

MEMORANDUM OF AGREEMENT

1 Introduction

- 1.1 This Memorandum of Agreement (MoA) is between the North West Development Agency (NWDA), the Nuclear Decommissioning Authority (NDA), the Local Authorities of West Cumbria (Cumbria County Council, Allerdale Borough Council and Copeland Borough Council - the LAs) and the Government of the United Kingdom (inclusive of the departments and agencies to whom particular responsibilities have been devolved) acting through the Government Office for the North West (GONW).
- 1.2 It is a collaborative document, harnessing and co-ordinating the energies and resources of the respective signatories. The establishment of the Nuclear Decommissioning Authority offers an excellent opportunity, for all those concerned with its impact on local communities in West Cumbria, to come together in a spirit of co-operation and partnership and manage the transition of the site from a local liability into a national asset.
- 1.3 It defines the signatories' roles established in the Energy Act and other relevant legislation. The Energy Act gives the NDA the function 7(1) "...to the extent that it considers it appropriate to do so, of - (e) giving encouragement and other support to activities that benefit the social or economic life of the communities living near designated installations, designated sites or designated facilities or that produce other environmental benefits for such communities". (*Annex 1 – 'Energy Act', highlights further sections within the Act relevant to this MoA.*)
- 1.4 It defines how the approach to engagement on the decommissioning and operation of the Sellafield site will be taken forward in West Cumbria.
- 1.5 It aims to provide the necessary clarity and confidence to ensure that management of socio-economic change in West Cumbria, arising from the formation of the NDA, will be effective in addressing the impact of decommissioning and any changes to the operation of reprocessing activity at Sellafield. It seeks to ensure that opportunities arising from decommissioning and associated activity are maximised to all parties.
- 1.6 The responsibility for and management of socio-economic change in West Cumbria is undertaken through the following:

The North West Development Agency will work through relevant sub-regional bodies focussing on economic development and regeneration in West Cumbria, thus contributing to delivery of the Regional Economic Strategy and the Cumbria Sub-Regional Economic Strategy.

The Nuclear Decommissioning Authority: This MoA reflects the powers and duties of the NDA in the Energy Act to give encouragement and support to activities that benefit the social or economic life of communities living near designated nuclear sites.

The West Cumbrian Local Authorities: This MoA acknowledges the key role of democratically elected local government in community leadership and strategy development, managing socio-economic change through its economic development powers, social services, education, planning and other relevant powers.

The Government Office for the North West will lead on co-ordinating action arising from the MoA across government departments, in particular in relation to the West Cumbria Strategic Forum.

- 1.7 The Government announced its intentions regarding the establishment of the NDA and the new arrangements for managing the nuclear industry in the White Paper 'Managing the Nuclear Legacy'. The special significance of West Cumbria to the nuclear industry was also acknowledged, as highlighted in *Annex 2 – 'West Cumbria'*. *Annex 3 – 'History'*, sets this MoA in context.
- 1.8 To provide for effective co-ordination across the statutorily responsible bodies identified at 1.6 above, a **West Cumbria Strategic Forum** (Strategic Forum) has been formed, to be chaired by Department of Trade and Industry (DTI) Ministers. The Strategic Forum Membership and Terms of Reference (See *Annex 4*) also provide for involvement at ministerial level of those Whitehall departments with a significant contribution to make to the regeneration of the area. In addition, the Strategic Forum provides for strong representation both at the regional level (i.e. GONW and NWDA) and at the local level (through the LAs). Additional West Cumbrian Business and Trades Union representation, and involvement of key regional and sub-regional bodies (West Lakes Renaissance, Cumbria Vision Board and the West Cumbria Strategic Partnership), will ensure a co-ordinated and innovative approach to economic regeneration in response to the changing role and focus of the nuclear industry in West Cumbria.
- 1.9 The Strategic Forum will address what more needs to be done, over and above the programmed efforts of the signatories to this agreement. It will deal with the medium to long-term requirements of West Cumbria, in order to support the emergence of a vibrant economy in the aftermath of the move to decommissioning of the area's nuclear economic base. The expenditure implications of such requirements are considerable and can only really be addressed in the context of future spending rounds.
- 1.10 This MoA also addresses the important issue of ensuring wider local community engagement.

Arrangements for NDA Stakeholder Engagement - this MoA should be seen as complementary to the NDAs Stakeholder Arrangements and includes measures to encourage its successful implementation in West Cumbria.

2 Vision and Principles

- 2.1 In taking forward this MoA, the signatories adopt the following vision statement:

"TO CREATE A SUSTAINABLE ECONOMY FOR WEST CUMBRIA, THAT MATCHES OR EXCEEDS THE AVERAGE ECONOMIC PERFORMANCE IN THE NORTH WEST REGION."

