

**DOUNREAY STAKEHOLDER GROUP
SOCIO ECONOMIC SUB GROUP**

DSG/SESG(2011)M006

Minutes of the DSG Socio Economic Sub Group meeting held at 1330 hours in the Pentland Hotel (large lounge) on Wednesday 20th April 2011.

Present:	Derrick Milnes Bob Earnshaw Alastair MacDonald Carol Gunn Koreen MacDougall Ronnie Johnstone Gordon Jenkins Trudy Morris Nicola Dreaves Cllr David Flear John Green Sandy Mackie Eann Sinclair	Wick and Thurso Trade Union Council (chair) DSG Chairman Honorary member, DSG HIE Caithness Partnership Church of Scotland North Highland College Caithness Chamber of Commerce Caithness Chamber of Commerce Highland Council Caithness Voluntary Group Scrabster Harbour Trust CNSRP Programme Manager
In addition:	June Love Ken Nicol Richard Stoneham Stewart Henderson	DSRL, DSG Secretariat DSRL, Socio Economic Manager Pensions Admin Office, Babcock DSRL Project Manager, National Nuclear Archives

MINUTES

1. WELCOME AND INTRODUCTIONS

Derrick Milnes welcomed everyone to the meeting and introduced Richard Stoneham (Pensions Administration Office, Babcock) and Stewart Henderson (DSRL Project Manager for National Nuclear Archives (on behalf of NDA).

2. APOLOGIES RECEIVED

Apologies were received from the following:

- John Hook, Rolls Royce Vulcan
- Murray Lamont, North Highland Tourism
- Anna MacConnell, NDA Socio Economic Manager

3. MINUTE OF LAST MEETING

The minutes of the last meeting had been circulated to members in advance of the meeting. There were no amendments made and the minutes were taken as read. This was proposed by Eann Sinclair and seconded by Gordon Jenkins.

There were no issues raised from the minutes.

4. PROGRESS ON ACTIONS

See appendix 1 for progress on all actions. Of note:

- DSG(2011)M005/A017: Simon Middlemas to circulate socio economic benefits in contracts when complete.

The Secretary noted that Joe Kane would be attending the Site Restoration Sub Group to discuss this topic – information is minuted in DSG/SRSG(2011)M004.

- DSG(2011)M005/A022: Ken Nicol to provide members with a copy of the DSRL Socio Economic Development plan was approved by NDA (after March 2011).

Ken Nicol reported that the DSRL Socio Economic Development Plan had been submitted to the NDA. Once approved this would be circulated to members.

- DSG(2010)M002/A012: Eann Sinclair to develop a model on the economic impact and how this could be monitored to be shared with DSG and CNSRP Advisory Board.

Eann Sinclair reported that a study had been commissioned. An inception meeting had taken place and it is anticipated that the study will be complete by the end of May/beginning of June.

- DSG(2010)M003/A008: June Love to send a letter of invitation to Sir Anthony Cleaver to attend DSG meeting to update on CNSRP Executive Board.

Eann Sinclair noted that this action was ongoing. He indicated that the CNSRP Executive Board would meet in Caithness on the 31st May and the Advisory Board members (of which DSG is represented) would have the opportunity to meet them.

- DSG(2011)M004/A024: June Love to invite Sandy Cummings to provide presentation on off-shore renewables to main DSG.

The secretary noted that she had sent an invitation but had not received a response. There was a question as to whether Mr Cummings was continuing in this role. The secretary would investigate and identify the correct person for a presentation.

5. UPDATE ON PENSIONS ADMINISTRATION OFFICE

Derrick Milnes welcomed Richard Stoneham to the meeting. Richard Stoneham thanked the chairman for his invitation to attend.

Following the DSG meeting held in March Richard had met with a number of stakeholders to provide an update on the Pensions Administration Office (PAO). A note for the record of that meeting had been produced (see DSG(2011)C176).

Richard stated that following the sale of UKAEA Ltd to Babcock International Group the PAO was now owned by Babcock and sat within the Babcock Services division. The PAO, presently based in Brownhill Lodge, Thurso has a current workforce of 35 with an additional three posts based in Manor Court, Oxford.

The current office accommodation has been based in Brownhill Lodge for 13 years and the PAO had been looking to relocate for a number of years. The move to Forss has not been a quick decision. Having looked at growing the business base it was concluded that there was a need to move to premises that would be more suitable. The decision to move to Forss was made for a number of reasons including security, a better business environment for client visits with room for expansion and a location where all office staff would be based on one level. The priority has been to keep staff informed at all stages.

