EXTRACTIVE INDUSTRIES in the UK

UK EITI
Extractive Industries Transparency Initiative
United Kingdom

2018 UK EITI Reconciliation and State of Industry Report

December 2019

This Report has been prepared by UK EITI Multi-Stakeholder Group (MSG) charged with the implementation of the Extractive Industries Transparency Initiative in the United Kingdom in collaboration with the Independent Administrator (IA). This Report has been prepared within the context of EITI reporting and is published for information purposes. The figures included within the report have not been subject to specific audit procedures and accordingly neither the MSG nor the IA take responsibility for any loss which may be incurred by any other party, should they rely on figures included within this report if such figures were later discovered not to be accurate.

Foreword

The extractive industries in the UK comprise oil and gas production, mining and quarrying. These sectors continue to play a major role in the UK economy, contributing total GVA of £18.0 billion, and employing 60,000 people directly, with many more supported in the industries' downstream industries and supply chains. The largest economic contribution comes from oil and gas production, but mining and quarrying also play a significant role, with construction minerals representing the largest materials flow in the UK.

As we transition to a low carbon economy, oil and gas will play a smaller role in meeting the demand for energy over time. However, there will continue to be a need for oil and gas and all scenarios proposed by the Committee on Climate Change setting out how we could meet our 2050 net zero emissions target include demand for oil and natural gas. An orderly transition, including UK oil and gas production, is crucial to maintaining security of supply.

Oil, gas, minerals and aggregates are limited national resources. How they are being taken out of the ground or seabed, by whom and for what price, is a matter of significant public interest. The past, present and future of these industries is regularly debated, on issues from climate change and fracking to Scottish independence. There is a clear need for trustworthy information to inform those debates.

This report, and its accompanying material, aims to provide at least some of that information. It pulls together data from a wide range of sources from both government and industry bodies in an accessible format. It is unique in also setting out, and verifying, the financial flows between government and industry. Our aim in publishing this data is to help identify the positive contribution that the extractive sectors are making to the economic and social development of the country and to demonstrate the industries' commitment to transparency and good governance. We hope it will be of interest to communities affected by extractives activity, employees in the sectors, researchers, journalists and the general public.

The report is the work of a multi-stakeholder group formed in equal part of representatives of industry, civil society and government. Its data on payments relates to the calendar year 2018. It is our fifth such report, meaning we now have put on public record five years' worth of payments data, covering 2014-18.

The work of the steering group, and the publication of our reports, has been conducted in line with the Extractive Industries Transparency Initiative (EITI), an international transparency standard, which the UK has supported since its inception in 2003. We are pleased that in November 2019 the UK was assessed as having made 'meaningful progress' in implementing the EITI Standard and look forward to building on this in 2020, as we continue to work on delivering more accessible and timely data.

Matthew Ray

Chair of the UK EITI Multi-Stakeholder Group

Introduction

This report sets out key summary information on the extractive industries in the UK. Our webpages provide a deeper overview of these industries, including a comprehensive overview of the extractive industries in the UK, and dedicated pages on the upstream oil and gas sector, and the mining and quarrying sectors in the UK.

Following the summary information this report goes on to set out data on extractives-related payments received and made by the UK Government in 2018. This is the result of a data gathering and reconciliation exercise overseen by the multi-stakeholder group. Further detail on how this exercise has been conducted is provided on our webpage on approach and methodology.

Information on how the Government uses the income from these payments can be found on our webpage on revenue allocations.

More information on the multi-stakeholder group, EITI and implementation of the EITI Standard in the UK can be found in Annex A in this report. The website also includes further background on UK EITI and the work of the UK EITI Multi-Stakeholder Group (MSG).

The extractive sectors in the UK: summary information

The UK's extractive industries comprise oil and gas production, mining and quarrying. The extractive sector has made a sizeable contribution to the UK economy for many years and remains an important sector in the UK. In 2018 industry gross value added (GVA) was £18.0 billion.[1] The extraction of oil and gas and associated support service activities accounted for some 90% of the sector's GVA. For more information, please see our webpage entitled ['Extractive Industries in the UK'](#).

Oil and Gas sector

The UK oil and gas industry is in its sixth decade of offshore production. Between 2014 and 2018, production on the UK Continental Shelf (UKCS)[2] increased by almost 20%– a significant turnaround given that the basin had previously seen a consistent decline in production since 2000. This increased production rate derived from both improved performance of existing oil and gas fields and the addition of capacity from new field start-ups. Production volumes in the next decade, however, remain vulnerable unless continuing new investment is attracted to the UKCS.

