

OFFICIAL

Memorandum of Understanding
HMCTS & NSTA
Appeals Related to
NSTA - Carbon Storage Information and Samples Powers

Date:

MEMORANDUM OF UNDERSTANDING

between

North Sea Transition Authority (NSTA)¹

And

His Majesty's Courts and Tribunal Service (HMCTS)

**Each a "Party" and together "the Parties"*

For the services provided by HMCTS in the administration, organisation and holding of NSTA - Carbon Storage Information and Samples Powers appeals in the General Regulatory Chamber (GRC).

1 Purpose

- 1.1. The MoU will be reviewed annually and signed to enable reviews of resourcing and activity levels during the relevant financial year. Changes in activity or financial charges will be managed in year and, provided there is an audit trail between government bodies agreeing to the changes, will not require a revised MoU to be signed.
- 1.2. The MoU enables the Parties to pursue a closer working relationship through establishment of a pricing framework, payment mechanism and review process in connection with the funding of the administration of appeals to the GRC within HMCTS.

2 Scope of Agreement

- 2.1 This MoU will take effect from 1st April 2025 and will remain in place until:
 - It is superseded by another such agreement established with the intention of replacing this MoU and approved by the relevant signatories in each department;
 - the agreement is terminated by the unanimous consent of both parties; or
 - the additional costs are subjected to a formal budget transfer to HMCTS baseline which has been approved by departmental spending teams and HMT. ***Please note a formal budget transfer is for future consideration if the level of activity is consistent and stabilises.***
- 2.2 It sets out the agreement between the Parties for the:
 - Scope and purpose of the agreement;

¹ The North Sea Transition Authority ('NSTA') is the business name of the Oil and Gas Authority ('OGA'). The OGA remains the legal name of the company.

- forecast costs to be incurred by HMCTS in future financial years for appeals relating to NSTA - Carbon Storage Information and Samples Powers appeals;
- arrangements for NSTA to fund HMCTS for the financial year 2025/26;
- Governance arrangements to review performance of actual caseload and spend against forecasts; and
- roles and responsibilities of the Parties.

3 Background of Appeal, Description of changes & HMCTS Operational Impacts

- 3.1 Section 125 and Schedule 8 of the Energy Act 2023 (**'the 2023 Act'**) provides for the right to appeal against a decision/sanction of the NSTA to the First-tier tribunal.
- 3.2 North Sea Transition Authority (NSTA) has had the relevant data powers in respect of petroleum data since around 2016 and has a separate MoU to cover this. To date no appeal has been made to the First-tier Tribunal.
- 3.3 The 2023 Act introduced new data requirements for holders of carbon dioxide appraisal and storage licences (**'CS Licensees'**), including for the retention, reporting and disclosure of relevant carbon storage data. The proposals also include making provision for Information and Samples Plans (**'ISPs'**) to be prepared by CS Licensees and agreed by NSTA. The proposed sanctions connected with the carbon storage data powers provide for appeal against an NSTA decision/sanction to be made to the First-tier tribunal.
- 3.4 The proposed sanctions connected with the carbon storage data powers reflect those currently in place for petroleum licences which provide for appeal against an NSTA decision/sanction to be made to the First-tier tribunal.

4 Forecast Expenditure

- 4.1 The summary forecast costings contained below are based on estimates agreed by the Parties as being the best available at the time of signing the MoU and reflect the level of additional activity forecast within the tribunal as a result of the 'aforementioned legislative change'.
- 4.2 The summary below reflects the level of funding and activity expected in the immediate year. However, the MoU principles continue to stand for future years subject to further assessments of activity and requirements. This will be managed by the signing of an updated agreement between the Parties setting out the relevant particulars.
- 4.3 Unit costings for GRC have been calculated by HMCTS based upon current planning inflationary assumptions (which may change in light of final pay awards for staff and judiciary) and demand volumes for the financial year 2025/6 provided by NSTA.

