The Oil & Pipelines Agency Accounts 2025-26

HC 478

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Chief Executive's Statement

I am pleased to present the Oil & Pipelines Agency's Annual Report and Accounts for the year ended 31 March 2026.

During FY25/26 the OPA continued to operate in a complex and highly regulated environment, delivering operational energy outcomes that underpin the resilience, readiness and operational advantage of UK Defence. Our priority throughout the year has remained the safe, compliant and reliable operation of the Defence Bulk Fuels Infrastructure, while continuing to adapt the organisation to meet Defence's evolving requirements.

Safety and regulatory compliance remain the foundation of everything we do. Throughout the year, the OPA maintained its focus on high-hazard risk management, assurance and control across our estate, ensuring that our people, infrastructure and operations continue to meet the demanding standards expected of an enduring Defence delivery organisation. This commitment to compliance and efficient business-as-usual delivery provides the essential platform upon which all other activity is built.

Consistent with our clear strategy, the past year has marked an important period of transition and preparation. Our mission—to deliver optimal energy outcomes to enable resilience, operational capability and long-term advantage for UK Defence—has provided the focus for decision-making and investment throughout the year, whilst always recognising that delivery of high performance, resilient and efficient service is our key priority.

The OPA has made steady progress in strengthening its organisational enablers. Investment in people, systems, governance and financial control has been essential to supporting both current delivery and future ambition. We have focused on building the capability, capacity and culture required to manage an increasingly complex portfolio, while continuing to demonstrate strong stewardship of public funds.

Our people remain central to our success. Across the year, colleagues have continued to demonstrate professionalism, resilience and commitment in delivering critical services, often in challenging operational and regulatory conditions. I would like to thank everyone across the OPA for their contribution and continued focus on safe and effective delivery in support of Defence.

Looking ahead, the environment in which the OPA operates will remain demanding. Defence priorities will continue to evolve, and expectations on assurance, value for money and resilience will only increase. The work completed during FY25/26 positions the OPA well to respond to these challenges, providing a firm foundation for delivery in the coming year and beyond.

I would like to record my thanks to the OPA Board, our sponsor within the Ministry of Defence, our Front-Line Command customers, regulators and delivery partners for their continued support and constructive challenge. Together, we remain committed to ensuring that the Oil & Pipelines Agency continues to be the enduring partner of choice for UK Defence operational energy delivery.

Adrian Jackson, Chief Executive and Accounting Officer
06 July 2026

Performance Report

Purpose and activities of the OPA

Who we are

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 has a proven track record in the operation and maintenance of bulk operational fuel storage infrastructure for the Ministry of Defence (MOD) with the UK Naval Oil Fuel Depots (OFD) now in a stable operational and regulatory compliant position. Building on this success, the OPA has been engaged by the MOD on several new projects that leverage its expertise. These include taking on the operation and maintenance (O&M) of the Senoko OFD and Sembawang Wharf in Singapore, project work to scope the recovery of the Kings Lines OFD (KLOFD) in Gibraltar, delivering an operations maintenance coordination (OMC) function for HQ AIR in the UK, and expert support to the (now complete) Fuels Transformation Programme.

Today, the OPA portfolio accounts for over 70% of MOD operational fuels storage infrastructure by capacity, and there is a clear strategy for the OPA to do more.

Our vision

To be the enduring partner of choice for UK Defence operational energy delivery.

Our mission

To deliver optimal energy outcomes in order to enable resilience, operational capability and long-term advantage for UK Defence.

Our values

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 that engenders trust
Dignity – Be considerate and respectful to others
Exceed – We strive for excellence in all we do

What we do

The OPA's purpose, and the way in which we are resourced to deliver our agreed outputs, requires the balancing of risks and resources for each of our customers in a constrained financial environment. Our Service Level Agreements (SLAs) define the scope of those outputs and the standards to which they will be delivered, while the associated performance review mechanisms ensure that this balance is actively and transparently managed. This approach provides clarity, accountability, and the assurance that we always remain aligned to our customers' priorities.

Our key customers currently are:

The Royal Navy - We operate and manage six OFDs across the UK, which are strategic Defence assets under the responsibility of the Secretary of State for Defence. These depots play a vital role in receiving, storing, and issuing middle distillate fuels, primarily supporting Navy Command.

The Royal Air Force and **the Defence Infrastructure Organisation** - We perform an Operations Maintenance Coordination and Intelligent Customer Interface to enable the effective management and maintenance of the Air Fuels Infrastructure.

Cyber and Specialist Operations Command - We support CSOC Overseas Bases with the operations and maintenance in Singapore at the Senoko depot. In addition to this we support various international engineering and infrastructure investment support activities. We have an agreement to support the Operational Energy Authority (OEA) with Fuels subject matter expert advisory and fuels related project support.

The Defence Infrastructure Organisation - We deliver operations and maintenance services to the Plumley Salt Caverns facility and are delivering Advisory and Major Project Management services to support the future evolution of the site.

Overview

Main activities in year

During the past year, the OPA, as part of the newly created National Armaments Director Group (NAD-G), has provided expert support for the MOD, most specifically the need to adapt to a more unstable geopolitical landscape, and to prepare for warfighting readiness. The OPA continues predominantly to serve Royal Navy (RN) customers, alongside other UK Defence organisations such as Cyber and Specialist Operations Command (CSOC) (formerly Strategic Command), Defence Infrastructure Organisation (DIO) and US Defence customers. During the past year however, real progress has been made on the journey towards our ultimate strategic goal of becoming the fuel operating partner of choice across all Defence customers.

The OPA has already diversified its business horizontally, vertically, and geographically, as it continues to consolidate its position in the far east; expand its services further in Europe; deliver expert services in the Defence landscape, including complex programme management; and expand its advisory capability in a transformation role. The year ahead will involve even more rapid expansion-significant effort has already been dedicated to laying the groundwork for this, which has involved investing in the development of internal processes to ensure agility and scalability; resourcing additional planning capability; strengthening relationships with both existing and prospective Defence customers; enhancing workforce capabilities through targeted training and recruitment, and reviewing and optimising its governance framework to support seamless integration of new projects and services.

Once again, costs have been managed carefully, as OPA seeks to provide not only services of the highest safety and quality standards, but also to maximise efficiency for all its Defence customers. In the world of fuel supply, this means reliable delivery of product on demand, absolutely critical in an increasingly dangerous world, and an essential pre-requisite for the expansion of the nation's defence capabilities.

Underpinning all the services that the OPA provides to its departmental and external customers is an integrated mix of efficiency, expertise, and professionalism, which taken together deliver value, both in cost and risk reduction. Much of the OPA's technical capability derives from the specialist expertise within its workforce, which largely operates flexibly and remotely. The operating infrastructure for the OPA, including HR and Finance, is small and proportionate, meaning its customer base could expand materially without significantly increasing the fixed/overhead cost base, and thus, ensure that growth is managed effectively and sustainably, ultimately driving cost efficiencies and enhancing value for money through informed, market-aware decision-making.

The OPA provides UK Defence with an industry-aligned organisation, capable of fast, responsive delivery, especially important at a time of considerable change in the Energy sector, and able to maintain operational advantage while mitigating risks associated with the energy transition.

Future Plans

The OPA will continue to implement our strategy to become 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.