- 2.2 All signatories agree to use their own particular role, capacity and influence in order to deliver this vision for a new economy, encompassing:
- Government co-ordination (across Departments, primarily through GONW and the Strategic Forum) in respect of policy development, budget provision and prioritisation of infrastructure and planning, education and training, employment services and regulatory co-ordination);
 - The NDA requirement on Site Management Contractors (SMCs) to prepare a Socio-Economic Plan setting out the value and nature of support for socio-

economic development in West Cumbria included within the Near Term Work Plans;

- The impact on the workforce and local economy of the priorities adopted within the Life Cycle Base Lines and Near Term Work Plans;
- The potential for community availability of NDA assets;
- Cross Local Government co-ordination to ensure timely delivery of decisions and agreed programmes;
- The NWDA role in securing regional economic development – co-ordinated through the Cumbria Vision Board and delivered through West Lakes Renaissance and Rural Regeneration Cumbria;
- Jointly co-ordinated delivery of training and skills at secondary and tertiary levels in West Cumbria.

2.3 The signatories agree that the following 5 principles will guide parties in operating through this MoA.

1 To work together for maximum effect

2.4 The signatories will deliver the Vision Statement by working together in an integrated and co-ordinated manner.

2 To manage clean-up, in order to deliver a positive transformation in the local economy and in the perception of West Cumbria

2.5 The establishment of the NDA provides an opportunity to help transform the local economy and image of West Cumbria. In pursuing its core ‘clean-up’ task, the NDA will integrate its social, economic and environmental responsibilities as far as possible in encouraging and supporting activities and initiatives that bring social and economic benefits to local communities.

3 To develop, sustain and deliver the unique capability of West Cumbria and to further expand its skills, facilities and knowledge base to deliver on the new challenges presented by clean-up

2.6 Hosting 60% of the UK nuclear legacy puts West Cumbria in a distinctive position.

Its unique and world-class capability can be significantly developed and enhanced to produce a new economic future that encompasses West Cumbria as a world-class centre of excellence for the nuclear clean-up industry and environmental restoration, alongside a dynamically diversified economy.

West Cumbria already has unique skills and commitment to the nuclear industry. A co-ordinated approach is necessary to ensure that this is maintained and developed, including training local people to increase capacity to deliver decommissioning programmes and any nuclear energy-based future. This will support the NDAs national remit to retain and develop skills in order to implement its clean-up task.

4 To support work force development, work force planning and the local supply chain

- 2.7 The signatories to this MoA recognise the need for careful work force change management; covering training and development, transition planning and development of the local supply chain.
- 2.8 The production of a West Cumbria, site-specific Socio-Economic Plan, developed in engagement with local stakeholders, will be a contractual requirement on SMCs. The signatories agree that every opportunity should be taken to facilitate retraining of the process workforce to undertake decommissioning tasks, including where appropriate TUPE transfer to decommissioning contractors.

5 To engage successfully with local communities

- 2.9 UK and international experience across the nuclear industry has demonstrated that developing and retaining the support of local communities is important. The NDA commitment to transparency and openness, plus the development of new stakeholder engagement arrangements locally and nationally, will be supported by the signatories to this agreement. Positive steps by the NDA itself, and through its contractors, to enhance local social capital, will also make a positive contribution to this. Support by the NDA and SMCs to provide people who will play an active part in the local community (as has been successfully achieved by BNFL) will also be required. (*Annex 5 – NDA Stakeholder Charter.*)

3 The Memorandum of Agreement

3.1 Statement of Mutual Obligations

3.1.1 The NWDA hereby commits itself to:

- a) make a positive contribution to the establishment of the NDA and to support it and its contractors as they strive to improve the environment of West Cumbria;
- b) support the NDA in West Cumbria and maximise the benefits from the changes that the move to decommissioning will bring;
- c) engage fully with the NDA through the NDAs Site and National Stakeholder Groups, as well as through appropriate regional and sub-regional development structures;
- d) support the NDA in the implementation of decisions taken following consultation with, and in agreement with them, under the terms of this MoA;
- e) consult the NDA under the provisions of this MoA on timescales that give it reasonable opportunity to consider and respond in accordance with current Government protocols;

3.1.2 The NDA hereby commits itself to:

- a) develop and maintain a constructive working relationship with the various signatories and respond positively to criticism and challenge;
- b) participate in relevant regional and sub-regional development structures, in order to further its statutory objectives;
- c) engage with the Local Government signatories directly, as well as through the Site and National Stakeholder Groups;
- d) consult the signatories under the provisions of this MoA on timescales that give them reasonable opportunity to consider and respond, in accordance with current Government protocols;
- e) provide in a timely manner, all such information that the various signatories may request regarding the NDAs overall strategy or annual work plans;
- f) ensure that the views of the various signatories, together with those of other stakeholders, are fully reflected in putting forward recommendations to Ministers regarding its strategy or annual work plans.

