



DRAFT

**Response to NDA Draft Socio-Economic Policy
Consultation 2006/07**

1. GENERAL

Copeland Borough Council would like to thank the NDA for providing the opportunity to comment on their Draft Socio-Economic Policy. In general the document was clear and easy to read and provided a basis to expand upon during its development.

The Council welcomes and fully supports the NDA's role in minimising the negative economic impacts of decommissioning by providing support for the redevelopment of our economy.

Copeland Borough Council played a key role in gaining the commitment of the Government to include socio economic transition as part of the NDA's responsibilities at the time of its establishment. The governments commitment to this is also reflected in the formation of the West Cumbria Strategic Forum and the establishment of a Memorandum of Agreement signed by Government, the NDA, Copeland Borough Council and others, setting out respective responsibilities.

We believe that the socioeconomic is aspect of the NDA's work must be afforded a high priority and not seen as an optional add on if they are to retain the credibility of the local community.

We strongly welcome the NDA's view that its socio-economic support should be limited to those communities living near designated sites and installations and those where the majority of the local economic impact of site activity and decommissioning occurs. It is very important that resources are focussed where they are more needed.

The Council looks forward to working in partnership with the NDA to mitigate the impact of economic change and we support the three main delivery streams for investment.

- Direct NDA support
- Indirect benefits through day-to-day operations
- Localised socio-economic support, delivered by site contractors

2. VISION, OBJECTIVES & PRIORITIES

The Council strongly supports the NDA's objectives outlined in the policy in that emphasis given to supporting projects that would benefit the community as a whole where the link to the impacts of decommissioning are clear. It is important that supported actions are proportional to the level of negative impact they seek to address. We also share the view that both diversification and innovation should be encouraged in any forthcoming proposals.

The Council supports the thematic approach adopted in the policy and the four themes outlined in the document, which encompass the main priority areas. Although the Council is in favour of projects that provide higher value employment it is important to make provision for the whole spectrum of job opportunities so that all groups affected by decommissioning are provided with opportunities for the future.

Opportunities in developing skills and qualifications should also be available to all affected parts of the community to allow them to prepare for the change in the nature of the economy that transformation will bring. This is also very important to manage community cohesion for the future.

The Council fully supports the NDA's geographical priorities and again reiterate the point that the level of resources available should be proportional to the scale of the negative impacts experienced. This should also apply both within and between the priority areas identified.

3. DIRECT NDA SUPPORT

In general the Council supports the principles in the NDA's approach to 'direct support' and the intention to encourage a needs driven and evidence based approach to proposals. We support the NDA policy statement on the need to mitigate the socio-economic impact of decommissioning and clean up. Furthermore we recognise the importance of ensuring it is tailored to local needs but addresses national priorities. Therefore there needs to be a clear and robust approach that is consistent with local strategies.

The Draft Policy states that socio-economic funding will be by way of a proportion of savings generated by the site license contractor (SLC) efficiencies. This raises some concerns over the longevity and predictability of the funding stream. The **value** of efficiency savings are unpredictable. Will the rate of efficiency saving be sustainable? Successful SLCs will find it increasingly difficult to maintain this level for the many decades to come, as information, programming, costing and project management improves.

In addition there is no information on the **proportion** of the efficiency saving to be made available. In other fora the NDA have highlighted the potential, to contractors, of being able to move around resources freed up from efficiency savings between sites within a financial year. We understand that 7% efficiency savings were achieved last year and funding redirected to bring additional decommissioning work forward and not always directed to socio-economic activities.

There is now concern that the Treasury's decision to reduce NDA's budget by £200m will have a direct adverse impact on the money available for socio economic activities. We cannot stress too strongly that any savings that the NDA has to make should not be at the expense of its socio economic responsibilities.