The industry continues to transform and reinvent itself. Total operating costs have decreased by 25% since 2014, with most of these cost savings deemed sustainable in the long-term. Ongoing uncertainty and volatility in commodity prices, however, continues to constrain fresh capital commitments, both globally and within the UK. Investors continue with a conservative outlook and new investments need to break even at prices in the $40 to $50 per barrel region. 2018 saw an increase in the number of field approvals but drilling activity, especially exploration drilling, remained at historically low levels.

The industry's profitability continued at a subdued level, with net receipts from taxation of around £1 billion in 2018. The production tax regime has been designed to reflect the cash flow of the basin and as such production tax receipts have varied significantly in recent years as a result of the downturn in the industry. To prevent them being barriers to investment, and recognising the maturity of the basin, the Government has sought to reduce perceptions of fiscal risk and a lack of fiscal competitiveness. HM Treasury's Driving Investment strategy acknowledges the long-term investment horizon in the industry and the challenge to keep attracting investors to the UK oil and gas industry to enable the industry to recover from the downturn and to compete in the global race for investment.

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[1] GVA is a measure of economic output – capturing the value of goods and services produced by a sector – and is often used to indicate a sector's contribution to the economy. It should be noted that the sectoral GVA data published here are very different from (and often much lower than) those previously published by the ONS. The revised estimates of GVA reflect methodological changes introduced for Blue Book 2019 (October 2019).

[2] The UK Continental Shelf (UKCS) comprises those areas of the seabed and subsoil outside the UK territorial waters over which the UK exercises sovereign rights of exploration and exploitation of natural resources.

The UK oil and gas industry supports hundreds of thousands of jobs in Scotland and across the rest of the UK. According to latest ONS data, the sector was directly responsible for around 40,000 jobs in 2018, with many more supported in the industry's wider supply chain and those jobs that depend on the UK's oil and gas industry. It is estimated a total of around 260,000 jobs were supported by the UK upstream oil and gas industry in 2018, often highly skilled and contributing significantly to the Exchequer with multi-billion pounds in employment taxes.

Whilst cost control and capital discipline remain high on industry's agenda, the ingenuity of the UK oil and gas industry's people and the communities they work in cement the long-standing importance of this industry to the UK's economy. This is not just through the payment of production taxes and licence fees (as disclosed in the EITI reconciliation), but also ensuring the UK's security of energy supply through providing more than half of the UK's oil and gas demand, a significant contribution to the balance of trade, as well as the development of technology, innovation and skills that cascade out of industry and often support the transition to a lower carbon future.

More information on the UK oil and gas sector can be found on our webpage entitled 'Upstream Oil and Gas in the UK'.

Mining and Quarrying Sector

Construction minerals

Construction minerals, principally aggregates, are the largest materials flow in the UK. A total of 190 million tonnes (Mt) of aggregates were produced in the UK in 2017, compared with 89Mt of energy minerals, including coal, oil and gas.[1]

The main components of aggregates supply are primary aggregates, meaning quarried crushed rock and both land-won and marine dredged sand & gravel. These are largely recovered from indigenous sources and imports are very limited, estimated to represent less than 5Mt per annum. Aggregates can also be obtained from the recycling of Construction, Demolition and Excavation Wastes (CDEW), or derived from other industrial, production or extractive processes, referred to as secondary aggregates. Secondary aggregates can include furnace ash and slag from iron and steel production. There are no official statistics available on the contribution of recycled and secondary aggregates to the total market, but the Mineral Products Association[2] estimates that, in 2017, recycled and secondary sources of aggregates accounted for 29% of total aggregates supply, putting Great Britain in a leading position internationally in the use of recycled and secondary aggregates for many years, well ahead of the European average.

Aggregates are the largest element of the construction supply chain, improving our housing stock, transport networks, commercial and industrial buildings, utilities, school and hospitals. Other non-construction related uses include iron and steel manufacture, glass making, agriculture, cleaning power stations emissions and pharmaceuticals.

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[1] BGS, 2018. *United Kingdom Mineral Yearbook 2018*. Minerals and Waste Programme, Open Report OR/19/018. https://www.bgs.ac.uk/downloads/browse.cfm?sec=12&cat=132

[2] MPA, 2019. *The Contribution of Recycled and Secondary Materials to Total Aggregates Supply in Great Britain*. Available at: https://mineralproducts.org/documents/Contribution_of_Recycled_and_Secondary_Materials_to_Total_Aggs_Supply_in_GB.pdf

Market drivers for these materials depend on general UK economic and construction growth, as well as population growth in the longer term. Whilst short-term weaknesses have emerged in construction activity and construction minerals markets in the past two years, projected UK population increases to 2030 and higher planned investment in infrastructure projects and housing suggest a continuing underlying need for construction activity and minerals.