3.1.3 The LAs commit themselves to:

- a) make a positive contribution to the establishment of the NDA and to support it and its contractors as they strive to improve the environment of West Cumbria;
- b) support the NDA in West Cumbria and maximise the benefits from the changes that the move to decommissioning will bring;
- c) seek to provide community leadership and ensure appropriate community engagement;

- d) engage fully with the NDA through the NDAs Site and National Stakeholder Groups – in particular to contribute to development and subsequent implementation of the NDAs National Strategy and the Life Cycle Base Lines for the Licensed sites in West Cumbria;
- e) support the NDA in the implementation of decisions taken following consultation with, and in agreement with them, under the terms of this MoA;
- f) consult the NDA under the provisions of this MoA on timescales that give it reasonable opportunity to consider and respond in accordance with current Government protocols;
- g) develop and maintain sufficient capacity and capability (both individually and collectively) to work effectively with the NDA and NWDA to manage the impacts of change in the nuclear industry;
- h) ensure timely delivery of decisions and agreed programmes supportive of the NDA, through development and operation of appropriate mechanisms to secure cross Local Government co-ordination.

3.1.4 The Government will encourage the NDA to fulfil its obligations under this agreement.

3.1.5 All signatories agree to:

- a) do nothing that cuts across the statutory responsibilities of the signatories;
- b) engage fully in dialogue with other signatories to this MoA so as to reach as great a degree of consensus wherever possible;
- c) act in accordance with and, over time, improve the operation of the MoA as a basis for delivering a common purpose approach to decommissioning and clean-up and socio-economic change;
- d) recognise the need to revise the MoA in the light of future developments and the operation of the Strategic Forum.

3.2 Detailed Areas of Agreement

3.2.1 All signatories to this Agreement confirm the intention to channel additional economic and other support, agreed and identified through the Strategic Forum, towards the delivery of the agreed Vision Statement (2.1).

Additionality of NDA funding for community support measures (Principle 2)

3.2.2 In its strategy, the NDA will define its policy in relation to giving encouragement and other support to activities benefiting the social or economic life of communities living near its sites. The SMCs for sites in West Cumbria will be required to take into account and implement this policy in making commitments to local community involvement, which will be funded through the contract.

3.2.3 In entering into contracts for the operation of its sites, the NDA will give due consideration to local community support issues, paying particular regard to the levels of support before designation. The underlying objective will be to maintain or enhance that support for as long as the NDAs site operators remain significant economic players in the local community.

Funding for economic regeneration initiatives

(Principle 1)

- 3.2.4 Activity to regenerate the economy, identified and agreed through the Strategic Forum, will require appropriate funding. This may include major investment in transport and other infrastructure improvements.

Active NDA support and funding for social community projects

(Principle 2)

- 3.2.5 The NDA commits to act within West Cumbria as a socially responsible employer. The following are examples of targets for discussion:

- community involvement
- charitable giving
- education

Development of additional community-focussed, performance-based indicators for incorporation in the site management contract, etc.

(Principles 1, 2, 3, 4, 5)

- 3.2.6 The Signatories agree that socio-economic management forms as important a part of the Contract with the SMC as development of decommissioning and clean-up targets. Signatories to this Memorandum note that there will be a contractual responsibility on the SMC to deliver specific community-focussed, socio-economic outputs and to operate in accordance with agreed plans for procurement and sub-contracting. The NDA will require delivery against agreed and measurable performance targets for these elements, as set out in the Contract. Collaboration between the local signatories, the NDA and the SMC, will be essential in developing and delivering the Annual Socio-Economic Development Plan. Procurement and Sub-Contracting Plans (operating within EU Procurement Rules) will also have an impact on socio-economic development and will be subject to consultation. (*Annex 6 provides a best practice guide, model procedures, tendering process and suggested performance-based indicators for the guidance of the NDA and its Tier 1 contractors*).
- 3.2.7 Other signatories to this Agreement will also contribute to delivery of the MoAs Vision and will thus be subject to a number of performance-related targets, in order to monitor effectiveness, and which are not the responsibility of the SMC. The signatories recognise that the Socio-Economic Development Plan offers a particular contribution to delivering outputs relevant to the NDA, but will be set within the wider vision for socio-economic development in West Cumbria.

Transfer of assets and cleaned-up sites to facilitate regeneration initiatives

(Principles 2 and 5)

- 3.2.8 Subject to its statutory obligations and requirements, the NDA will offer to transfer non-operational assets (both physical and non-physical) to the other signatories where they can be used in a manner that contributes to the delivery of the objectives of this MoA. In undertaking such transfers, the NDA will ensure that the assets to be transferred are free of any ongoing liability, including the need for environmental monitoring, requirements to further clean-up sites or material assets and the provision of specialist services or skills other than those already provided to the local community.

**Support for and development of local, specialised education and training facilities, designed to engender a locally skilled workforce
(Principle 3)**

3.2.10 Under the terms of the Energy Act, it is the duty of the NDA to promote, and to ensure the maintenance and development in the UK of a skilled workforce, able to undertake the decommissioning of nuclear installations and cleaning-up of nuclear sites. The NDA commits to working closely with the NWDA and the sector skills council, Cogent, to meet this remit. In this context, the NDA will encourage and support initiatives that are geared to addressing skills needs across the whole spectrum from craft to post-Doctoral levels.