The OPA's role is expected to grow materially as Defence seeks greater resilience, readiness and value for money from its operational fuel's infrastructure. A key part of this will be the proposed Alternative Fuels Infrastructure Maintenance Model (AFIMMS), through which OPA would progressively assume responsibility for the maintenance of wider Defence operational fuels infrastructure, applying its specialist fuels expertise, operations-led maintenance approach and established assurance arrangements to improve availability, transparency and long-term asset stewardship.

In parallel, the potential acquisition of Finnart by the MOD represents a strategically important opportunity for Defence, supporting increased fuel resilience and warfighting readiness while enabling OPA to apply its proven operating model to a site of national significance. Together, AFIMMS and Finnart illustrate the next stage of OPA's evolution: building on its established record of safe, compliant and efficient delivery to become a broader, accountable and enduring operational energy partner for UK 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 Service Level Agreements (SLAs) with Front-Line Commands.

Our key performance indicators for the year were as follows:

KPI	Measure	RAG
Maintenance PPMs completed	99%	
Loss of containment >200 litres	0	
Staff injuries	0	
Staff Competency (Craft)	95%	
Staff Competency (Operator)	98%	
All staff retention rate	91.58%	
CA open legal actions	0	

Operations

The Operations team maintained safe, compliant and reliable delivery across the estate, sustaining business-as-usual activity while supporting a growing and increasingly diverse portfolio. The team continued to focus on high-hazard risk management and operational assurance, working closely with customers through our established service arrangements.

Maritime governance at all six OFDs has been fully assured by our Designated Person and reported as such to the Maritime and Coastguard Agency. The Depots were always available for fuelling during the year with one incident recorded of off-spec fuel being offered to a customer. This incident has been investigated and a lessons learnt exercise undertaken.

Customers

Our relationship with customers is founded on openness, trust and a shared focus on operational outcomes. We work closely with Front-Line Commands and other stakeholders through regular engagement and structured governance, using SLAs to provide clarity on scope, standards and priorities. Performance is monitored transparently through agreed measures and review meetings, enabling timely escalation and joint problem-solving. There were no customer complaints or disputes received in the year.

Health, Safety and Environmental Protection

Health, safety and environmental protection remain at the core of how we operate. During the year, performance was excellent, with zero overdue Competent Authority (CA) legal actions, no significant losses of containment and no employee safety incidents. This reflects continued focus on operational assurance, effective controls and a positive reporting and learning culture across our sites and services.

Engineering Performance

Engineering performance remained strong throughout the year, supporting safe and reliable operations across the estate. We achieved 100% completion of Major Accident Hazard planned preventative maintenance (PPMs) and 99% completion of total PPMs, providing assurance that safety-critical and routine maintenance was delivered to plan. In addition, the team resolved 1,139 defects during the year, improving asset condition and supporting continued regulatory compliance and operational resilience.

During the developments at Thanckes Tank Farm and Singapore Wharf, issues arose during the procurement process which necessitated remediation. A lessons learned exercise has been conducted, and a remediation plan agreed which is being overseen by the Board.

People and Data

Our people performance remained positive during the year, with operator competence at 98% and craft competence at 95%, providing confidence that critical roles are suitably qualified and maintained. Workforce resilience remained good, with an absence rate of 1.85%. Employee retention was also stable, with voluntary leavers at 3.36%, supporting continuity of delivery and organisational capability.

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 September 2026 and individual SLAs are negotiated with Front-Line Commands ranging from one-year to five-year agreements.

The OPA receives income from NC, DIO, CSOC 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/expense for the year was:

	2026	**2025**
Net (income)/expense from operating activities	£281k	(£442k)

This decrease was due to an OPA decision to appropriately resource the expansion of services provided to the MOD and to support the Executive team during the external changes being implemented via Defence Reform and the formation of the NAD Group. It was agreed to utilise past profits as the Board did not feel that it was appropriate to charge our current customer base for future works.

Cost budgets are set at the beginning of each year for activities on the sites. The FY25/26 budgets are detailed below with actual expenditure for the year as a comparison.

	Budget	Actual
UK OFD Operations and Maintenance	£18.15m	£18.1m
Capital Infrastructure Improvements	£2.67m	£2.59m
UK Tank Farm Support	£5.13m	£1.57m
Overseas Bases Infrastructure Improvements	£0.39m	£1.43m
Singapore Operations and Maintenance	£3.7m	£4.17m
Singapore Wharf refurbishment	£1.29m	£1.13m
Air Command business advisory	£0.71m	£0.77m
Gosport Jetty Capital Project support	£0.04m	£0.16m
Cavern Maintenance	£8.52m	£5.57m
Fleet Air Arm demolition	£0.89m	£0.25m
Strategic Plans & Development	-	£0.39m
New site purchase due diligence	£0.2m	£0.24m
Total	**£41.69m**	**£35.94m**

The underspend against budget was due to the reprofiling of the Thanckes Tank Farm construction phase following market engagement with the tank building industry that demonstrated that the market would not be able to deliver efficiently in the timescales forecast.

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 – NC, CSOC and DIO. Business cases have been submitted to the MOD for the potential purchase of an additional site and the rebuild of Thanckes Tank Farm. These figures have been included as the works are required to meet UK Defence requirements.

	FY 26-27	FY 27-28	FY 28-29	FY 29-30	FY 30-31	FY 31-32	FY 32-33	FY 33-34	FY 34-35	FY 35-36
	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
Staff Costs	20.5	20.9	22.5	21.0	20.9	20.0	20.6	21.2	20.5	21.1
Maintenance Activities	8.1	12.7	19.6	22.5	21.8	22.9	24.1	25.3	26.5	27.8
Other Expenditure	19.0	96.7	76.4	39.5	11.7	11.8	11.1	10.9	9.9	10.5
	47.5	**130.2**	**118.6**	**83.0**	**54.4**	**54.7**	**55.7**	**57.4**	**56.9**	**59.5**

This table includes all applied (but not approved) funding for the OPA under its service level agreements as submitted in the annual budget cycle (ABC26). As mentioned above, the potential expenditure increases dramatically as the projects submitted to MOD are approved. The staff associated with operating the OFDs in steady state remains similar over the ten-year look ahead.

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 FY25/26: 94.33% of invoices were paid within this target (FY24/25: 88.20%). In FY25/26: 97.36% were paid within 60 days following any dispute resolution (FY24/25: 92.1%).

Cash position

The OPA is in a position of strong liquidity with £2.4m 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.

How we have managed Risk

Risk Management Process

The OPA is committed to ensuring that we have 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 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 Audit and Risk Assurance Committee (ARAC) advises the Board and Accounting Officer on the effectiveness of the risk management process, and works closely with the Health, Safety, Environment and Quality Committee (HSEQ) that provides expert advice on safety risks. These committees work together to ensure alignment in order to provide integrated advice to the Board and the Accounting Officer about the comprehensiveness, reliability and integrity of assurances.

Risks are monitored monthly by the Executive Team, led by the Compliance and Risk Director, and mitigated as appropriate, consistent with the risk appetite defined by the Board.

Principal Risks

Health, Safety and Environmental Compliance

The OPA continues to deliver improvements in People, Plant and Processes against the Competent Authority's (CA) ten key strategic priorities under COMAH. The CA robustly conducts interventions and OPA has had an intensive programme of interventions during the year: in FY25/26 the CA undertook 13 interventions (10 in FY24/25) and we received no enforcement action. We did receive two legal actions which were closed out within the required period.