While there appear to be sufficient indigenous mineral resources available to support future demand requirements, there are issues around the supply-mix that need to be addressed. Recycled and secondary sources of aggregates and imports have a definite role to play but their growth potential is constrained. Therefore, demand for indigenous quarried and dredged aggregates is likely to remain significant and these remain subject to planning and environmental approval and permitting before they can be extracted. There is evidence of a persistent under-replenishment of land-won sand and gravel permitted reserves, raising questions around the future supply mix of aggregates that will need to be addressed.

Extraction and related downstream manufacturing activities are distributed throughout the UK and extraction businesses make a variety of tax, financial and non-financial contributions to national and local governments and local communities that are outside the current scope of EITI reporting, including the aggregates levy, employment taxes and businesses rates. The industry also supports a significant supply chain of plant, equipment and transport suppliers and professional services. Other construction-related mineral extraction includes clay for brick-making, limestone and chalk for cement-making and the production of high-quality dimension stone and slate.

Coal

Whilst coal still plays a part in the UK's energy mix, its contribution is declining. Although the UK still has a significant coal resource there are only a small number of operating mines, predominantly opencast. In terms of underground mines, Eckington in Derbyshire, one of a few remaining small mines, closed in January 2019. That being said, West Cumbrian Coal received planning permission in March 2019 for the Woodhouse Colliery, which is anticipated could produce up to 3.1MT/year of metallurgical coal for the steelmaking industry.

Industrial and metal minerals

Minerals such as limestone and sand have numerous non-construction uses, ranging from iron and steel and glass making to cleaning acidic power station emissions and improving the performance and sustainability of UK agriculture. Future extraction trends for industrial minerals will depend on movements in UK and overseas markets and on the competitiveness of operating costs and the business environment in the UK. Over the past 18 months we have seen the Drakelands Mine (Tungsten) in the South West close in October 2018 for such reasons, while Sirius Minerals announced in September 2019 that it would slow down the pace of development of a major new polyhalite mine in the North Yorkshire Moors while a six month strategic review was carried out. Elsewhere, the reopening of South Crofty Tin mine in Cornwall by Strongbow Exploration and the significant resource of gold at Curraghinalt[1] in Northern

[1] https://dalradian.com/curraghinalt-project/default.aspx

Ireland (Dalradian) and Cononish in Scotland (Scotgold) are examples that illustrate the continuing importance of the UK as a mineral producer.

The English National Planning Policy Framework (NPPF) states in paragraph 142 that "Minerals are essential to support sustainable economic growth and our quality of life. It is therefore important that there is a sufficient supply of material to provide the infrastructure, buildings, energy and goods that the country needs. However, since minerals are a finite natural resource, and can only be worked where they are found, it is important to make best use of them to secure their long-term conservation.[1]

The NPPF also places an obligation on Mineral Planning Authorities to plan for a steady and adequate supply of aggregates and industrial minerals.

More information on the mining and quarrying sector can be found on our webpage entitled 'Mining and Quarrying in the UK'.

[1] DCLG, NPPF, 2018, para 203,
https://www.gov.uk/Government/uploads/system/uploads/attachment_data/file/6077/2116950.pdf

Extractive payments reconciliation report

Introduction

In 2018, the extractives sector continued to make sizeable tax payments to the UK Government. However, in the context of oil and gas decommissioning activity, the sector also in certain circumstances received repayments from Government of tax paid previously where loss carry back for decommissioning costs reduced earlier years' taxable profits. In order to improve public understanding of these payments, this report analyses these payments against each relevant tax and licence. The data is based on a reconciliation exercise where we asked companies to disclose specific payments or repayments at group level that total £86,000 or more. Government agencies are also asked to disclose what they receive from oil, gas, mining and quarrying companies. These figures were then reconciled by an independent administrator.

This, our fifth reconciliation report, provides detailed information on and a reconciliation of payment streams between companies operating in the UK extractive sector and the relevant government agencies in 2018.

The reconciliation process consisted of the following steps:

- analysis of the reconciliation scope prepared by the MSG;
- collection of payment data from government agencies and extractive companies which provide the basis for the reconciliation;
- comparison of amounts reported by government agencies and extractive companies to determine if there were discrepancies between the two sources of information; and
- contact with government agencies and extractive companies to resolve the discrepancies.