**Public perception
(Principles 1 and 2)**

3.2.11 All the signatories to this Agreement commit to actively work together in order to promote a new, positive external image for West Cumbria at regional, national and international levels.

**Support for the NDA HQ function within the region
(Principles 1 and 5)**

3.2.12 All the signatories to this Agreement commit to support the development and operation of the NDA HQ function.

3.2.13 Local signatories will seek to ensure cohesive and streamlined links through to the DTI and the NDA, enabling good communication and working relationships for the mutual benefit of the NDA and West Cumbria.

**Development and operation of Stakeholder Engagement
(Principle 5)**

3.2.14 From April 2005, the NDA intends to have new arrangements for Stakeholder Engagement in place. Under this Agreement, all signatories commit to active roles in stakeholder engagement at both a local and national level, with full participation in the Site Stakeholder Group(s) and National Stakeholder Group. This will, at site level, include appropriate participation in Local Issue Groups, facilitated community engagement programmes and, nationally in SSG representatives' meetings, generic site issue groups and national issue groups. In addition (given the national role of the nuclear industry in West Cumbria), the Local Government signatories will ensure appropriate local representation on the Co-ordination Group, and continue to support the Local Government Association's Special Interest Group on Nuclear Decommissioning and Radioactive Waste Management.

3.2.15 Signatories welcome the NDAs "Arrangements for Stakeholder Engagement" on the basis that they allow, where appropriate, for the provision of independent advice to stakeholders and independent facilitation, a level of financial support appropriate to ensure effective operation of the Arrangements and public access to records (subject only to agreed constraints concerning national security and commercial confidentiality). In accordance with these arrangements, the NDA will bear the costs of engagement and consider additional claims on a case-by-case basis.

Development and implementation of an appropriate involvement mechanism for signatories to take part in the annual review of contractual and strategy issues (Principle 5)

3.2.16 In addition to involvement in the local and national Stakeholder Dialogue Framework referred to above, all signatories to this Agreement will assist in the design and subsequent implementation of a mechanism to facilitate involvement in their own right in the NDAs annual review of contractual and strategy issues. NDA will provide adequate support and funding for this to take place.

Work force planning and supply chain development (Principle 4)

3.2.17 **Work force development** – The NDA has a duty to maintain and develop the nuclear skills base. The signatories to the MoA agree to work together to ensure work force development, in order to obviate the need to recruit specialist contractors whilst making existing staff redundant. The SMC will be required to ensure, so far as possible and appropriate, that the ‘production’ work force will be retrained to become a proficient ‘decommissioning’ work force.

3.2.18 **Work force planning** – Work Force Plans will set out the levels and scope of staffing required to meet NDA and regulatory requirements. The signatories to the MoA agree to monitor work force requirements of decommissioning, in order to avoid large-scale fluctuations resulting from the transition to decommissioning. This will require a commitment to careful work force planning coupled with programme management. In developing its national and Sellafield prioritisation work through to Life Cycle Base Lines and Near Term Work Plans, the NDA will have regard to the socio-economic impacts of work force change. It is acknowledged that all signatories have a particular interest in this process and will, at local level, develop appropriate roles recognising dependence on the nuclear industry in West Cumbria and impacts on the local supply chain.

3.2.19 **Local supply chain** – The SMC will be required to develop a Procurement Plan, including a framework for Tier 2 and 3 contracting. The NDA has a responsibility to ensure the SMC carries out its work effectively, and has a power to step in on default. Site operators will be expected to make decisions on sub-contracting and development of the supply chain that will impact positively on the economic life of the local community.

3.2.20 These activities will be underpinned by a study of the Near Term Work Plan and Procurement Plans that will

- identify the work requirements;
- map the local supply chain in relation to these work requirements;
- identify gaps in capability in the supply chain;
- review the skills requirements and compare them with current skills available in West Cumbria;
- review the proposed contracting structure and how it will impact on the local supply chain.

It is expected that this work will be underway by the end of 2004.

4 Common Provisions

4.1 To promote an open and transparent relationship with West Cumbrian stakeholders, the NDA will fund processes to ensure community views are taken into account as it develops its plans and strategies. The site contractor will be required to set up Site Stakeholder Groups funded by the NDA through the site contract, which will review

performance of both the NDA and the site contractor, comment on strategies and plans and inform NDA decision-making. In addition, the NDA will give due consideration to the funding of activities and elements of work required to deliver its undertakings under this agreement.

5 Review Provisions

- 5.1 A Joint Co-ordination Group, involving representatives of the NDA and all signatories, will meet whenever the need arises, and at least once every year, to review the working of this MoA. The chair will be taken successively by a representative of the MoA Signatories.
- 5.2 The review function of the Joint Co-ordination Group will be assisted by regular updates, studies of the impact on the NDA strategy and action plans on the socio-economics of West Cumbria. Such work to be funded by the NDA. Update studies will take place at least every two years, or more frequently if the Co-ordination Group agree additional studies are necessary.
- 5.3 The Terms of Reference for the Joint Co-ordination Group will be designed to allow continuous review of the operation of this MoA and in particular to:
- a) resolve any problems referred to the Group and to identify, consider and, if possible, resolve any problems of a general nature arising from the practical application of its provisions;
 - b) make recommendations for changes or additions to the MoA as necessary, subject to agreement by all signatories;
 - c) consider the implications of NDA and Regulatory Body policy decisions;
 - d) discuss other matters of common interest.

