in accordance with:

- a. the Executive Non-Departmental Public Bodies Annual Reports and Accounts Guidance, issued by the Treasury, in force for the financial year for which the accounts are prepared;
- b. other guidance which the Treasury may issue from time to time in respect of accounts which are required to give a true and fair view;
- c. any other specific disclosures required by the Secretary of State;

except where agreed otherwise with the Treasury, in which case the exception shall be described in the notes to the accounts.

2. The notes to the accounts shall contain a statement of the position during the year and at the year-end in relation to the borrowing limit contained in the Secretary of State's consent given on 1 December 1985 pursuant to Paragraph 1(1)(b) of Schedule 3 to the Act.

3. This accounts direction supersedes The Oil and Pipelines Agency (Accounts) Notice 1992.

Signed by authority of the Secretary of State for Defence

Air Commodore AC Spinks

3 March 2004

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