A total of 39 oil and gas companies and 16 mining and quarrying companies participated in compiling the report, with continuing high industry participation. This represents 98% of potential in-scope payments. We consider this to be a comprehensive picture as the vast majority of companies we approached provided their data. The MSG is grateful to all those companies that participated in the process this year. This report incorporates information collected up to 16 December 2019. Any information collected after this date has not been included in the report.

Scope

This year we have included the following payment streams:

- **Oil and gas sector:** combined total for Ring-Fence Corporation Tax (RFCT) and Supplementary Charge (SC); Petroleum Revenue Tax and Advance Petroleum Revenue Tax; Petroleum Licence Fees; the OGA Levy; and payments to The Crown Estate and Crown Estate Scotland in respect of pipelines operated by companies that are engaged in UK extractive activities. The MSG agreed that companies which paid in excess of £1 million to the Oil and Gas Authority (OGA) should also be included in the reconciliation.

- **Mining and Quarrying sector:** Corporation Tax; extractive-related payments to The Crown Estate (TCE) and Crown Estate Scotland (CES); and monetary payments to local planning authorities as part of planning obligations.

The UK EITI MSG has agreed to exclude payments to the Coal Authority as they are no longer material relative to overall government revenues. The MSG believes that their exclusion will not affect the comprehensiveness of UK EITI reporting.

Continuing to shadow the Reports on Payments to Government Regulations 2014, the materiality threshold remained at £86,000, applied to each revenue stream at group level. The government agencies required to report for 2018 UK EITI were HMRC, the OGA, TCE and CES.

Extractive Industries Payments to/refunds from UK Government

The two tables below summarise the reconciled extractive industries payments to and repayments by UK government agencies in 2018. All material differences have been reconciled.

Table 1: Detailed Extractive Industries Payments to/refunds from UK Government in 2018[1]

This table provides an overview of the payments and refunds reported by extractive companies and government agencies in 2018, which provides a net total £1,250.21m, made up of tax flows of over £2,087.97m offset by repayments of £837.76k. The majority of these transactions cover Ring-Fence Corporation Tax and Supplementary Charge payments to HMRC and licence fee payments to the OGA. A total of £24.17m was reported by out-of-scope and non-participating companies and this is subtracted from the overall total, leaving a total of £1,226.05m reported by government and a total of £1,226.11m reported by UK in-scope companies. The final reconciliation shows an unreconciled difference of £0.06m, which works out at 0.005% of the total, highlighting the transparency of the UK sector.

[1] Payments for petroleum licence fees and field-level petroleum revenue tax payments and some payments to TCE and CES are included in the online disclosure of project level payments and repayments at (https://www.gov.uk/government/publications/extractive-industries-transparency-initiative-payments-report-2018)

(in £ million)

Payment stream:	Petroleum Licence Fees	OGA Levy	PRT	RFCT & SC	Mainstream CT	Payments to TCE	Payments to TCE	Payments to CES	Payments to CES	Total payments
Type of payee:	Oil & Gas	Oil & Gas	Oil & Gas	Oil & Gas	Other Mining & Quarrying	Oil & Gas	Other Mining & Quarrying	Oil & Gas	Other Mining & Quarrying	All
Recipient:	OGA	OGA	HMRC	HMRC	HMRC	TCE	TCE	CES	CES	All
Total reported by government agencies	66.82	22.08	-837.76	1,938.93	32.85	3.20	21.97	1.90	0.21	1,250.21
Total reported by government agencies for out-of-scope and non-participating extractive companies[(a)]	6.80	1.31	0.00	13.43	1.78	0.16	0.24	0.24	0.21	24.17
Total reported by government agencies for in-scope extractive companies	60.02	20.77	-837.76	1,925.50	31.07	3.04	21.73	1.66	0.00	1,226.05
Total reported by in-scope extractive companies	60.04	20.80	-837.76	1,925.51	31.07	3.05	21.74	1.66	0.00	1,226.11
Net unreconciled difference[(b)]	-0.02	-0.03	0.00	-0.01	0.00	-0.01	-0.01	0.00	0.00	-0.06

[(a)] Includes extractive companies out of scope of the reconciliation because their payments were below the agreed materiality thresholds and those with material payments that declined to participate in the reconciliation process.

[(b)] All net unreconciled differences are below the materiality deviation agreed by the MSG.