6 Annexes

- 6.1 The following Annexes are included to provide additional supporting background material:
1. Extracts from the Energy Act and Hansard pertinent to the Agreement
 2. A summary of information concerning West Cumbria
 3. A summary of the process leading to the creation of the NDA
 4. The Terms of Reference of the West Cumbria Strategic Forum
 5. NDA Stakeholder Charter
 6. An outline best practice guide, model procedures, tendering processes and suggest performance-based indicators for the guidance of the NDA and its Tier 1 contractors

Signed on the first day of November 2004 by:-

..... for the Nuclear Decommissioning Authority (NDA)

..... for North West Development Agency (NWDA)

.....for Cumbria County Council

..... for Allerdale Borough Council

..... for Copeland Borough Council

..... for the Government of the United Kingdom

ANNEX 1

ENERGY ACT (2004)

This annex provides an 'aide memoire' for those persons and bodies delivering on the MoA. It sets out those clauses in the Energy Act, plus references in Hansard during the passage of the Energy Bill, that are particularly relevant to the provision of socio-economic support.

The Act deals with the establishment of the NDA, its functions (including strategy, plans and reports in respect of its functions) and its powers, statutory duties and the funding of its activities. It also gives the Government powers to make transfer schemes both to facilitate the restructuring of BNFL and to enable the NDA, where appropriate, to improve arrangements for the management of the nuclear sites for which it will have responsibility.

When the Energy Bill first entered Parliament in November 2003, there was some concern amongst Cumbrian partners that, as it stood, the Bill did not adequately address the socio-economic impacts that would be associated with the decommissioning of the prime employment site in West Cumbria – Sellafield.

Thus, several amendments to rectify this situation were tabled during the progress of the Bill. One of the amendments made, now standing as Section 9 (General duties when carrying out functions) of the Energy Act, was submitted by Stephen Timms, Minister for Energy, on behalf of the Government, to strengthen the NDAs commitment to local support, but not placing a statutory commitment on the NDA to have primary responsibility for socio-economic matters in those communities affected by decommissioning. However, it does provide a conduit for the NDA to recognise its **corporate social responsibility** as a major, regional, economic actor.

The NDA will expect the **level of community support** that exists now to be continued through contractual arrangements with site operators, who will include provision of socio-economic support in their bidding proposals to the NDA. The level of support will be provided for in the Near Term Work Plan produced by the site operator and will be an allowable cost for the operator to receive back from the NDA.

Stephen Timms is recorded in Hansard as saying,

"I can give the honourable Gentleman the assurance he seeks on the Government's intention that the current support should be retained in the current circumstances.

NDA will deliver support predominantly through its site operators and contractors that will be operating in the local community and have the biggest impact.

The NDA will be required to show that it has given due consideration to local community support issues when entering into such contracts.

The underlying objective is to maintain or enhance that support for as long as the NDAs site operators remain significant economic players in the local community. For some sites, such as Sellafield and Dounreay, that will be the case for many decades to come.

Site operators will be expected to make decisions on sub-contracting and development of the supply chain that will impact on the economic life of the local community."

There is a requirement in Section 22 (Expenditure and receipts of NDA) of the Act for the Secretary of State, in making a **grant to the NDA**, to have regard, in particular, to the extent to

which he considers that the NDA should exercise its power to make grants or loans to mitigate the effects on local communities of plant closures.

Stephen Timms is recorded in Hansard as saying,

“In improving the NDAs Strategy and Annual Plan, the Secretary of State will need to be content with its plans for supporting local communities.

If necessary, the Secretary of State, if she is not content with its proposals, can direct the NDA to revise its annual plan.

The NDAs decisions on the support it provides will be linked to the funding it will receive, so it is appropriate for the Secretary of State to take that into account.”

During the Bill's progress, the Minister also referred to the **Memorandum of Agreement** being developed between the Local Authorities and the Government.

Stephen Timms is recorded in Hansard as saying,

“The Government's commitment to supporting such communities is shown by our establishment of a Strategic Task Force for West Cumbria and our willingness to enter into a Memorandum of Agreement with the Local Authorities, which is being developed at the moment.

The amendments reflect Honourable Members' concerns for the local communities, and those expressed in the other place, and strike a balance with the NDAs core responsibilities, which none of us wants to undermine.”

The **Strategic Forum** (previously entitled, as above, the Strategic Task Force), initiated by the Secretary of State for Trade and Industry, is designed to provide additional, long-term help towards the socio-economic impacts of nuclear decommissioning, in an atmosphere of local, regional and national partnerships.