4.4 Should further costs/savings emerge due to change in actual receipts received, changes to productivity, expectations, training needs or investments, these will be considered between the Parties as set out in sections 6 and 7.

4.5 Full Cost of Service – Financial Year 2025/26

- The following table sets out the expected funding transfer for the remainder of the financial year based on current activity assumptions.

Total Cost – NSTA - Carbon Storage Information and Samples Powers

Financial Year	2025/26
Appeals and Set Up Costs	£
Appeal Cost	0
Set Up Cost	0
Total Revenue	0
Capital	0
Total*	0

*This unit cost has been calculated based upon best assumptions regarding inflation used within our wider internal planning. However, should inflationary outcomes affect the unit costs above, HMCTS will inform NSTA at the earliest opportunity of the updated unit costs going forward, and reflect any changes through a true-up position as outlined in section 6.1.4.

4.6 Implementation Costs

- HMCTS will not incur specific set up costs in relation to NSTA - Carbon Storage Information and Samples Powers appeals for the financial year 2025/26.

4.7 Business As Usual (BAU) Costs

4.7.1 For business-as-usual costs, please refer to Annex A at the end of this document.

4.8 HMCTS is not able to undertake unfunded work.

5 Payment Mechanism

5.1 Transfers of funding from NSTA to HMCTS will be via invoice through HMCTS invoicing on a quarterly basis in arrears.

5.2 Upon the signing of this MoU, NSTA will raise a Purchase Order (PO) for the total amount included in the Annex to enable a corresponding invoice to be raised in

arrears at each quarter of the relevant financial year. NSTA will provide the PO number following sign off of this MoU.

6 Review Process

- 6.1 To protect both Parties and to ensure neither Party benefits at the expense of the other and in line with HMT's *'Managing Public Money'*, the following review process will be followed with an option to review the volumes, should demand significantly exceed or underperform forecast:
- 6.1.1 Forecasts will be reviewed prior to the commencement of each financial year based on anticipated volumes provided by the first tier Department involved and unit costs provided by HMCTS.
 - 6.1.2 Given the low expected caseload, no in-year reviews are required or expected. However, any material changes to expected volumes should be highlighted to HMCTS at the earliest opportunity rather than waiting for the next annual review. In the first year's review, we may need to revisit assumptions on unit costs (e.g., admin and judicial time spent on progressing and disposing of these cases), as well as receipt levels.
 - 6.1.3 If there is any material change in actual spend or activity at year end, then both Parties shall review and agree how to implement a revised unit cost and volume position.
 - 6.1.4 Post-year end, once the financial year outturn is known, the Q4 invoice will be subject to a true up position should there be a change in unit costs due to inflationary pressures, and/or withdrawn/dismissed cases. Any increases in unit costs due to inflationary pressures above those forecast and included in the unit cost currently reflected in this version of the document will be communicated to NSTA at the earliest opportunity and reflected in subsequent invoices. The total cost of withdrawn/dismissed cases will be deducted and subject to a reduced unit cost, provided in the annex, unless unanimous decision not to by the Parties. **Parties should note paragraph 6.1.5 in this discussion.**
 - 6.1.5 Costs already spent by HMCTS will be included within actual spend position, regardless of whether the expected level of appeals have been received and/or disposed of, NSTA shall notify HMCTS at the earliest opportunity of any revisions to agreed volumes, ensuring relevant adjustments to resources deployed or planned to be deployed can be made in sufficient time to prevent wastage.

7 Governance

- 7.1 Revised figures for future years will be agreed and finalised at the beginning of the financial year as part of the process whereby an updated agreement will be signed to supersede this document for the following year. The review process will provide the opportunity to revise charges and/or services for the subsequent year.