Table 2: Extractive Industries Payments to/refunds from UK Government in 2018

This table shows a breakdown of payments and refunds of the data in Table 1 (above) by sector (oil and gas and mining and quarrying) and government agency (OGA, HMRC, TCE and CES) for all the companies that participated in UK EITI for 2018.

(in £ million)

Type of payee:	Oil & Gas	Other Mining & Quarrying	All	All	All	All	All
Recipient:	All	All	OGA	HMRC	TCE	CES	All
Total reported by government agencies	1,195.18	55.04	88.90	1,134.02	25.17	2.11	1,250.21
Total reported by government agencies for out-of-scope and non-participating extractive companies[(a)]	21.93	2.23	8.11	15.20	0.40	0.45	24.17
Total reported by government agencies for in-scope extractive companies	1,173.24	52.80	80.79	1,118.82	24.77	1.66	1,226.05
Total reported by in-scope extractive companies	1,173.30	52.81	80.84	1,118.83	24.78	1.66	1,226.11
Net unreconciled difference[(b)]	-0.06	-0.01	-0.04	-0.01	-0.01	0.00	-0.06

[(a)] Includes extractive companies out of scope of the reconciliation because their payments were below the agreed materiality thresholds and those with material payments that declined to participate in the reconciliation process.

[(b)] All net unreconciled differences are below the materiality deviation agreed by the MSG.

Adjustments to the EITI reconciliation scope

Each year the number of companies assessed as in-scope changes as new companies slip above or below the threshold of £86,000 or companies merge. In 2018 the reconciliation was adjusted slightly during the reconciliation exercise as more information on the extractive nature and materiality of payments emerged and we believe that we have captured all material financial flows. The changes are detailed as follows:

Table 3: Adjustments to the EITI reconciliation scope

Sector	2017 Scope	+	-	2018 Scope
Oil & Gas	41	11	-8	44
Mining & Quarrying	21	-	-4	17
Total	**62**	**11**	**-12**	**61**

Oil & Gas sector

Eight companies that were initially sent reporting templates were subsequently excluded from the reconciliation process because as part of the reconciliation exercise it emerged that they made/received no material payments/repayments during the calendar year 2018.

Five companies were added to the reconciliation scope when it was realised that their payments/repayments made to either HMRC or CES exceeding £86,000 for the calendar year 2018.

Six companies were added to the reconciliation scope when it was realised that their payments to the OGA exceeded £1 million for the calendar year 2018.

Mining & Quarrying sector

One coal company was excluded from the reconciliation scope as coal payments are no longer in the reconciliation scope for 2018.

One company was excluded from the reconciliation scope as the payments reported to either HMRC, TCE or CES were below the materiality threshold (£86,000). This has been confirmed by the government agencies.

One company was excluded from the reconciliation scope as it turned out to be a part of a group that was already in-scope.

One company declined to participate in the reconciliation process.

The final number of companies included in the EITI reconciliation scope was therefore 61.

Data collection

Six potentially in-scope companies chose not to submit returns, five Oil & Gas companies and one Mining company. As the total amount reported by government and extractive companies subject to the reconciliation constitutes more than 98% of the total reported by government agencies, the overall reconciliation outcome is substantial and satisfactory.

Breakdown of Reconciled Data by Company and Sector

The two tables below set out the detailed results of the reconciliation exercise with post-reconciliation differences noted between amounts reported as paid by in-scope extractive companies and amounts reported as received by government agencies.

Table 4: Oil & Gas companies

This table lists, in alphabetical order, the oil and gas companies that participated in the 2018 reconciliation process and provides a breakdown of their total payments and receipts against each individual tax and licence regime.