There is, therefore, no certainty on the amount of funding proposed to be made available, this makes the level of commitment from the NDA unclear and will make it difficult to plan manage and deliver an effective programme of transformational change

We need a lot more certainty and clarity on funding levels. We ask that a minimum figure is directed to a socio economic fund annually for a 5 year rolling programme and this is supplemented by an annual amount from any efficiency savings. To make the supplementary amount most effective it should be possible to roll unspent budget forward from year to year through the establishment of a special arms length fund

If more certainty of funding is not guaranteed it will cast doubt on the priority afforded to this work by the NDA. It should be recalled that in all consultations carried out in West Cumbria by the DTI leading up to the establishment of the NDA, the top priorities emerging was always socio economic transition management.

The clear commitment the NDA have set out in relation to socio economic development in West Cumbria needs to be reflected in these financial arrangements.

The need for an appropriate accountable body is clear. The Borough Council frequently carries out this function, which requires the Council to input resources and manage risk. There are significant costs associated with this and they will need to be recognised and supported by the NDA to ensure smooth delivery. It will otherwise be difficult for local organisations to develop the capacity to deliver transformational change

The Council supports the good work that the Site Stakeholder Groups have undertaken, however, it cannot agree that their role is to be the key link between the local community and the NDA. Whilst they are a useful consultative forum, the key link between the NDA and the local community must remain the only body elected to represent the ‘local’ community, that is Copeland Borough Council which hold the powers of economic, social and environmental well being for the local community.

The Council is supportive of the need to have ‘Local Collaborative Bodies’ to feed into NDA decision making and are happy to examine how this can be taken forward whether through the use of an existing partnership or raising our existing arrangements.

We note that later in the document reference is made to such bodies already existing in some locations and Cumbria Vision is quoted as an example. We do not believe Cumbria Vision is the appropriate body to fulfil this function. The organisation is one that co-ordinates Cambrian wide activity with the regional level. It does not have a specific focus on West Cumbria and is relatively remote from the Travel to Work area that is most impacted, the Whitehaven Travel to Work Area. Representation on that body from the affected areas is weak and diluted. Copeland Borough Council has no direct and ongoing representation on Cumbria Vision. Given Copeland Borough Council’s pivotal role in relation to the issues involved. Alternative approaches should be considered.

The Draft Policy focuses on ‘Transformational Projects’, which are a prerequisite to a long-term diverse sustainable future. The document states that projects that do not meet the ‘Transformational’ criteria but would be significant at a local level will be assessed at the appropriate regional level. We assume that regional here refers to the NDA organisational structure. In addition to this the Draft Policy states that these projects could be met by site based socio-economic funding and that more funding via this route could be available on a case-by-case basis. There needs to be more clarity as to where a potential proposal would be referred and it is not clear how these two funding streams would link into each other.

The roles and responsibilities of the NDA and the SLC need further clarification in order to effectively manage the process. Whilst the Site License Contractor should act as the key conduit and expert on developing funding proposals, projects are of a national or regional significance would benefit from direct NDA involvement to assist their development and implementation.

We note the proposed establishment of the socio economic sub committee. Even within a national context the impact of decommissioning is heavily concentrated in Copeland Borough. We feel very strongly that an elected member from Copeland should be represented on the decision making body. Alternatively consideration should be given to establishing two committees one for the impact from operations in Copeland and one for the rest of the country. This option would also facilitate your proposal to provide the opportunity for funding to be granted in advance to local partnerships in high priority areas as this could be done directly to the local Sub Committee.

We would ask that the threshold whereby projects do not have to go to the Committee is high enough to allow a fast process for smaller projects.

4. SUPPORT THROUGH NDA OPERATIONS

We share the vision of providing a diverse and sustainable local economy and understand the importance operational activities and the spend at local sites bring to the local economy. Indeed the Council supports the work the NDA, our partners and others have done to

encourage better working arrangements between the NDA, SLC and the supply chain. However there needs to be continual support and development in this area.