- 7.2 HMCTS will monitor volumes and resources required to test the assumptions made in the costings used in this document. It will monitor caseloads and costs incurred during 2025/26 and provide assurance on performance of actual spend against forecast before that year's transfer takes place.
- 7.3 Equally, should HMCTS incur additional costs for an unforeseen or genuine and justifiable reason, then HMCTS will notify NSTA as soon as practically possible of related circumstances, and following approval by NSTA, shall raise an invoice if material and deemed necessary by the Parties.
- 7.4 Invoicing and Payment Arrangements:
- 7.4.1 Invoices should be sent electronically to accountspayable@nstauthority.co.uk
- 7.4.2 A schedule should accompany the invoice showing a breakdown of the work completed for which the invoice is based.
- 7.4.3 Payment shall be made within 30 days of receipt.
- 7.4.4 See section 12 for payment details.

8 Termination

- 8.1 The MoU agreement can only be terminated upon agreement from both Parties.
- 8.2 The most likely grounds for termination of this MoU are governed by the following scenarios (although these should not be regarded as limiting):
- 8.2.1 An alternative agreement is established such that NSTA - Carbon Storage Information and Samples Powers appeals are no longer governed by any MoU principles which is approved by the relevant signatories in HMCTS and NSTA.
- 8.2.2 A policy or legislative change which removes the burden to the Tribunals system.
- 8.2.3 HMCTS and NSTA have deemed NSTA - Carbon Storage Information and Samples Powers appeals as reaching a stable throughput of work and therefore a formal baseline agreement and budget transfer² can be enacted for the next SR period (an MoU will still be required until the start of the SR

² NSTA - Carbon Storage Information and Samples Powers appeals will need to satisfy the following conditions for an agreed formal baseline transfer from NSTA to MOJ:

- The associated caseload volumes are relatively stable
- The financial and reputation risks of accepting the funding are acceptable to HMCTS management
- HMT deem the interdepartmental budget transfer as appropriate

Once complete the MOU process will no longer be required although the onus would be on NSTA to inform MOJ of any material future volume changes.

OFFICIAL

period where HMT recognises that funding in HMCTS/MoJ financial baseline).

8.2.4 A transfer of ownership of the appeal right to another public body or government department meaning NSTA is no longer liable for costs incurred to Tribunals, however, any machinery of government change should factor this liability into funding negotiations and a revised MoU implemented.

8.2.5 A machinery of government change which means that HMCTS is no longer responsible for the delivery of the tribunal, although this funding requirement will continue for any new body set up to manage the required appeal route and it is recommended that a new MoU be implemented.

8.3 The Party terminating this MoU shall give as much notice as possible and shall offer all reasonable assistance to ensure:

8.3.1 The provision of resources required for successful termination in a timely manner

8.3.2 An effective working relationship is established to mitigate disruption to operational and financial requirements:

- HMCTS must have sufficient time to stand down required resource for hearing NSTA - Carbon Storage Information and Samples Powers appeals
- Both Parties must negotiate a suitable timeline to complete termination, so NSTA are not liable for costs pertaining to NSTA - Carbon Storage Information and Samples Powers appeals

8.4 Both Parties to the MoU will use their best efforts to avoid disputes arising in the first instance and settle disputes at the working level should they arise.

8.5 Where there is an impasse, disputes will be raised to the signatories of this MoU where resolution will be sought.

9 Review Conditions

9.1 This MoU will be reviewed in the following circumstances, and updated subject to agreement by both Parties:

- Annual review to revise forecasts and transferable amount for the upcoming financial year.
- If there is a material change in the scope and/or timetable for the project.
- If there is material change in volumes.
- Should additional costs be identified during implementation that will exceed the overall agreed costs of this MoU and which were not considered during the development of this MoU.
- Change in legislation or policy.

10 Roles & Responsibilities

10.1 HMCTS Strategic Finance

- Develop and review up to date unit costs for the GRC and NSTA - Carbon Storage Information and Samples Powers appeals.
- Utilising unit costs and forecast volumes provided by NSTA produce an annual funding forecast.
- In collaboration with NSTA, review MI on a quarterly basis (when there is a significant volume of appeals) or upon request to assess accuracy of forecasts.
- To act, not just to the letter of this MoU but in the spirit of it through seeking a collaborative, close and productive working relationship with the other Party to minimise cost to the public purse through robust financial management.