£000	As reported by Government Agencies							Total reported by company
	RFCT & SC	PRT	Petroleum Licence Fees	OGA Levy	Payments to TCE	Payments to CES	Total	
Alpha Petroleum			1,151.37	227.52			**1,378.89**	**1,380.70**
ANASURIA HIBISCUS UK Ltd	3,480.55						**3,480.55**	**3,480.55**
Apache Corporation	177,500.00		1,741.37	557.14			**179,798.51**	**179,806.12**
BHP Billiton Petroleum Great Britain Ltd	10,432.04						**10,432.04**	**10,432.04**
BP UK Group		-95,130.38	4,053.43	1,468.11		239.66	**-89,369.18**	**-89,369.20**
CalEnergy Gas Ltd		-105.92					**-105.92**	**-105.74**
Centrica	47,400.00	-57,443.45	3,950.23	1,480.71	668.70		**-3,943.81**	**-3,943.81**
Chevron North Sea Ltd	126,945.45	-4,724.14	1,578.78	318.47			**124,118.56**	**124,127.59**
CHRYSAOR Holdings Ltd			898.09	494.99			**1,393.07**	**1,393.07**
CNR International UK Investments Ltd	23,073.18	-155,030.91	304.53	576.49			**-131,076.72**	**-131,076.72**
ConocoPhillips UK Ltd	208,347.19	-10,813.89	4,333.38	2,055.91	394.53	162.04	**204,479.17**	**204,488.21**
Dana Petroleum Ltd	4,473.99	-102.90	569.88	477.21			**5,418.18**	**5,419.11**
DYAS UK Limited[a]	37,909.54						**37,909.54**	**37,909.54**
Endeavour Energy UK Ltd[b]		-11,447.48					**-11,447.48**	**-11,447.48**
ENI UK Ltd	135,410.74	-10,169.94	2,267.42	330.07	1,156.67		**128,994.96**	**128,991.05**
EnQuest PLC	4,095.78		1,574.12	839.90		86.36	**6,596.15**	**6,596.09**
Equinor UK Ltd (Statoil UK Ltd)[c]			1,335.29	700.10			**2,035.39**	**2,035.39**

£000	As reported by Government Agencies							Total reported by company
	RFCT & SC	PRT	Petroleum Licence Fees	OGA Levy	Payments to TCE	Payments to CES	Total	
ExxonMobil International Ltd	148,000.00	-222,583.98					**-74,583.98**	**-74,588.22**
Hess Ltd		-3,005.27					**-3,005.27**	**-3,005.27**
Hurricane Energy Plc			1,930.49	96.37			**2,026.86**	**2,026.93**
IGas Energy PLC			1,374.64	128.43			**1,503.07**	**1,503.07**
INEOS Industries		-2,738.06	2,317.97	350.87	129.00	454.14	**513.92**	**515.69**
Ithaca energy UK			717.56	133.88		116.22	**967.66**	**970.55**
Marathon Oil UK LLC[(d)]	24,405.02	-4,850.75	151.07	288.60			**19,993.93**	**19,994.62**
Marubeni Oil & Gas UK Ltd		-187.26					**-187.26**	**-186.85**
Neptune Energy (Engie E&P UK Ltd)	-494.40		2,365.77	416.36			**2,287.73**	**2,287.73**
Nexen Petroleum UK Ltd	461,999.99	-3,298.63	5,897.08	621.36			**465,219.81**	**465,219.82**
NSMP Operations Ltd						193.42	**193.42**	**193.42**
Oranje-Nassau Energie Resources Ltd[(e)]	2,441.29		337.89				**2,779.18**	**2,779.18**
Perenco UK Ltd	68,000.00		3,803.41	1,749.60	692.11		**74,245.11**	**74,253.62**
Premier Oil PLC	-1,529.35		3,090.32	797.84			**2,358.81**	**2,361.81**
Repsol Sinopec Resources UK Ltd	-20,748.62	-10,508.00	1,340.87	1,960.27			**-27,955.48**	**-27,955.41**
Royal Dutch Shell PLC	21,966.80	-217,702.21	2,416.64	2,092.42		222.20	**-191,004.15**	**-191,004.81**
Siccar Point Energy (Holdings) Ltd [incl. OMV (U.K.) Ltd]			1,771.14	101.78			**1,872.92**	**1,873.20**
SSE E&P UK Ltd	-36,480.93						**-36,480.93**	**-36,471.03**
SUMMIT Exploration and Production	5,606.07						**5,606.07**	**5,606.00**
Suncor Energy UK Ltd	294,700.00						**294,700.00**	**294,700.00**
TAQA Bratani Ltd	26,752.06	-27,913.81	827.22	596.89			**262.37**	**265.93**
Total E&P UK Ltd	151,816.88		7,919.86	1,911.56		189.66	**161,837.95**	**161,843.84**
Total	**1,925,503**	**-837,757**	**60,020**	**20,773**	**3,041**	**1,664**	**1,173,244**	**1,173,300**

[(a)] Changed its name to ONE-DYAS E&P Limited during 2019.

[(b)] Acquired by Waldorf Production UK Limited during 2019.

[(c)] Changed its name to Equinor UK Ltd during 2018.

[(d)] Acquired by RockRose group and changed its name to RockRose UKCS8 LLC during 2019.

[(e)] Changed its name to ONE-DYAS UK Limited during 2019.