Major Accident to the Environment

The OPA has an established Environmental Management System (EMS) that satisfies the requirements of the COMAH Regulations, as determined by our regulators. It consists of regulatory compliance and monitoring programmes that implement UK and EU requirements, agreements and permits.
All UK OFDs have an Environmental Risk Assessment (ERA) undertaken in accordance with the Chemical and Downstream Oil Industries Forum (CDOIF) Guidance. Three of the sites had their ERAs reevaluated this year to support the COMAH Safety Report resubmissions. Singapore was completed when the site came under OPA stewardship, strengthened the understanding of site-specific environmental hazards and controls and allowing an improvement plan to be delivered.

Economic and political uncertainty

The OPA continues to engage with MOD and Front-Line Command customers on active horizon scanning, maintaining and exercising business continuity and emergency arrangements, strengthening resilience in critical supply chains and contractor delivery, and monitoring financial pressures so that impacts are identified early and managed through prioritisation, governance and timely escalation.

The effects of Climate Change

The OPA continue to assess climate-related threats across the estate and incorporate resilience requirements into asset planning and investment decisions. During the year, we maintained active review of climate impacts on operations and progressed improvement works to strengthen site resilience. We continue to use our technical expertise to enhance sustainability, promote innovation (including alternative energy solutions where appropriate), and influence policy and standards in support of long-term operational resilience.

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 level of maturity in regard to 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.

Physical security remains a principal risk for the OPA given the evolving threat landscape, including protest activity, criminal intrusion and hostile state threats, and the consequences that any breach could have for safety, operational continuity, public confidence and the protection of Defence assets. During the year we strengthened our approach through a Defence-aligned review of physical security across OPA-controlled sites, including annual Security Risk Assessments, to identify vulnerabilities and confirm that mitigations are proportionate and responsive. This work has highlighted the challenges presented by ageing legacy security infrastructure, particularly in relation to perimeter security and detection capability, and has informed a risk-based plan for targeted upgrades, with a focus on improving CCTV coverage and monitoring, perimeter measures and vehicle barriers where this will deliver the greatest benefit.

Delivery of strategy, business plans and client agreements

Delivery of our strategy, business plans and client agreements remains a principal risk as the OPA's portfolio continues to grow and diversify, increasing demands on leadership capacity, corporate functions and the availability of specialist skills. Failure to plan and execute effectively could lead to sub-optimal outcomes for stakeholders, reduced value for money, and heightened exposure to safety, security and compliance risks. We mitigate this through disciplined business planning and governance, maintaining a clear line of sight between funded activity and delivery through SLAs, and strengthening organisational capability and capacity through targeted recruitment, succession planning and enhanced programme management. We also continue to monitor delivery risks and dependencies through regular Board and Committee oversight, enabling timely prioritisation and escalation where pressures emerge.

Financial Failure

Financial failure remains a principal strategic risk for the OPA, driven by the potential for failure to secure sufficient investment to deliver our strategy, failure to control costs, weaknesses in procurement and/or project management, and unplanned losses arising from specialist activities such as cavern extraction. Wider factors such as supply chain disruption, physical or cyber security breaches, and fraud or theft could also lead to significant unbudgeted costs and reduce our ability to deliver for customers. We mitigate this risk through strong financial governance and scrutiny, disciplined business planning and cost control, strengthened procurement and project controls, active monitoring of cashflow and liquidity, and robust assurance arrangements through the Board and its committees to identify pressures early and take timely corrective action.

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 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 any 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.

Sustainability and Environmental Stewardship

The OPA operates and maintains fuel storage and pipeline infrastructure on behalf of the MOD to support the resilience, security and availability of fuel for the UK Armed Forces. In delivering this role, the OPA is committed to managing its environmental impact responsibly, enhancing the condition and integrity of the infrastructure it operates, and preparing for the challenges associated with a changing climate.

Governance

Environmental stewardship is overseen by the OPA Board, which receives updates on sustainability risks and performance through the Chief Executive. Operational responsibility for environmental protection, spill prevention and compliance sits with the Chief Operating Officer, supported by a Sustainability Lead and site management teams. Environmental considerations are embedded within safety, asset management, and operational decision-making frameworks.

Environmental Risk Management

OPA operates infrastructure located in coastal, rural and industrial environments, some of which are sensitive to ecological and climate impacts. The primary environmental risks relate to:

- Loss of product containment and associated land or water contamination
- The effects of extreme weather, flooding or coastal change on infrastructure resilience
- Energy consumption and associated carbon emissions across operational sites.

During the reporting period, the OPA maintained its focus on safe operations, asset integrity and environmental protection. There were zero environmentally significant releases during the year.

Baseline Establishment and Data Improvements

During the year, OPA initiated work to establish a comprehensive environmental baseline to support future performance management and target setting. This includes:

- Measuring Scope 1 and Scope 2 greenhouse gas emissions across OPA-operated sites
- Assessing/developing (where practical and material) primary operational Scope 3 source tracking
- Mapping water use and waste handling practices
- Conducting a climate risk and vulnerability assessment for all operational locations
- Identifying biodiversity sensitivities and enhancement opportunities at priority sites.

This baseline will enable the OPA to determine realistic and evidence-based sustainability targets aligned with the MoD Sustainability and Climate Change Strategic Approach and the Greening Government Commitments.

The OPA's approach will remain grounded in operational safety, reliability of Defence fuel supply, and responsible management of the environments in which it operates.

Adrian Jackson – Chief Executive and Accounting Officer

06 July 2026

The Accountability Report

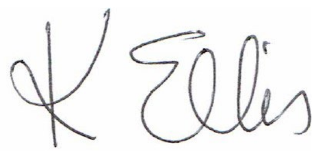
Corporate Governance Report

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 2025-26. As the organisation's portfolio continues to grow and diversify, our top priority has remained to maintain the highest health, safety and environmental standards across all operations, both established and new. The strong performance achieved during the year reflects deep industry expertise, committed leadership and a continued focus on high-hazard risk management and regulatory compliance.

This consistent high performance continues to be valued by existing customers and sought by new partners, and demand for the OPA's skills and delivery capability continues to grow. The Board and Executive Team remain committed to ensuring that growth is managed in a controlled way, maintaining standards and strengthening the organisational enablers needed to support a wider remit. As the MOD continues to respond to a more challenging security environment and ongoing affordability pressures, the OPA stands ready to play its part as an enduring centre of operational excellence for Defence operational energy delivery.



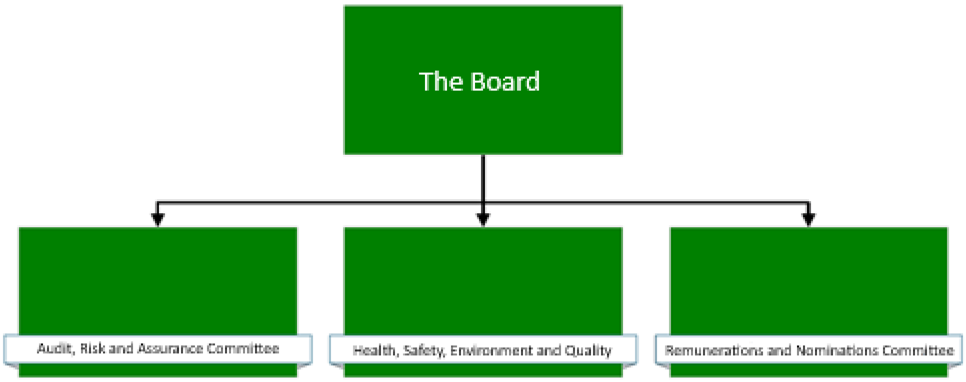
Kate Ellis – Chair of the Board
06 July 2026

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 at 31 March 2026

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.