10.2 HMCTS Tribunal Service Owner Team

- To liaise with NSTA to complete the assumption questionnaire in the cost model, which would enable HMCTS Strategic Finance to accurately cost NSTA - Carbon Storage Information and Samples Powers appeals.
- To utilise resources to track and provide the strategic finance planning team with actual and forecast volumes.
- To use data or trends realised to ensure initial productivity estimates are correct and implementation of work is achievable within capacity and thus agree that the funding negotiated is sufficient for requirements.

10.3 NSTA

- Provide forecast volumes based upon robust and up to date information prior to each financial year.
- Provide underlying assumptions of forecast volumes.
- Regularly review assumptions and update forecasts presenting new information when available.
- In collaboration with HMCTS review MI on a regular basis to assess accuracy of forecasts.
- To act, not just to the letter of this MoU but in the spirit of it through seeking a collaborative, close and productive working relationship with the other Party to minimise cost to the public purse through robust financial management.

11 **Signatories**

- 11.1 On signing by the appropriate authority by both of the Parties this agreement becomes active until amendment, termination or a new agreement is established under the terms stated above.
- 11.2 The parties must ensure that the person approving and signing this agreement has the relevant delegated authority to be able to enter such an agreement on behalf of their department or organisation as applicable.

OFFICIAL

11.3 Signed by:

For, and on behalf of, NSTA	
Name	Dr Russell Richardson
Job title & Grade	General Counsel and Company Secretary
Location & Contact details	c/o NSTA, 50 Broadway, London, SW1H 0BL
E-mail Address	
Telephone	
Signature	
Date	5 August 2025

For, and on behalf of, HMCTS	
Name	Tim Stamp
Position / Grade	Deputy Director Strategic Finance and Planning
Location & Contact details	c/o Swindon Combined Court, Islington Street, Swindon, SN1 2HG
E-mail Address	
Telephone	
Signature	
Date	07/10/20205

12 Bank details

12.1 Other government department to specify preferred payment method (BACS or RFT)

Account Number	
Sort Code	
Account Name	
Reference to be quoted:	
Full Postal Billing Address	NSTA, 50 Broadway, London, SW1H 0BL
Accounts Payable Email Address	
PO Number Covering Financial Year 2025/26	

DISTRIBUTION

- One copy to be retained by customer i.e., NSTA
- One copy to be retained by supplier i.e., HMCTS

ANNEX A – Workings/Calculations**Table 1 – Expected cases for NSTA - Carbon Storage Information and Samples Powers appeals**

Expected Cases 2025/26*	0
Cost per Case	£4,801.54
Total	£0

**The forecast provides an indicative view of expected activity for NSTA - Carbon Storage Information and Samples Powers appeals. Actual appeal volumes will be monitored throughout the year. Any material changes will be alerted to NSTA at the earliest opportunity.*

Table 2 – Unit Cost for NSTA - Carbon Storage Information and Samples Powers appeals

2025/26 Costs of NSTA - Carbon Storage Information and Samples Powers Appeals	Total Cost	Volume	Unit Cost (£)
Staff Cost	259.23		259.23
Judicial and Panel Member Costs	4,026.99		4,026.99
Judicial Cost (T&S)	149.92		149.92
Other Admin Costs	4.00		4.00
Estate Costs	362.40		361.40
Total	4,801.54	1	4,801.54

Annex B – Volume and Cost Profile for NSTA - Carbon Storage Information and Samples Powers appeals

Table 3 – Quarterly Volume & Cost Profile

	FY 2025/26				
	Q1	Q2	Q3	Q4	
	Forecast	Forecast	Forecast	Forecast	Total Appeals
Volume	0	0	0	0	0
Appeal Cost	£4,801.54	£4,801.54	£4,801.54	£4,801.54	
Total	£ -	£ -	£ -	£ -	£ -

*This table represents the quarterly break down of forecasted volumes.
Actuals will be supplied on a quarterly basis in correspondence.*