Table 5: Other Mining & Quarrying companies

This table reports, in alphabetical order, the mining and quarrying companies that participated in the 2018 process and provides a breakdown of their total corporation tax payments and receipts and their total payments made to TCE.

£000	As reported by Government Agencies			Total reported by company
	Mainstream Corporation Tax	Payments to TCE	Total	
Aggregate Industries UK Ltd[a]	4,963.18	521.04	**5,484.22**	**5,483.04**
Albion Stone	220.57	162.76	**383.33**	**383.33**
Breedon Group PLC	14,346.32	401.58	**14,747.91**	**14,747.92**
Brett Group	200.58		**200.58**	**200.58**
Britannia Aggregates Ltd		429.64	**429.64**	**430.52**
Cemex UK Materials Ltd		5,385.98	**5,385.98**	**5,385.98**
Cleveland Potash Ltd		1,319.19	**1,319.19**	**1,319.19**
DEME Building Materials Ltd		1,556.90	**1,556.90**	**1,556.90**
Hanson UK Group		3,075.42	**3,075.42**	**3,075.42**
Irish Salt Mining & Exploration Co. Ltd	-90.34		**-90.34**	**-90.34**
Llanelli Sand Dredging Ltd		241.15	**241.15**	**241.15**
Tarmac Holdings Limited	4,989.34	4,786.57	**9,775.91**	**9,775.91**
The Banks Group	4,259.21		**4,259.21**	**4,259.87**
Van Oord UK Ltd	1,385.00	496.00	**1,881.00**	**1,880.90**
Volker Dredging Ltd	138.44	1,773.42	**1,911.86**	**1,911.86**
Westminster Gravels Ltd	661.00	1,579.46	**2,240.46**	**2,246.58**
Total	**31,073**	**21,729**	**52,802.40**	**52,808.80**

[a] Including the payments reported by Kendall Bros (Portsmouth) Ltd.

There were additional, relatively minor, payments reported by the relevant government agencies for companies that were in scope but whose payments were below the agreed materiality thresholds and for in-scope companies that did not participate in the reconciliation process. The totals of such payments are reported in the summary tables above and, for petroleum licence fees and the OGA Levy, are included in the online disclosure of project level payments and repayments at https://www.gov.uk/government/publications/extractive-industries-transparency-initiative-payments-report-2018, which also includes reconciled field level data on Petroleum Revenue Tax and some project-level payments to TCE and CES. At the time of publication, project-level payments made to TCE for marine aggregates have been excluded at the request of TCE. The MSG is concerned at this development and is committed to working with TCE with a view to publishing the data at a later date.

Separate to the UK EITI payment reconciliation exercise and complementing the information in this report, a number of companies have reported their 2018 payments to governments around the world, including to UK government entities, under the EU Accounting and Transparency Directives. There can be differences in the amounts reported under UK EITI and under the EU Accounting and Transparency Directives. These differences can relate to interpretation of the scope of payment categories, reporting currency and timing. The Natural Resource Governance Institute maintains a database of Payments to Governments reports submitted by companies under EU/EEA and equivalent Canadian legislation.[1]

Section 106 (Town and Country Planning Act 1990) Payments

Payments to local planning authorities in England and Wales are required under section 106 of the Town and Country Planning Act 1990 and equivalent legislation in Scotland and Northern Ireland. These are used to mitigate the impact of extractive activities on the local community and benefit local communities. These payments can provide external benefits, including the improvement of local road networks or community facilities.

Table 6: Payments made under Section 106 (Town and Country Planning Act 1990) or equivalent legislation

Two companies reported material payments under section 106 or equivalent legislation and are detailed in the table below.

£000	Total reported by company
Aggregate Industries UK Ltd	329.06
The Banks Group	347.54
Total	**676.60**

[1] www.resourceprojects.org.

UK-incorporated companies, where a parent company is not reporting in a non-UK jurisdiction, file payments reports online with the Companies House Extractives Service: https://extractives.companieshouse.gov.uk

London Stock Exchange Main Market-listed companies (including those that are both UK and non-UK incorporated) announce or file payments reports online with Morningstar, the UK National Storage Mechanism: http://www.morningstar.co.uk/uk/NSM

Beneficial Ownership

As part of EITI reporting, companies are asked to disclose their beneficial owners; that is, information on the people who ultimately own and control each company.