	**Kate Ellis** Non-Executive • Chair of the Board • Chair of the Remuneration Committee		Adrian Jackson Executive • Chief Executive • Accounting Officer • Member of the Board
Experience: Kate joined the OPA Board as a Non-Executive Member in June 2021. External appointments: Kate is a Trustee of Richmond Council for Voluntary Services.		Experience: Adrian joined the OPA Board as an Executive Member in May 2015. External appointments: None.	

<table>
<tr>
<td></td>
<td>Alison White
Non-Executive

• Member of the Board
• Chair of the Audit and Risk Assurance Committee
• Member of the Remuneration Committee</td>
<td></td>
<td>Simon Wills
Non-Executive

• Member of the Board
• Member of the Audit & Risk Assurance Committee
• Chair of HSEQ Committee
• Member of the Remuneration Committee</td>
</tr>
<tr>
<td colspan="2">Experience:
Alison joined the OPA Board as a Non-Executive Member in January 2022.

External appointments:
Alison is as a Non-Executive Director of Defence Audit and Risk Assurance Committee; Non-Executive Director and Chair of Veterinary Medicines Directorate; an Independent Member of The National Archives Audit and Risk Committee and Non-Executive Director and Chair of the Audit and Risk Committee of the Rural Payments Agency.</td>
<td colspan="2">Experience:
Simon joined the OPA Board as a Non-Executive Member in August 2021.

External appointments:
Simon is a Non-Executive Director of ThamesWey 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 and Safety Committee and a Non-Executive Director of HS2.</td>
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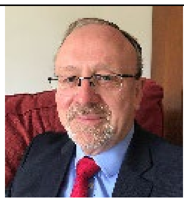
<td></td>
<td>Nick Huntley
Non-Executive

• Sits on the Board as MOD Sponsor representative
• Member of the Remuneration Committee</td>
<td></td>
<td>Mark Eames
Non-Executive

• Associate Member of the Board
• Member of the Audit and Risk Assurance Committee</td>
</tr>
<tr>
<td colspan="2">Experience:
Nick has been attending Board meetings since December 2025 as the MOD representative on the Board.

External appointments:
Nick is an Air Commodore and Head of the Operational Energy Authority</td>
<td colspan="2">Experience:
Mark joined the OPA Board as an Associate Member in October 2022.

External appointments:
None.</td>
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<tr><td></td><td>Tim Backhouse
Executive

• Chief Financial Officer
• Associate Member of the Board</td><td></td><td>Paul Grange
Executive

• Chief Operating Officer
• Associate Member of the Board</td></tr>
<tr><td colspan="2">Experience:
Tim joined the OPA Board as an Associate Member in September 2021.

External appointments:
None.</td><td colspan="2">Experience:
Paul joined the OPA Board as an Associate Member in July 2024.

External appointments:
None.</td></tr>
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Board Member Diversity

The Board consists of two female members and three 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:

Tara Usher was replaced by Air Commodore Nick Huntley with effect from 1 December 2025. He is the current MOD sponsor on the Board.

Secretary to the OPA:

Samantha Luxon	Company Secretary (left 06 March 2026)
Charles Wood	Company Secretary (commenced 02 March 2026)

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	5/5			3/3
Adrian Jackson	5/5			3/3
Simon Wills	5/5	4/4	4/4	3/3
Alison White	5/5	4/4		3/3
Nick Huntley*	1/1			
Tara Usher**	4/4			3/3
Associate Members				
Tim Backhouse	5/5			
Mark Eames	5/5	4/4		
Paul Grange*	5/5			

* 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 £54k. 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 33 to 37.

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, and take personal responsibility, that this annual report and accounts 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 past 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 OFDs 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 2025 to 31 March 2026, 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.

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 Officers (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 Luke Pollard MP. 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 five 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 physical security, strategic workforce planning and Artificial Intelligence. It commissioned lessons learnt programmes as required 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 Nick Huntley (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 July 2025 and subsequently approved by the Board.

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 reports from management and the internal and external auditors and monitored progress against agreed audit recommendations.
- Reviewed key corporate policies including, whistleblowing, expenses, gifts and hospitality and conflicts of interest.
- Reviewed the Annual Report and Accounts, including a technical review of the financial statements, and provided advice to the Accounting Officer ahead of sign-off.
- Continued to provide advice on risk management, including ongoing review and challenge of the strategic risk register to support effective Board engagement and risk appetite discussions.
- Advised the Accounting Officer and Board on the comprehensiveness, reliability and integrity of assurances across the organisation.
- Undertook deep dives into priority areas including procurement; cyber and physical security; sustainability reporting; and supported Board engagement on these topics.
- Completed an annual review of Committee effectiveness and agreed actions to continue to improve risk management and assurance in the context of an increasingly challenging risk environment.

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 2026, 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 Terms of Reference (ToRs) were updated in March 2025 for job title changes and subsequently approved by the Board.

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.

During the year the Committee:

- Held four meetings, combining virtual sessions with on-site engagement to hear directly from Depot Managers and teams on local priorities, risks and challenges.
- Reviewed HSEQ risks and performance throughout the year using a range of KPIs and supporting assurance data to provide effective challenge and oversight.
- Reviewed priority HSEQ topics, including the annual HSEQ audit plan, process safety and Control of Work arrangements, and workforce wellbeing metrics.
- Reviewed key elements of the OPA assurance map, including the aging plant and safety instrumented systems.
- Considered process safety maturity, including learning from process safety self-assessment activity and reinforcing local accountability for safe performance.
- Undertook deep-dive reviews into significant events and learning, including the Plumley remediation project and a finger injury at Campbeltown leading to further review and reinforcement of reporting requirements across the business.
- Maintained focus on securing and sustaining compliance with COMAH requirements and associated Competent Authority priorities.
- Monitored progress in closing out regulator actions and recommendations, ensuring appropriate governance, prioritisation and timely escalation where required.
- Reviewed internal audit findings and external regulatory assurance activity to provide overall assurance to the Board and Accounting Officer on the coverage and quality of HSEQ controls and assurance.
- Continued to monitor HSEQ performance across the year, supporting sustained delivery and a learning culture across the estate.

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.