Babcock had commissioned Aon to carry out a review of the pensions business with a view to expanding the business in Caithness. The review is being carried out in three phases:

- Phase 1: looked at everything that is currently carried out and culminated in recommendations of what would need to be changed to expand (this phase is now complete).
- Phase 2: Implementation of the recommendations. Recommendations will be reviewed so that decisions can be made and implementation phases can be prioritised. During this phase staff will be fully engaged with and there has been a great deal of enthusiasm from the workforce who are involved with taking the recommendations forward.
- Phase 3: Reviewing the systems that are used now and what is likely to be needed for the future.

Derrick Milnes thanked Richard for his summary stating that it was a useful update.

John Green asked whether the relocation to Forss would provide an opportunity for further staff. Richard Stoneham responded that the accommodation available in Forss could cater for up to 80 people.

Derrick Milnes noted that, at the present time, the PAO currently received their IT services from CSC. He asked if Babcock would continue with the service provided by CSC. Richard Stoneham responded that the use of the infrastructure services by CSC would not be affected as a result of the work PAO is doing with Aon.

David Flear noted that he had attended the meeting on the 24th March and stated it was good to hear the expansion plans. He felt that any new jobs created in Caithness was good news.

Richard Stoneham thanked members for their time and stated that he would be in Caithness on a regular basis and would be happy to meet with the group again to provide further update.

David Flear asked whether Richard, and his colleagues, could consider using local transport infrastructure (Wick airport) when travelling as business travel was important to the airport.

Richard Stoneham left the meeting.

Action: DSG/SESG(2011)M006/A001: DSG business meeting to agree wording for reporting at DSG meeting in June.

6. NATIONAL NUCLEAR ARCHIVES

Derrick Milnes noted the following correspondence:

- DSG(2011)C145: National Nuclear Archives
- DSG(2011)C159: Response to C145
- DSG(2011)C171: Support for NNA funding (ESF)
- DSG(2011)C172: Support for NNA funding (Lottery)

Stewart Henderson, DSRL Project Manager provided a presentation to the group. (DSG(2011)C185 refers).

Carol Gunn asked how the hangar at Wick airport had been chosen as a base for a temporary archive and how much would it cost for temporary storage. Stewart Henderson

responded that the hanger was an option that was being considered because it provided some security as it was situated in the grounds of Wick airport. It was estimated that the cost would be in the region of £1M for temporary storage at the hangar but alternative facilities were also being considered and would be costed before a final decision was made.

In response to a further question Stewart Henderson noted that EDRF funding could not be confirmed until such times as NDA committed to their funding of the new archives.

Carol Gunn asked how many people would be employed. Stewart responded that it would be just over 30 staff working within the archives with a further 7 working in the energy building. Further if supplies of woodchip for the energy plant could be achieved locally it would bring further benefit to the area.

Gordon Jenkins noted that the North Highland College was in the process of building the Engineering Skills Centre and was using a biomass system. It was agreed that Gordon and Stewart should have a conversation outside the meeting to following up further question on the heating system.

David Flear noted that he had met with NDA's Simon Tucker (Archive Project Manager) and Stuart Chalmers (Programme Manager) and he had raised concerns about the length of time (the review had been extended from 6 months to 12 months) it was going to take to review of records across the NDA estate. He had emphasised that while this was ongoing it was a relatively inexpensive exercise to continue with pre-consultations on the archive building and outline planning. He had emphasised that it was important for the NDA to re-assure the DSG that the National Nuclear Archives would happen.

David Flear also noted that it was his understanding that the national nuclear archives would start to pay for itself in year five and indeed may start income generation at that point for the NDA.

Ronnie Johnstone asked if there was anything the group could do to help support the process moving forward. Derrick Milnes noted that the DSG had been actively involved in this project and would continue to keep up to date with progress.

Eann Sinclair asked if there was a timeline now for the pre-planning stage and interim storage and whether these activities were dependent on the outcome of the NDA review of all records. Stewart Henderson responded that he was awaiting clarification of the timing of these but his understanding was that these could be carried out in parallel with the ongoing review.

David Flear noted that he and Bob Earnshaw had met with Mark Lesinski, NDA's Delivery Executive Director recently and they had brought up the subject of the archives. They had taken the opportunity to re-iterate to the NDA that a period of delays would give a detrimental perception to the public and they had suggested that the consultation and outline planning could be carried out now. It was David's belief that this had now been agreed.

Eann Sinclair asked if the interim storage solution was something that could happen now or would it have to wait pending the record review. Stewart Henderson responded that the NDA were currently looking at the expenditure profile and at this point could not respond with any detail.

Sandy Mackie asked whether the potential £1M spend for interim storage would be financed from the annual site budget. Stewart Henderson responded that NDA would provide detail on this once the scope of work for this financial year had been agreed.