Patricia Hewitt is recorded in Hansard as saying,

"I am grateful to my Honourable Friend [Tony Cunningham, MP for Workington].....for his work supporting the establishment of the West Cumbria Strategic Forum.

It will indeed involve not only Whitehall departments with a direct interest in West Cumbria, but also regional partners, including of course the North West Development Agency, and local partners, especially the Local Authorities of Cumbria, Copeland and Allerdale, as well as local community groups. Obviously, the Nuclear Decommissioning Authority will also be represented.

I confirm that I shall be chairing the first meeting of the forum....it will bring national focus and energy to bear on the long-term strategic issues that West Cumbria faces.

We remain completely committed to supporting the North West Development Agency and its delivery bodies as the prime regeneration agency for the area.”

7 Supplemental functions

- (1) In addition to its function under section 3, the NDA shall have the function, to the extent that it considers it appropriate to do so, of-
 - (e) giving encouragement and other support to activities that benefit the social or economic life of communities living near designated installations, designated sites or designated facilities or that produce other environmental benefits for such communities.

9 General duties when carrying out functions

- (4) In the case of each designated installation, designated site or designated facility, it shall be the duty of the NDA, in carrying out its function by virtue of section 7(1)(e)-
 - (a) to have regard, in particular, to the extent to which the person with control of the installation, site or facility was doing anything falling within subsection (5) prior to its designation; and
 - (b) to consider what obligations in relation to the doing of anything falling within that subsection should be imposed on any person with whom the NDA is proposing, in connection with the discharge of any of its responsibilities in relation to the installation, site or facility, to enter into a contract for that person to provide services.
- (5) What falls within this subsection is anything that is done for the purpose of giving encouragement and other support to-
 - (a) activities benefiting the social or economic life of communities living near the installation, site or facility; or
 - (b) activities producing other environmental benefits for those communities.
- (6) Where the NDA is proposing, in connection with the discharge of any of its responsibilities in relation to a designated installation, designated site or designated facility, to enter into a contract with any person for him to provide any services, it shall be the duty of the NDA, before entering into that contract-
 - (a) to require that person to produce his proposed strategy for the procurement of the goods and services that he will need to procure for the purpose of carrying out his obligations under the contract; and
 - (b) to consider the likely effect of the implementation of that strategy on the economic life of communities living near the installation, site or facility.

10 Powers for carrying out functions

- (2) The powers of the NDA include, in particular-
 - (c) power to make grants or loans to persons undertaking activities that benefit the social or economic life of communities living near designated installations, designated sites or designated facilities or that produce other environmental benefits for such communities;

12 Contents of strategy

- (2) The strategy must set out-
 - (e) how it proposes to give encouragement or other support to activities that benefit the social or economic life of communities living near designated installations, designated sites or designated facilities or that produce other environmental benefits for such communities;

22 Expenditure and receipts of NDA

- (1) The Secretary of State may make grants to the NDA.
- (2) Grants made under this section are to be on such terms as the Secretary of State may determine.
- (5) In determining-
 - (a) whether to make a grant under this section to the NDA, and
 - (b) the amount of such a grant,

the Secretary of State must have regard, in particular, to the extent to which he considers that the NDA should exercise its power to make grants or loans of the kind mentioned in section 10(2)(c) in order to mitigate the effects of the cessation (whether before or after designation) of the operation of a designated installation.

ANNEX 2

WEST CUMBRIA

(1) HOST TO THE UK NUCLEAR INDUSTRY

- West Cumbria hosts nearly 60% of the UK civil legacy and, on its own, is more significant than the rest of the UK put together
- along with that legacy, it hosts the largest body of corporate and individual expertise and skills in the UK and, as such, is a vital component in the NDAs delivery of efficient and safe clean-up
- in addition, it hosts an unquantified amount of military nuclear waste, which adds to the significance of the country's overall nuclear legacy
- there are four separate civilian nuclear sites – Calder Hall, Windscale, Drigg and the huge Sellafield complex – plus further military liabilities at Eskmeals
- The low-level waste repository at Drigg provides the only national nuclear low-level waste facility. It provides a unique receiver service for the nation as a whole.
- Sellafield has also provided a significant receiver service in storing waste for the UK

(2) AN INDUSTRY SUBJECT TO MAJOR CHANGE

- A study carried out by ERM on behalf of the BNFL National Stakeholder Dialogue in 2003, illustrated the special situation in West Cumbria. It compared the number of jobs in the nuclear industry with the total number of jobs in the local 'Travel To Work Area' (TTWA) at the thirteen locations where BNFL operated nuclear facilities, thus creating a dependency ratio. Outside West Cumbria, the highest proportion of employment dependent on the nuclear facility was 4.2%; within the Whitehaven TTWA, the dependency was 46%; and within the combined TTWAs of Workington and Whitehaven, the dependency was 25%.
- More than 12,000 people are directly employed in the nuclear industry in West Cumbria. The ERM study indicated that the next largest groups of BNFL employees were at Risley (2,000) and at Springfields (1,734).