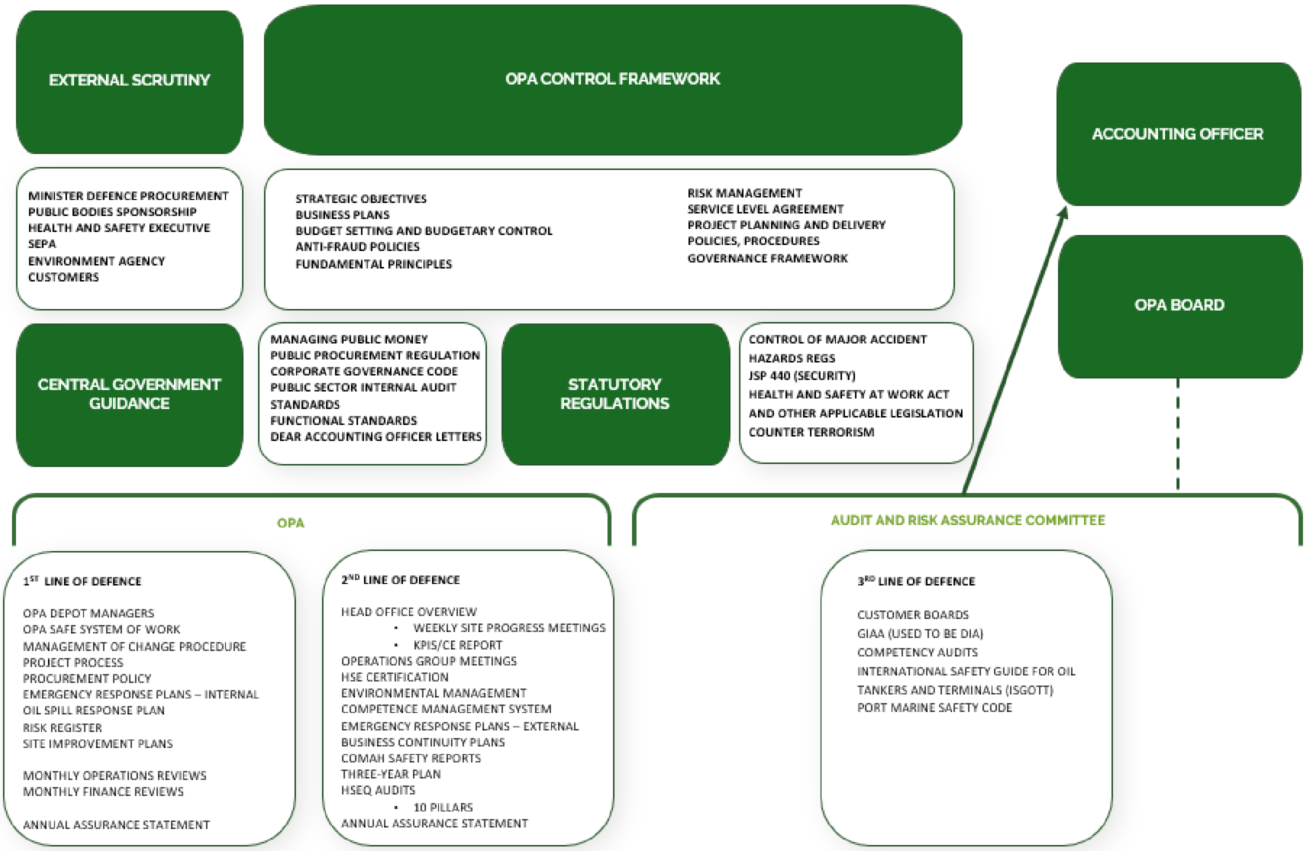
Compliance with the Cabinet Office Corporate Governance Code

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. This is now reviewed regularly by the Executive, ARAC and HSEQ Committee.

All Executive Team members gave assurance at the end of the year 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 were no Employee Health and Safety reportable injury in year.

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

Adrian Jackson - Chief Executive and Accounting Officer

06 July 2026

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**	**FY25/26 Salary band £'000**	FY24/25 Salary band £'000	**FY25/26 Pension £'000**	FY24/25 Pension £'000	**FY25/26 Bonus £'000**	FY24/25 Bonus £'000	**FY25/26 Total £'000**	FY24/25 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	01-Dec-25	-	-	-	-	-	-	-	-
N Huntley	Sponsor Rep	01-Dec-25	**	-	-	-	-	-	-	-	-
A White	Member	15-Jan-22	14-Jan-29	**10-15**	10-15	-	-	-	-	**10-15**	10-15
A Jackson	Chief Exec	01-May-15	*	**145-150**	140-145	**22**	21	**10-15**	10 – 15	**180-185**	175-180

* Notice period of 6 months
** appointed for the tenure of their MOD appointment.

Nick Huntley 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)

	FY25/26	FY24/25
Remuneration of highest paid Director	£155K-£160K	£150K-£155K
Median total remuneration	£49,575	£46,725
Ratio	3.2	3.3
Remuneration range for entire workforce	£14,680 to £155k-£160k	£13,000 to £150K-£155K

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 FY25/26 was £155k-160k (FY24/25; £150k-155k) a percentage rise of 3.5%. This was 3.2 times (FY24/25; 3.3 times) the median remuneration of the workforce, which was £49,575 (FY24/25; £46,725).

In FY25/26, the average salary for the employees of the entity (total wage bill divided by number of FTE) was £50,472 (FY24/25; £47,668). This represents a change of 6% as more employees were bought into the business at higher salary levels. The average bonus, for the eligible employees of the entity, remained consistent. The annual pay review was consistent across all employees. The bonus for the highest paid director remained the same as 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
FY25/26	Remuneration	£35,215	£49,575	£65,045
FY25/26	Ratio	4.5 : 1	3.2 : 1	2.4 : 1
FY25/26	Salary Only	£34,077	£47,825	£64,120
FY24/25	Remuneration	£32,260	£46,725	£63,635
FY24/25	Ratio	4.8 : 1	3.3 : 1	2.4 : 1
FY24/25	Salary Only	£30,510	£44,760	£61,690

In FY25/26, no employees (FY24/25; 0) received remuneration in excess of the highest-paid director. Remuneration ranged from £14,680 to £155k-£160k (FY24/25; £13,000 to £150k-£155k). 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 £210,215 (FY24/2025; £205,220); the variance was caused by the annual pay award 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 2026, excluding non-executive members, was 215 (FY24/25: 203). Staff costs were £15,380k (FY24/25: £13,453k) during the year including performance pay accrued, taxes and other social security costs. (This paragraph is subject to audit).

At 31 March 2026, three staff members were on short-term contracts with the OPA (2025: 1) assisting with the recovery of hydrocarbons from Cape of Good Hope (COGH) salt caverns.

Staff costs analysis (Audited)

Staff Costs	**2026** **£000**	**2025** **£000**
Wages and salaries - to permanently employed staff	**10,073**	**9,516**
Wages and salaries - to other contract and temporary staff	**1,651**	**781**
Social security costs	**1,331**	**1,026**
Defined benefit pension costs (note 11)	**224**	**246**
Defined contribution pension costs	**2,075**	**1,799**
Redundancy costs	**26**	**85**
	15,380	**13,453**

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.

Workforce by gender – FTE

Numbers at 31 March	Male 2026	Male 2025	Female 2026	Female 2025
Agency Members	3	3	2	2
Senior Managers	5	5	2	2
Employees	179	168	28	27

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 2026.

Staff Turnover

Staff turnover for the financial year was 10.5% (FY24-25: 15.27%).

Sickness absence

The OPAs current annual absence rate has reduced this year from 2.76% to 1.85%, which is considered by the OPA to be well below the UK average.

Compensation for loss of office (Audited)

There was one exit package in the year (FY24/25: four), with a total value of £26,281 (FY24/25: £84,788).

There have been plans for retirements in the OFDs, with a number of apprentices in training. All are progressing and OPA would hope to be able to offer them permanent roles. At present there are six individuals in the OFDs from whom we would accept VERS applications. A formal VERS / Redundancy process was prepared and submitted during the year that was approved after the reporting date.

Expenditure on consultancy and contingent labour

During the year the OPA spent £0k on consultancy (FY24/25: £132k). The OPA spent £0k on contingent labour (FY24/25: £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's pension costs are detailed in Note 11 to the accounts.

Parliamentary accountability and audit report

Parliamentary Accountability Disclosures [Audited]

The Oil and Pipelines Agency receives income from NC, DIO and CSOC. All work with the MOD 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 £33.4m (FY24/25: £32.3m).