Derrick Milnes thanked Stewart Henderson for his update.

Action: DSG/SESG(2011)M006/A002: Bob Earnshaw to write to Mark Lesinski regarding the National Nuclear Archives.

7. COMMUNITY FUND REQUESTS

A report had been circulated to members in advance to consider funding requests. The following declared an interest in specific requests:

- 012 Canisbay Church Flower Festival (Ronnie Johnstone)
- 015 Caithness Deaf Care (John Green)
- 016 Industrial Mission Trust (Ronnie Johnstone)
- 017 Caithness KSD (Carol Gunn)

The recommendations were endorsed.

Eann Sinclair noted that the Wave North Festival had been well received and everyone who had been involved or provided funding had been encouraged by the positive response of the event.

8. UPATE ON SOCIO ECONOIC ACTIVITIES

Derrick Milnes noted that DSG(2011)P041 (CNSRP progress report) had been circulated in advance to members and the paper was taken as read. Eann Sinclair provided a verbal update. Of note:

- A number of stakeholders had met with the two bidders for the Dounreay site. Meetings had been organised for the Thurso and Wick Trade Union Council and a combination of DSG and CNSRP stakeholders. Following these facilitated discussions feedback had been produced and it was intended to provide this to the two bidders as well as the NDA.
- Duncan Mackay, Crown Estates had resigned and the CNSRP Chairman had written to the Crown Estates emphasising the need to have someone based in Caithness. It was agreed that the DSG would also send a letter to Crown Estates.

Action: DSG/SESG(2011)M006/A003: Socio Ec sub group to send letter to Crown Estates emphasising importance of retaining a post in Caithness following Duncan Mackay's resignation.

- The CNSRP Chairman, Sir Anthony Cleaver, had written to UK and Scottish Government's regarding Enterprise Zones suggesting that Caithness/Pentland Firth would be an ideal location for a zone. Scottish Government had provided an encouraging response.

Action: DSG/SESG(2011)M006/A004: Eann Sinclair to circulate information on Enterprise Zones to the DSG Socio Economic sub group members.

David Flear noted that during discussions with the Transport Minister on the Berriedale Braes the opportunity of discussing this within the context of enterprise and economy had been taken. Eann Sinclair acknowledged that this had taken place and had been picked up by Jim Mather, MSP.

Ken Nicol provided an update from DSRL. Of note:

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- DSRL was working with the NDA and Parent Body Organisation on a partnering agreement to ensure that the best use of resources was made for socio economic activities.
- Pelamis had produced a scoping opinion for marine renewables and DSRL were providing a response. He agreed to circulate the draft response to the group to allow a response to be submitted from DSG.

Action: DSG/SESG(2011)M006/A005: Ken Nicol to circulate response to Pelamis Scoping Opinion to DSG Socio Economic Sub group members.

Carol Gunn, HIE noted:

- Scrabster had now received funding from Scottish Government, as well as funding provided by HIE and the NDA.
- The development of John O'Groats was ongoing.
- Work was ongoing with a number of businesses and social enterprise companies.

Trudy Morris, Caithness Chamber of Commerce, noted:

- That the Chamber had held discussions with Graham Construction (the company awarded the contract for DSRL's low level waste facility). The Chamber would be organising NDA activities.
- Trudy Morris, Caithness Chamber of Commerce, noted the local xis0 Tm66.00
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Eann Sinclair asked Trudy Morris whether the Chamber had received a response to the questions raised over the air discount scheme. Trudy responded that she had and it was also discussed at the Wick Airport Users Committee. She also noted that the Liberal Democrats were also taking up this issue. It was agreed that DSG should also submit a response supporting the continuation of the scheme to businesses as well as individuals.

Action: DSG/SESG(2011)M006/A007: Secretary to draft letter supporting business use for the air discount scheme.

Koreen MacDougall, Caithness Partnership noted:

- a consultation on the reform of air passenger duty. It was agreed that DSG would also provide a response to this consultation.

Action: DSG/SESG(2011)M006/A008: Koreen and June to draft response for Caithness Partnership and DSG to respond to consultation on the reform of air passenger duty.

- The study on the Berriedale Braes was progressing.

Sandy Mackie, Scrabster Harbour Trust reported:

- Scrabster was now in a position of reviewing tender submissions which would take approximately a month to complete. It was expected that a preferred bidder would be announced in May, the contract awarded in June with work beginning in August for the first phase of the harbour development.

9. NDA COMPETITION UPDATE

Derrick noted that updates to the competition process had been received – DSG(2011)C156 and C173 refers.