The following outlines the Council's comments on this section:

- The Council welcomes the concept of developing more site specific Performance Based Incentives (PBI). The document does not explain how supply chain socio-economic plan performance will be monitored and the procedure for addressing a formal grievance from a local community.
- The NDA has shown its commitment (£13.5 million 2007/08) to work with others to establish and construct the Nuclear Institute at Westlakes Science Park; the emergence of the National Nuclear Skills Academy and its delivery arms, including the construction of the Nucleus Centre at Lillyhall, in West Cumbria. As key stakeholders we are closely involved with the NDA, Partners and NWDA in assisting the development of the above initiatives, which we strongly support. We will continue to support the NDA and other partners in developing skills across the whole spectrum from NVQ to research degrees required to deliver the decommissioning remit. It is very important that the benefits of these initiatives are, as far as possible, captured for the industry and for West Cumbria and we would urge that as much as possible of the economic activity generated is retained locally, so that we start developing a new base of activity which will offset job loss impacts in the area in which they occur.
- The nuclear industry provides by far the largest pool of local skills in West Cumbria. As we attempt to transform the economy it is important we find a way of harnessing the skill the industry releases to support the development of new economic activity. It is also important that individuals no longer required by the industry are provided with support to develop alternative opportunities. We would be very interested in discussing with the NDA the potential for the NDA supporting a local 'enterprise centre' that can develop new businesses from the local skill and knowledge resource that will be released.
- The Draft Policy does not set out, or give guidance on, how the tier two and three support suppliers will contribute by developing their own socio-economic plans.
- The document does not clearly provide the competition process and criteria, which supply industries can follow that clearly summarises their socio-economic requirements during the pre-qualification and tendering stages.
- It would be useful to see clear guidance and process of development on the proposed SLC procurement plans and SLC make or buy decision-making policy.

We would like to see a clear commitment to maximising contractor's contribution to transformational change in our area and this should include any corporate influence they can apply to bring other non contract based or non nuclear activities to the area.

- A major potential impact of decommissioning is the loss of jobs and a loss of skills. The Council would like to suggest that a section of the NDA Annual Plan would benefit from an area focussed on 'workforce planning' and linked to reviews of the Lifetime Plans. Advanced notice of workforce changes will allow better consideration of socio-economic issues in the sites prioritisation programme. It will allow better advanced planning of retraining and small business development. It would also provide information, which would be of value in encouraging other new businesses to move to the area to benefit from skills being released.

- Reference should be made to priority being given to maintaining steady workforce levels on the sites for as long as possible, avoiding major damaging fluctuations. Project programming activities should take this into account

5. SUPPORT VIA SITE CONTRACTORS

The Council welcomes the NDA's intention to reviewing the current sites socio-economic support plans. However there seems to be some contradiction as to their role in the Draft Policy. The NDA proposes that the sites will be encouraged to adopt 'a more strategic approach to socio-economic support' but the document also states that the NDA is considering additional funding to sites in order for them to support smaller-scale local projects. The Council feels that it is important to retain an element of smaller-scale support and the sites socio-economic support plans should continue to provide this to the local community. We support the view that SLC's should be encouraged to channel their own funding toward socio economic activities.

The amount of £3m made available around Sellafield represents a fall in support in real terms as no provision has been made recently to take inflation into account. In addition it needs to be reviewed to take into account the incorporation of Windscale and Calderhall into the site It is important that the NDA is not seen to allow the amount of support dwindle by default when the severity of the issues we face increase.

6. SUGGESTED EVALUATION CRITERIA

The Council generally supports the proposed evaluation criteria outlined in the Draft Policy as this should provide a clear and robust process of assessment and establish an auditable trail. However, we would like to make the following comments:

- A 'local community' priority does not necessarily have to be included in a regional or sub-regional plan but may be addressed in other local plans and strategies.
- How will the criteria be assessed, that is, will it be on the basis of a Multi Attribute Decision Analysis (MADA) approach, which will entail scoring and weighting each criteria and sub criteria?
- If a MADA approach is the method of assessment, who will decide upon the scoring and weighting values for the criteria and what stakeholder input will there be into the process?
- The criteria do not reflect the assertion in the strategy that there must be a strong link to the impact of decommissioning. A further criterion with a heavy weighting should address this. It might read, "How far does the project provide alternative economic activity and jobs close to the locations where economic activity and jobs are being lost as a result of decommissioning".

The Council hopes that the final draft will be able to clearly illustrate the process of assessment and the stakeholder engagement needed to finalise the evaluation criteria.

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