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, losses or special payments. There was one charge (a fruitless payment) for the interest on a historic VAT underpayment, which the OPA self-declared to HMRC, totalling circa £4k.There were no penalties or fines levied.

Adrian Jackson - Chief Executive and Accounting Officer

06 July 2026

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

Opinion on financial statements

I certify that I have audited the financial statements of the Oil and Pipelines Agency for the year ended 31 March 2026 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 2026;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

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

In my opinion, the financial statements:

- give a true and fair view of the state of the Oil and Pipelines Agency's affairs as at 31 March 2026 and its net expenditure 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 (2024). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2024. I am independent of the 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 Chief Executive and Accounting Officer for the financial statements

As explained more fully in the Statement of the Chief Executive and Accounting Officer’s Responsibilities, the Chief Executive 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 Chief Executive and Accounting Officer anticipates that the services provided by the Oil and Pipelines Agency will not continue to be provided in the future.

Auditor’s responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the 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 and Control of Major Accident Hazards regulations.

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;
- 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: 09.07.2026

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 2026		**2026**	2025
	Notes	**£000**	£000
Expenditure			
Staff costs	**5**	**15,380**	13,453
Maintenance expenditure	**7**	**14,758**	15,003
Depreciation and impairment charges		**102**	57
Other expenditure	**6**	**5,700**	5,970
Total expenditure		**35,940**	34,483
Income			
Income from activities	**4**	**(35,659)**	(34,925)
Net (income) / expenditure		**281**	(442)
Finance income		**(165)**	(169)
Finance expense		**129**	52
Net (income) / expenditure after interest and other finance income		**245**	(559)
Tax on taxable net income after interest and other finance income		**0**	0
Net (income) / expenditure after taxation		**245**	(559)
Other Comprehensive Income (OCI)			
Actuarial (gain) / loss recognised in pension scheme	**11**	**(205)**	(118)
Change in asset ceiling		**219**	225
Total comprehensive (income) / expenditure for the year		**259**	(452)

The accompanying notes on page 42 to 59 form part of these accounts.

Statement of Financial Position

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2026

	Notes	2026 £000	2025 £000
Non-current assets			
Property, plant & equipment		**234**	172
Right-of-use asset	**2.12**	**54**	12
Total non-current assets		**288**	184
Current assets			
Trade and other receivables	**8**	**7,261**	8,675
Cash on deposit	**14**	**2,376**	2,280
Cash at bank and in hand	**15**	**3,328**	3,462
Total current assets		**12,965**	14,417
Total assets		**13,253**	14,601
Current liabilities			
Trade and other payables	**9**	**(7,980)**	(9,115)
Right-of-use liabilities		**(21)**	(7)
Total current liabilities		**(8,001)**	(9,122)
Total assets less current liabilities		**5,252**	5,479
Non-current liabilities			
Right-of-use liabilities		**(37)**	(4)
Defined Benefit Pension schemes	**11**	**0**	0
Total non-current liabilities		**(37)**	(4)
Total assets less total liabilities		**5,215**	5,475
Reserves			
Contributed capital	**1.1**	**2,380**	2,380
General fund reserve	**12**	**2,835**	3,094
Total Reserves		**5,215**	5,474

The accompanying notes on page 42 to 59 form part of these accounts.

A Jackson - Chief Executive and Accounting Officer

06 July 2026

Statement of Cash Flows

STATEMENT OF CASH FLOWS
YEAR ENDING 31 MARCH 2026

	2026	2025
Cash flows from operating activities	**£000**	£000
Net income / (expenditure) after interest and other finance income	**(245)**	559
Adjustment for non-cash transactions		
Depreciation	**102**	57
Defined benefit pension fund contributions paid, recognised in OCI	**(14)**	(107)
Decrease / (Increase) in trade and other receivables	**1,414**	974
Increase in trade and other payables	**(1,135)**	118
(Increase) in Cash on deposit (note 14)	**(96)**	(113)
Reversal of lease liability interest charges in SoCNE	**5**	0
Net cash inflow from operating activities	**31**	1,488
Cash flow from/ (used in) investing activities		
Purchase of Property, Plant and Equipment	**(150)**	(142)
	(119)	(142)
Net cash flow from / (used in) Financing activites		
Lease liability and interest repayments	**(15)**	**0**
Net Increase/ (decrease) in cash and cash equivalents in the period	**(134)**	1,346
Cash and cash equivalents at the beginning of the period	**3,462**	2,116
Cash and cash equivalents at the end of the period	**3,328**	3,462

The accompanying notes on page 42 to 59 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 2024		**2,380**	**2,643**	**5,023**
Comprehensive net income for the year		0	559	559
Total remeasurements recognised in DB pension funds		0	(107)	(107)
Balance at 31 March 2025	**12**	**2,380**	**3,094**	**5,474**

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY YEAR ENDING 31 MARCH 2026	Notes	Contributed Capital £000	General Fund £000	Total Reserves £000
Balance at 1 April 2025		**2,380**	**3,094**	**5,474**
Comprehensive net (expenditure) for the year		0	(245)	(245)
Total remeasurements recognised in DB pension funds		0	(14)	(14)
Balance at 31 March 2026	**12**	**2,380**	**2,835**	**5,215**

The accompanying notes on page 42 to 59 form part of these accounts.

Notes to the Accounts

Year ending 31 March 2026

1. The OPA

1.1. The OPA was created by The Oil and Pipelines Act 1985 and came into existence on 1 December 1985 with responsibility 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 60.

2. Statement of accounting policies

These financial statements have been prepared in accordance with the 2025-26 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRSs) 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 circumstances of the OPA for the purpose of giving a true and fair view has been selected. The policies adopted by the OPA 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 Singapore OFD and the cavern sites as an agent of the Secretary of State for Defence: the assets of the OFDs, Singapore OFD and the cavern sites are excluded from the OPA's Statement of Financial Position. The OPA is responsible for the management and maintenance only. 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.

MOD assets are accounted for under IFRSs (via FReM), with assets recognised where they provide future service potential, valued predominantly using depreciated replacement cost for specialist defence assets, capitalised during construction, depreciated over operational lives, and subject to significant estimation and audit judgement due to scale and complexity. The OPA provides all necessary information to ensure the accurate reporting within the MOD accounts.

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: the methodology by which management has applied the OPA's accounting policies regarding the pension liabilities is detailed in note 2.7. Independent and qualified actuaries assess the specific factors that influence the pension fund position. The pension fund position is subject to estimates and judgements; sensitivity analysis used in making these judgements is shown in note 11.3.

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

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 has 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 is 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 has taken the decision that the accounts should be prepared on a 'going concern' basis.

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 its customers, identified the performance obligations, determined the price and recognised revenue when it has 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 accrual's 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.

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 and 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 over the following periods:

- IT equipment between 3 and 4 years
- Vehicles over 4 years
- Plant and Machinery over 4 years

During the year, the OPA spent £150k 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.

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 applies an asset ceiling in respect of any surplus. The net defined benefit asset is recognised 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.

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. OPA calculates the cost of untaken leave as the full employment cost of accrued but unused holiday at year end (salary plus on costs), recognising it as a staff cost accrual under IAS 19 based on actual entitlement and current pay rates.

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 it is a single operating segment, that being the management of OFDs 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 CSOC 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	**2026 £000**	**2025 £000**
Expenditure		
Europe	**30,649**	**31,024**
Singapore	**5,291**	**3,459**
Income		
Europe	**(30,363)**	**(31,466)**
Singapore	**(5,296)**	**(3,459)**
Total net (income) / expense per the SOCNE	**281**	**(442)**

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 six 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. The impact of IFRS 18 on the Public Sector is still being assessed, and a decision has not yet been taken on an implementation date. IFRS18 will replace IAS 1 Presentation of Financial Statements. It introduces 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 tax.