David Flear noted in discussion with Mark Lesinski he had emphasised the importance of the NDA announcing the preferred bidder for the site competition in Caithness.

Bob Earnshaw noted that once the successful bidder had been announced it would be useful for DSG to meet with them to get information on what they provided within their bid on socio economic activities.

It was also noted that Babcock Dounreay Partnership had sent a letter to DSG thanking members for their time and information during the informal/formal dialogue stages.

10. CORRESPONDENCE FOR NOTING

The secretary noted the following correspondence for information:

- A letter from DSRL (DSG(2011)C174 refers) informing DSG that Simon Middlemas would stay on as MD for DSRL up to the end of competition (April 2012). DSG had provided a response (DSG(2011)C175).
- The NDA Strategy from April 2011 (DSG(2011)C178 refers).
- The NDA business plan 2011-2014 (DSG(2011)C179 refers).

11. ANY OTHER BUSINESS

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- Pensions Administration Office: Bob Earnshaw asked members whether they felt a letter of support to Babcock for the PAO was worth producing. He noted there had been a note for the record produced following the meeting held on 24th March which had recorded some positive comments. He felt that the DSG should be supporting this venture since it was retaining jobs in the area with a potential to expand further in the future.

David Flear felt a letter supporting the PAO plans was a good way forward. While he recognised that the lack of communication had led to negative press coverage the concept behind the review and relocation was one of retention of jobs and expansion which had to be viewed as positive.

Concern was raised by one member who had received some complaints about the way the proposed relocation was approached. Derrick Milnes thought it might be a better approach to wait until the business had been expanded before providing support.

Ronnie Johnstone noted that the DSG would have to remain neutral because of the ongoing competition. It was noted however that the Pensions Office was not part of the same division of Babcock that was competing for the site.

Following a discussion it was agreed that a letter would be drafted to Babcock concerning the review of the PAO and its potential expansion.

Action: DSG/SESG(2011)M006/A009: Secretary to draft letter to Babcock regarding its review of the PAO and ambitions to expand.

There being no further business the Chairman closed the meeting.

Derrick Milnes

DSG Soco economic sub group chairman

25th April 2011

ACTIONS ARISING FROM THIS MEETING

DSG/SESG(2011)M006/A001: DSG business meeting to agree wording for reporting at DSG meeting in June.

DSG/SESG(2011)M006/A002: Bob Earnshaw to write to Mark Lesinski regarding the National Nuclear Archives.

DSG/SESG(2011)M006/A003: Socio Ec sub group to send letter to Crown Estates emphasising importance of retaining a post in Caithness following Duncan Mackay's resignation.

DSG/SESG(2011)M006/A004: Eann Sinclair to circulate information on Enterprise Zones to the DSG Socio Economic sub group members.

DSG/SESG(2011)M006/A005: Ken Nicol to circulate response to Pelamis Scoping Opinion to DSG Socio Economic Sub group members.

DSG/SESG(2011)M006/A006: DSG to draft a positive statement on the progress of CNSRP.

DSG/SESG(2011)M006/A007: Secretary to draft letter supporting business use for the air discount scheme.

DSG/SESG(2011)M006/A008: Koreen and June to draft response for Caithness Partnership and DSG to respond to consultation on the reform of air passenger duty.

DSG/SESG(2011)M006/A009: Secretary to draft letter to Babcock regarding its review of the PAO and ambitions to expand.

ACTIONS CONTINUING FROM PREVIOUS MEETINGS

DSG(2010)M002/A012: Eann Sinclair to develop a model on the economic impact and how this could be monitored to be shared with DSG and CNSRP Advisory Board. *Action ongoing – study has been commissioned.*

DSG(2010)M003/A008: June Love to send a letter of invitation to Sir Anthony Cleaver to attend DSG meeting to update on CNSRP Executive Board. *Action ongoing – Eann Sinclair indicated this would likely to be April 2011.*

DSG(2011)M004/A024: June Love to invite Sandy Cummings to provide presentation on off-shore renewables to main DSG. *Action ongoing – Secretary to check to see if Sandy Cummings continues to hold this position.*

DSG(2011)M005/A017: Simon Middlemas to circulate socio economic benefits in contracts when complete.

DSG(2011)M005/A022: Ken Nicol to provide members with a copy of the DSRL Socio Economic Development plan was approved by NDA (after March 2011).

ACTIONS COMPLETED

DSG(2011)M004/A001:: June Love to ask Eann Sinclair to invite Brian Wilson to Caithness on behalf of CNSRP. *Action complete – Eann Sinclair has spoken to Martin Wenban and, in*

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conjunction with Chamber of Commerce, visit is likely to take place in end of March/beginning of April.