(3) PUTTING WEST CUMBRIA'S ECONOMY AT RISK

- West Cumbria has been so dominated by the nuclear industry that it has had limited ability to diversify into other areas. In view of the hosting role that the area has undertaken for the Government and the nation, it is acknowledged that the Government, through its various arms, must ensure that transition is properly managed when the majority of the job-supporting activity ceases.
- Previous experience of a sea change in another part of the energy sector (coalfields closures) illustrates the risks of initiating a catastrophic decline in the affected communities. The social and economic costs can be enormous; the latest estimates in respect of the coal industry, being in the order of £35 billion.
- Successful engagement with West Cumbria's citizens will depend on the recognition by Government that local communities expect to receive substantial benefit from hosting 60% of the UK's present nuclear legacy – employment benefits alone are not enough.
- With regard to the management of change, lessons can be learned from the Dounreay experience. Firstly, much of the work force there was made redundant only to be re-engaged at a later date; secondly, a large number of external contractors were recruited to cope with a peak in decommissioning activity, creating a subsequent dearth of work that provided a major adverse impact on local communities. The signatories recognise the opportunity to avoid this in West Cumbria.

ANNEX 3

HISTORY

1. In November 2001, the Government announced radical changes to current arrangements for the clean-up of Britain's nuclear legacy. A White Paper, "*Managing the Nuclear Legacy - a strategy for action*", was published in July 2002, setting out the Government's proposals, with an assertion for better management of the clean-up process. In that document, a clear commitment was made to the management of socio-economic issues - '....getting to grips with the nuclear legacy also means dealing with regional, economic and social issues....the Government is committed to generating new growth and new opportunities in areas such as West Cumbria....'.
2. In line with the commitment given in the 2002 Queen's Speech, the draft 'Nuclear Sites and Radioactive Substances Bill' was published by the Government for consultation on 24 June 2003. This detailed the Government's proposals for the Nuclear Decommissioning Authority (NDA) – its constitution, duties, functions and powers. The draft bill also made provision for the transfer of assets and liabilities from BNFL to the NDA, plus provision for the restructuring of BNFL.
3. Following closure of the consultation on 16 September, the Trade and Industry Select Committee published their response in October 2003, which broadly supported the setting-up of the NDA. Taking into account all responses to the consultation, the Energy Bill was introduced into the House of Lords on 27 November 2003.
4. The 2003 draft 'Management Statement for the NDA' provides specific performance objectives, which must include evaluation by the Department of Trade and Industry (DTI) of the NDAs performance in supporting socio-economic regeneration. There is also an intention to establish annual targets in relation to the role of the Regional Development Agencies.
5. The establishment of the West Cumbria Strategic Task Force (now entitled West Cumbria Strategic Forum), announced in December 2003, is intended '*...to build on existing local and regional partnerships and be responsible for developing an overarching regeneration plan that will oversee the needs of the entire community – social, educational, economic and infrastructure*'.
6. The Strategic Forum is recognised as a clear Government commitment to addressing the long-term impacts of the Sellafield site transition, not just the immediate effects of changes in working relationships following establishment of the NDA. This medium to long-term commitment is in keeping with the timescale of activities envisaged for other bodies in the region, notably West Lakes Renaissance.
7. West Lakes Renaissance, the Urban Regeneration Company for Furness and West Cumbria, was set up in early 2003 to help turn around the sub-economy of that whole area. This URC was not set up to tackle the impacts of nuclear decommissioning, but, with the encouragement and support of the DTI, NWDA, the Local Authorities and the West Cumbria Development Fund, a nuclear opportunities post was initiated from December 2003.
8. The Energy Bill progressed through the Lords and the Commons, collecting amendments from various quarters. Not least of these were the amendments concerning the strengthening of Government, NDA and contractor commitment to local, West Cumbria, support, but stopping short of declaring it a statutory duty of the NDA. Following Royal Assent on 22 July 2004, the Bill is now enshrined as the Energy Act (2004), and its provisions almost completely commenced in respect of the NDA (those relating to its Strategy will follow next April).
9. After the end of July, the NDA began to 'ramp up' towards its full establishment in 2005.

Sir Anthony Cleaver was appointed as Chairman and Dr Ian Roxburgh as Chief Executive. The NDA website was launched, with links to recruitment pages for a range of posts at the NDA HQ situated in West Cumbria. In October, the six non-executive board members were announced, adverts placed for the NDAs executive Directors and the NDAs first Board meeting held. The NDA moves its base to West Cumbria on 2 November, initially located at Pelham House, Calder Bridge.

10. This Memorandum of Agreement (MoA) developed jointly over the past year can be viewed as key to reassuring the local authorities and other local West Cumbrian partners of the Government and the NDAs commitment to, and continuity of, historic (and long-term additional) economic and community support.

11. This MoA (filling a gap in the Energy Act where it does not specify details of how support for socio-economic transition is to be delivered in practice) clearly specifies a mechanism for West Cumbria that is in keeping with the intentions of the NDA to act through the NWDA, but which includes active support for all interested parties to enable them to be fully involved, in not only the development of suitable strategies, but also in their ongoing implementation.