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

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:

Operating Income	2026 £000	2025 £000
Agency Fees (Defence Infrastructure Organisation)	**5,726**	**4,300**
Agency Fees (Navy Command)	**19,671**	**20,618**
Agency Fees (CSOC)	**6,724**	**5,198**
Agency Fees (Fuel Enterprise Strategy)	**0**	**1,677**
Agency Fees (Air Command)	**772**	**540**
Commercial receipts	**2,766**	**2,592**
	35,659	**34,925**

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 CSOC has risen as activity on the Singapore OFD has increased, including a large-scale wharf refurbishment project. The revenue received from DIO also rose as the Cape of Good Hope project progressed. The Fuel Enterprise Strategy was a two year project that was successfully completed in March 2025 resulting in no further revenue in this financial year.

5. Staff costs

The average number of permanent employees plus Members and Committee Members, during the year was 208 (FY24/25: 200) and the number of employees at 31 March 2026 was 219 (2025: 207). The average of whole-time equivalent non-permanent persons employed during the year was 13 (FY24/5: 6). Staffing costs were as follows:

Staff Costs	2026 £000	2025 £000
Wages and salaries - to permanently employed staff	**10,073**	**9,516**
Wages and salaries - to other contract and temporary staff	**1,651**	**781**
Social security costs	**1,331**	**1,026**
Defined benefit pension costs (note 11)	**224**	**246**
Defined contribution pension costs	**2,075**	**1,799**
Redundancy costs	**26**	**85**
	15,380	**13,453**

6. Other Expenditure

Other Expenditure	2026 £000	2025 £000
Other occupancy costs	**1,874**	**2,358**
Staff related costs*	**565**	**422**
Travel, subsistence and hospitality	**1,111**	**1,011**
Recruitment and training	**459**	**475**
Professional fees	**460**	**793**
Auditors' Remuneration: Audit (NAO)	**54**	**57**
Office supplies and equipment	**885**	**618**
Other administration costs	**292**	**236**
	5,700	**5,970**

*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).

Other occupancy costs have reduced due to a rates rebate following a change in the OFD rateable value. Professional fees reduced as last financial year included consultancy costs disclosed above (£132k). Office supplies and equipment has increased due to software licensing and the one-off purchase of additional radios for site use.

7. Maintenance Expenditure

Maintenance Expenditure	2026 £000	2025 £000
Tank Inspection Programme	**3,191**	**2,327**
Jetty maintenance	**533**	**628**
Infrastructure improvements	**4,687**	**4,707**
HSEQ investment	**682**	**537**
Security	**785**	**528**
Expenditure on new assets	**4,218**	**5,773**
Other costs	**662**	**503**
	14,758	**15,003**

The Tank Inspection Programme increased as works on additional tanks outside of the OFDs was delivered - specifically the recovery of the Kings Lines OFD. Expenditure on new assets decreased as the Thanckes Tank Farm project slowed due to external cost drivers. Security costs increased as fencing was placed around the individual Plumley wellheads to better secure the facility.

8. Trade and other receivables

Trade and other receivables	**2026**	**2025**
Trade and other receivables falling due within one year	**£000**	**£000**
Trade and other receivables	**640**	**770**
Accrued Income	**6,014**	**6,919**
Prepayments	**607**	**986**
	7,261	**8,675**

Trade and other receivables reduced as the OPA moved to monthly invoicing rather than quarterly.

9. Trade and other payables

Trade and other payables	**2026**	**2025**
Trade and other payables falling due within one year:	**£000**	**£000**
Trade and other payables	**1,400**	**1,194**
Accruals and deferred income	**5,737**	**7,377**
Other creditors	**0**	**0**
Other taxation and social security	**843**	**544**
	7,980	**9,115**

Income relating to the approved redundancy programme was deferred at the year end because the associated redundancy costs had not yet crystallised.

10. Commitments

Capital Commitments

At the end of the year there were no capital commitments authorised (2025: £0k).
The OPA had no other financial commitments.

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 based on triennial valuations using the projected unit method. The Oil and Pipelines Agency Retirement Benefits Plan has no active members.

During the previous 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 Mercer, 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 previous valuation date). The OPA and Mercer agreed that the OPA will make employer contributions of 29.4% and employee contributions ranging between 2.1% and 4.7% according to the employee’s job level.

11. Retirement benefits pension schemes (continued)

If necessary, additional employer contributions would be paid into both schemes to reduce the scheme's deficit if advised by the scheme's actuaries. The OPA adopts the accounting requirements set out in IAS 19 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.

Statement of Financial Position Pension asset

The plan assets and liabilities in the schemes were:

OPA Retirement Benefit Fund (OPA RBP)	**2026**	**2025**
Net Assets	**£000**	**£000**
Equities	0	0
Government Debt	0	0
Insurance Contract	5,818	5,810
Cash	864	810
Total fair value of assets	6,682	6,620
Present value of liabilities	(5,818)	(5,810)
Surplus/(deficit) in the scheme	864	810
Asset ceiling	(864)	(810)
Surplus/(Deficit)	0	0

Mercer DB Master Trust (FPP)	**2026**	**2025**
Net Assets	**£000**	**£000**
Equities	1,648	1,683
Government Debt	6,847	6,402
Corporate Bonds	0	0
Cash	46	56
Other	2,846	2,593
Total fair value of assets	11,387	10,734
Present value of liabilities	(4,905)	(4,810)
Surplus/(Deficit) in the scheme	6,482	5,924
Asset ceiling	(6,482)	(5,924)
Related deferred tax (liability) asset	0	0
Surplus/(Deficit)	0	0

Under the RBP and FPP Scheme rules, OPA does not have the 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 2026, 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.

11. Retirement benefits pension schemes (continued)

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	2026 £000	FPP £000	OPA RBP £000	2025 £000
Opening fair value of assets at 1 April	10,734	6,620	17,354	11,379	8,824	20,203
Interest Income	625	366	991	558	409	967
Employer contributions	233	-	233	353	-	353
Contributions by Members	18	-	18	22	-	22
Return on plan assets (excluding amounts included in net interest income)	118	(26)	92	(1,213)	(2,331)	(3,544)
Benefits (paid)	(341)	(278)	(619)	(365)	(282)	(647)
Total fair value of plan assets before tax at 31 March	11,387	6,682	18,069	10,734	6,620	17,354

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	2026 £000	FPP £000	OPA RBP £000	2025 £000
Opening fair value of liabilities at 1 April	4,810	5,810	10,620	5,677	8,323	14,000
Current service cost	171	0	171	246	0	246
Interest cost	273	320	593	276	385	661
Contributions by Members	18	0	18	22	0	22
Remeasurements						
Change in assumptions	(80)	(70)	(150)	(623)	(890)	(1,513)
Liability experience (gains)	1	36	37	(423)	(1,726)	(2,149)
Benefits (paid)	(288)	(278)	(566)	(365)	(282)	(647)
Present value of obligation before tax at 31 March	4,905	5,818	10,723	4,810	5,810	10,620