DSG(2011)M004/A018: Secretary to ask DSG Socio economic sub group to consider the impact of the removal of rescue tugs from the Pentland Firth. *Action complete – discussed at meeting on 19th January. It was agreed that the group would keep an eye on developments and respond at the appropriate time.*

DSG(2011)M004/A028: Philip Behan to provide secretary with remit that Babcock have provided to Aon for review of Pensions Office. *Action complete – information was provided.*

DSG(2011)M004/A030: Cllr David Flear to keep DSG Socio Economic sub group updated on progress of the feasibility study for the Berriedale Braes. *Action complete – feasibility study will be carried out by March 2011.*

DSG(2011)M004/A033: Stuart Chalmers to confirm the policy in one of the competition participants pulled out. *Action complete:* Dialogue has now commenced, and it is clear to the NDA that both participants are fully committed to the competition. There is no reason to believe the competition process will not complete successfully. Against that background, no firm policy decision has been made in relation to circumstances where one participant pulled out. However, it has been noted that a range of options would be open to the NDA if such circumstances did unexpectedly arise. These options would include continuing with a single participant, launching a revised competition or terminating the competition process.

DSG(2011)M004/A034: Stuart Chalmers to put question on criteria weighting to the NDA competition team for response. *Action complete:* a high weighting has been attributed to cost reflecting the importance of value for money in the determination of the competition outcome. However, this certainly does not mean that the "cheapest bid" is certain to win. The application of a threshold evaluation approach means that acceptable, robust standards have to be attained before any bid qualifies for consideration. Specifically in relation to socio-economic factors, the NDA has taken the following steps to underpin the desired outcomes:

- All socio-economic performance requirements requested by stakeholders have been incorporated in the draft contracts
- Bidders have been informed unequivocally through the ITPD and related discussions:
- that their tender responses must show how these socio-economic requirements will be met;
- that these responses will be evaluated; and
- that a threshold approach applies - meaning that a failure to meet the specified requirements would render the bid unacceptable irrespective of any other factor (including cost)

The effect of the foregoing is that the importance of socio-economic requirements has been fully recognised in the evaluation model. The NDA has applied a high weighting to cost but, irrespective of that, no bid can be accepted which fails to meet the full range of socio-economic requirements identified by stakeholders, and articulated by the NDA to bidders through the ITPD.

DSG(2011)M005/A005: Secretary to write to Babcock International to ask for an update on the Pensions Review and the proposed relocation to Forss. *Action complete – meeting took place on 24th March 2011 – a note for the record was produced – see DSG(2011)C176.*

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DSG(2011)M005/A014: Secretary to write to Anne Bergmans indicating DSG's interest in being involved and also offering to host one of the project workshops in Caithness. *Action complete – emailed Anne Bergmans on 14th February confirming DSG's interest and offer to host a project workshop in Caithness. Response received saying that they would keep invitation on file to consider when project is developed in full.*

DSG(2011)M005/A015: Secretary to invite DSRL's Commercial Manager to socio economic and site restoration sub group meetings on 20th April 2011. *Action complete – will attend site restoration sub group on 20th April 2011.*

DSG(2011)M005/A016: Trudy Morris to make contact with Graham Construction to discuss the use of local gain within the low level waste contract and report back, via the Site Restoration sub group. *Action complete – The Chamber has made contact with Graham Construction and they are encouraging them to use the local supply chain. Grahams have provided a list of subcontractors and materials they wish to procure locally. A meeting with Grahams will be organised shortly.*

DSG(2011)M005/A020: June Love to speak to Eann Sinclair to see if details information on job numbers can be provided on a regular basis to the CNSRP Advisory Board. *Action complete – information will be provided at CNSRP Advisory Board on regular basis.*

DSG(2011)M005/A021: Secretary to write to Stuart Chalmers, copied to CEO, asking for assurance that, once NDA can identify funding, the project will remain as the National Nuclear Archives. *Action complete – see DSG(2011)C146.*

DSG(2011)M005/A023: June Love to speak to Scrabster Harbour Trust with regards Scottish Government's response to DSG's letter. *Action complete – no further follow up action to take.*

DSG(2011)M005/A024: June Love to finalise response to NDA's business plan consultation and submit by the 26th January 2011. *Action complete – DSG(2011)C132.*

DSG(2011)M005/A025: Secretary to clarify who the PBO representative for DSG sub group should be following Philip Behan's involvement in the competition process. *Action complete – PBO and DSRL looking at new integrated way of working (along with NDA) on socio economics. Ken Nicol will represent PBO/DSRL at sub group.*