12. The establishment of the Nuclear Decommissioning Authority on 1 April 2005, offers an excellent opportunity for all those concerned with its impact on local communities in the West Cumbria region, to come together in a spirit of co-operation and partnership and manage the transition of the site from a local liability into a regional asset.

ANNEX 4

STRATEGIC FORUM'S TERMS OF REFERENCE

The West Cumbria Strategic Forum has been set up to:

- ensure a common understanding across all the key national, regional and local stakeholders of the socio economic issues, opportunities and threats in West Cumbria;
- establish innovative ways of working together in partnership by ensuring co-ordination across and between all levels of the Strategic Forum;
- agree a long term strategy and action plan (i.e. 2006 and beyond) to create a sustainable economy for West Cumbria that matches or exceeds the average economic performance in the North West region.

The West Cumbria Strategic Forum will:

- consider all aspects of the needs of the West Cumbria (Allerdale and Copeland) community i.e. economic, social, educational and infrastructure but in particular take into account the impact and opportunities of nuclear decommissioning;
- Develop an adequate evidence base;
- focus on the medium to long term;
- build on current and future plans from central government, the Nuclear Decommissioning Authority and regional and local partners;
- communicate its deliberations and recommendations both within Strategic Forum membership and externally in an open and consistent way;
- seek to ensure the provision of appropriate resources to implement the Strategic Forum's recommendations.

The West Cumbria Strategic Forum will be chaired by DTI, at Ministerial level, and membership (see Annex A for full details) will not exceed 35 people and will include nominated representatives from:

- Government Departments (approx 10)
- the Nuclear Decommissioning Authority
- Regional and Cumbria wide partners (approx 10)
- Local Authorities and other West Cumbrian partners (approx 10)
- Local MPs

The Strategic Forum will meet no more than twice a year initially in London and (probably) alternating between London and West Cumbria.

WEST CUMBRIA STRATEGIC FORUM
PROPOSED MEMBERSHIP

National

Secretary of State DTI (Chair)
HMT
Cabinet Office
ODPM
DfT
DEFRA
DCMS
DWP
DfES
Home Office
DoH
Nuclear Decommissioning Authority
Number 10 (Geoffrey Norris)

Regional

NWDA X 2
North West Regional Assembly
Cumbria Vision
West Lakes Renaissance
Rural Regeneration Cumbria
Cumbria Inward Investment Agency
Cumbria Learning and Skills Council
Business Link Cumbria
Cumbria Tourist Board

Local

Cumbria County Council X 2
Allerdale Borough Council X 2
Copeland Borough Council X 2
Business Sector X 2
Trade Union X 2
West Cumbria Strategic Partnership Chair
Nuclear Opportunities Manager West Lakes Renaissance

Other

Tony Cunningham MP
Jack Cunningham MP

Secretariat : DTI/GONW

ANNEX 5

NUCLEAR DECOMMISSIONING AUTHORITY - Stakeholder Charter

The Nuclear Decommissioning Authority (NDA) has been established to ensure that the nuclear legacy is cleaned up safely, securely, cost effectively and in ways that protect the environment for current and future generations. To accomplish this remit, the organisation recognises the need to establish an open and interactive relationship with its stakeholders, as encapsulated in the following charter.

- The NDA is committed to the establishment of an open and transparent relationship with its stakeholders. To inspire public confidence, it will strive to set the highest standards in openness and transparency.
- The NDA will adopt a proactive communications style, making information freely accessible by means of a web site, routine publications and reports. It will respond promptly to individual requests and ensure that any information is provided in plain English.
- The NDA will welcome and listen to comments from stakeholders on the activities, performance and achievements of the organisation and its contractors.
- The NDA will engage with stakeholders and consult widely to ensure there is ample opportunity to understand, comment on and influence its strategies and plans.
- The NDA will establish a National Stakeholder Group to enable stakeholders to explore issues and submit proposals for consideration by the NDA and/or its contractors.
- At local (site) level the NDA will require its contractor to establish and support engagement processes to satisfy stakeholder needs. These will include a Site Stakeholder Group to review performance, inform decision-making and comment on strategies and plans. This group will also have the remit to establish local working groups and to hold public meetings as necessary.
- To help stakeholders to engage effectively, the NDA and its contractors will ensure relevant briefing, training and information is provided to support stakeholder involvement and enhance levels of understanding. Due consideration will also be given to requests for access to specialist inputs and advice.
- To minimise barriers to engagement, the NDA and its contractors will hold meetings in public places, including some held outside normal business hours. They will respond positively to any requests for additional information or dialogue.
- The NDA will pay out of pocket expenses claimed by stakeholders attending meetings and will consider applications for reimbursement of other costs on a case by case basis.

ANNEX 6

This Annex will outline a best practice guide, model procedures, tendering processes and suggest performance-based indicators for the guidance of the NDA and its Tier 1 contractors.

(This will be agreed by the MoA signatories at a later date)