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	2026 £000	FPP £000	OPA RBP £000	2025 £000
Expected return on scheme assets	625	366	991	558	409	967
Interest on schemes liabilities	(273)	(320)	(593)	(276)	(385)	(661)
Interest on asset ceiling	(347)	(46)	(393)	(282)	(24)	(306)
Net interest (cost)/Income	5	0	5	0	0	0
Current service cost (staff costs note 5)	(224)	0	(224)	(246)	0	(246)
Credited/(charged) to net expenditure	(219)	0	(219)	(246)	0	(246)

Defined Benefit costs recognised in Other Comprehensive Income	FPP £000	OPA RBP £000	2026 £000	FPP £000	OPA RBP £000	2025 £000
Return on plan assets (excl. amounts included in net interest cost)	118	(26)	92	(1,213)	(2,331)	(3,544)
Experienced gains on liabilities	(1)	(36)	(37)	423	1,726	2,149
Changes in assumptions underlying liabilities	80	70	150	623	890	1,513
Change in Asset ceiling	(211)	(8)	(219)	60	(285)	(225)
Total remeasurements	(14)	0	(14)	(107)	0	(107)

11. Retirement benefits pension schemes (continued)

11.2 Actuarial assumptions

OPA Retirement Benefits Fund (OPA RBP)

A qualified independent actuary carried out an actuarial assessment as at 31 March 2026 and the major assumptions used were:

OPA Retirement Benefit Fund (OPA RBP)	2026	2025
Discount Rate	6.00%	5.65%
RPI inflation	3.40%	3.25%
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 S4PA light tables
Mortality (future improvements)	CMI 2024 projection model with a long-term improvement rate of 1.25% p.a.	CMI_2023 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
GMP equalisation allowance	0.78% addition to the liabilities	0.78% addition to the liabilities

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 2026 and the major assumptions used were:

Mercer DB Master Trust (FPP)	2026	2025
Discount Rate	6.15% p.a.	5.85% p.a.
Inflation (RPI)	3.45% p.a.	3.25% p.a.
Inflation (CPI)	3.25% p.a.	3.00% p.a.
Salary Growth	5.25% p.a.	5.00% p.a.
Mortality (base table)	130% of S4PMA tables for males 125% of S4PFA_M tables for females	125% of S4PMA tables for males 120% of S4PFA_M tables for females
Mortality (future improvements)	CMI 2025 model (SK=7.0, A=0) with long term improvement rate of 1.25% p.a.	CMI 2023 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	3.25% p.a.	3.00% p.a.
Allowance for pension in payment increases of CPI	3.25% p.a.	3.00% 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

11. Retirement benefits pension schemes (continued)

11.3 Sensitivity Analysis

The effect of changes in assumptions used on the 2026 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.

OPA Retirement Benefit Fund (OPA RBP)		**2026 £000**	2025 £000
Effect on present value of defined benefit obligation (increase/(decrease))			
Discount Rate	-0.5%	**303**	320
Price inflation rate	+0.5%	**298**	314

Mercer DB Master Trust (FPP)		**2026 £000**	2025 £000
Effect on present value of defined benefit obligation (increase/(decrease))			
Discount Rate	-0.5%	**324**	329
Salary increase rate	+0.5%	**54**	50
Price inflation rate	+0.5%	**314**	315
Post-retirement mortality assumption	+1 year age rating	**(116)**	108

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.

11. Retirement benefits pension schemes (continued)

11.4 Plan History

OPA Retirement Benefit Fund (OPA RBP)	**2026**	**2025**
	£000	**£000**
Fair value of assets before taxation	6,682	6,620
Present value of defined liabilities before taxation	5,818	5,810
Surplus (deficit) before taxation	864	810

History of experience gains and losses		
Return on plan assets (excluding amounts included in net interest cost)	(26)	(2,331)
Percentage of scheme assets (%)	(0.4)	(35.2)
Experienced gains on liabilities:	(36)	1,726
Percentage of present value of scheme liabilities (%)	(0.6)	29.7
Changes in assumptions: (£000)	70	890
Total remeasurements	8	285
Percentage of present value of scheme liabilities (%)	0.1	4.9

Mercer DB Master Trust (FPP)	**2026**	**2025**
	£000	**£000**
Fair value of assets before taxation	11,387	10,734
Present value of defined liabilities before taxation	4,905	4,810
Surplus/(deficit) before taxation	6,482	5,924

History of experience gains and losses		
Return on plan assets (excluding amounts included in net interest cost)	118	(1,213)
Percentage of scheme assets (%)	1.0	(11.3)
Experienced gains on liabilities:	(1)	423
Percentage of present value of scheme liabilities (%)	(0)	9
Changes in assumptions: (£000)	80	623
Total remeasurements	197	(167)
Percentage of present value of scheme liabilities (%)	4.0	(3.5)

11.5 Reconciliation of asset ceiling

	FPP	**OPA RBP**	**2026**
Reconciliation of opening & closing value of asset ceiling	**£000**	**£000**	**£000**
Asset ceiling at year start	5,924	810	6,734
Interest on asset ceiling	347	46	393
Change in asset ceiling over the year	211	8	219
Asset ceiling at year end	6,482	864	7,346

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 2026, 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 relevant number of pensioners. During the previous 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 its 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 £2,076,000 (FY24/25: £1,799,000). 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.

12. General Fund Reserve

GENERAL FUND RESERVE	Operating Cost £000	Pension Reserve £000	Total £000
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)**	**3,094**
Changes to the general fund reserve for the year	(245)	(14)	**(259)**
At 31 March 2026	**3,662**	**(827)**	**2,835**

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.

14. Cash on deposit

Cash on deposit	**2026 £000**	**2025 £000**
Balance 1 April	**2,280**	**2,167**
Interest Received	**96**	**113**
Balance 31 March	**2,376**	**2,280**
The following balances at 31 March were held at:		
Commercial bank - 95 day notice	**2,376**	**2,280**

15. Cash at bank and in hand

Cash at bank and in hand	**2026 £000**	**2025 £000**
Balance 1 April	**3,462**	**2,116**
Net change in cash at bank and in hand	**(134)**	**1,346**
Balance 31 March	**3,328**	**3,462**
The following balances at 31 March were held at:		
Commercial bank - 10 day notice	**18**	**18**
Commercial bank - instant access	**3,310**	**3,444**
Net cash at bank and in hand	**3,328**	**3,462**

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 £71.6k by the MOD for services provided by Government Internal Audit Agency (FY24/25: £53.7k): the variance being due to price increases for the service.

During the year, two employees of the MOD sat on the OPA Board as MOD's representatives: Tara Usher (until 1 December 2025) and then Nick Huntley (from 1 December 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, 42% 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.

17. Financial Instruments (continued)

Liquidity and Cash Flow Risk

The OPA has borrowing powers (note 3): these have not been exercised during the year. 58% 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

The OPA holds a number of vehicle leases that are disclosed above as Right of Use assets. The cash cost of the leases to their full term is disclosed below:

Leases	2026 £000	2025 £000
Vehicles:		
Not later than one year	**16**	**4**
Later than one year and not later than five years	**59**	**9**
Later than five years	**0**	**0**
	75	**13**

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.

As at 31 March 2026, certain roles within the OPA had been identified for redundancy. The maximum redundancy exposure (£520k) was approved by the RemNomCom on 8th April 2026, after the reporting date and is disclosed above in the Remuneration report.

On 21st and 22nd May 2026, a loss of primary containment occurred at COGH. The cause of the loss of containment from the tank was due to a salinity probe disconnecting from the bottom of the tank. This was reported as a RIDDOR and fully cleaned up with no environmental damage.

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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