Most UK-registered companies are required to submit information on people with significant control (PSC) to Companies House. Publicly listed companies are exempt from PSC requirements because they already provide beneficial ownership information under stock exchange requirements. Therefore, in order to disclose their beneficial ownership information for EITI reporting, UK-registered companies need only confirm their filing and provide the link to the relevant page at Companies House in their EITI beneficial ownership declaration form. Private companies who have not filed information at Companies House on PSCs should complete disclose their beneficial ownership information in the EITI beneficial ownership declaration form.

All 55 companies who submitted EITI reporting templates also submitted a beneficial ownership declaration form. 37 of the reporting templates received were from companies that are either publicly listed or wholly owned subsidiaries of a publicly listed company, meaning that they provide beneficial ownership information under stock exchange requirements. The remaining 18 companies were privately held. Information on the beneficial owners of these 18 privately held companies can be found on the Companies House website[1]: simply search for the company you are interested in and use the 'people' tab to access information about PSCs.

Private companies are also asked to disclose information on any owners who are identified as "politically exposed", i.e. have political influence, or who, as family members or close associates, have links to senior political figures or government officials in the UK or abroad, and who have a share of 5% or more in the company. In 2018, no privately owned companies making material payments under the EITI Standard disclosed politically exposed people.

[1] https://beta.companieshouse.gov.uk/

Annex A: Background information on the Extractive Industries Transparency Initiative and UK implementation

The Extractive Industries Transparency Initiative (EITI) is a global standard to promote open and accountable management of natural resources. It seeks to strengthen government and company systems, inform public debate and enhance trust. To that effect it requires oil, gas and mining companies to disclose their payments to government agencies and for the reconciliation of these payments with government receipts from these companies. In each implementing country, it is supported by a coalition of government, industry and civil society organisations working together.

The EITI was first announced at the World Summit on Sustainable Development in Johannesburg in 2002 (the Earth Summit 2002) and was officially launched in London in 2003. EITI is currently being implemented in 52 countries around the world.

The EITI Standard sets out the requirements which countries need to meet in order to be recognised, first as EITI Candidates and subsequently as an EITI Compliant country. The Standard is overseen by the International EITI Secretariat, which comprises members from governments, extractive companies and Civil Society organisations. As a stakeholder-led initiative, EITI is overseen in each implementing country by a Multi-Stakeholder Group (MSG) comprising representatives from industry, civil society and government.

Further background on UK EITI and the work of the UK EITI Multi-Stakeholder Group (MSG) is available on the UK EITI webpages.

EITI in the UK - Timeline

Date	Event
22 May 2013	The UK Prime Minister announced commitment to EITI.
9 July 2013	A Multi-Stakeholder Group (MSG) was formed to oversee EITI implementation in the UK.
9 October 2013	The MSG held its first meeting.
5 August 2014	The UK submitted its application to become an 'EITI Candidate' country to the EITI Board.
15 October 2014	The UK became an EITI candidate country.
15 April 2016	First UK EITI Report published. (Period covered: calendar year 2014 / Sectors covered: Oil, Gas, Mining and Quarrying.)
31 March 2017	Second UK EITI Report published. (Period covered: calendar year 2015 / Sectors covered: Oil, Gas, Mining and Quarrying.)
30 April 2018	Third UK EITI Report published. (Period covered: calendar year 2016 / Sectors covered: Oil, Gas, Mining and Quarrying.)
1 July 2018	UK Validation against the 2016 EITI Standard commenced.
25 February 2019	Fourth UK EITI Report published. (Period covered: calendar year 2017 / Sectors covered: Oil, Gas, Mining and Quarrying.)
2 May 2019	UK draft Validation report published.
14 November 2019	Validation announcement that UK had made "meaningful progress" in implementing the 2016 EITI Standard.
20 December 2019	Fifth UK EITI Report published. (Period covered: calendar year 2018 / Sectors covered: Oil, Gas, Mining and Quarrying.)

Annex B: Glossary of Abbreviations

CDEW	Construction, Demolition and Excavation Wastes
CES	Crown Estate Scotland
CT	Corporation Tax
DCLG	Department for Communities and Local Government
EITI	Extractive Industries Transparency Initiative
EU	European Union
GVA	Gross Value Added
HM	Her Majesty’s
HMRC	Her Majesty’s Revenue & Customs
MSG	UK EITI Multi-Stakeholder Group
Mt	Million tonnes
NPPF	National Planning Policy Framework
OGA	Oil and Gas Authority
PRT	Petroleum Revenue Tax
PSC	People with Significant Control
RFCT	Ring Fence Corporation Tax
SC	Supplementary Charge
TCE	The Crown Estate
UK	United Kingdom
UKCS	UK Continental Shelf