

DRAFT Memorandum of Understanding (“MOU”)*among*

Nuclear Decommissioning Authority,
*a non-departmental public body of the British Department of Energy and Climate Change,
 formed by the Energy Act 2004 (“NDA”)*

and

Dumfries and Galloway Council,
*a local authority constituted by the Local Government etc (Scotland) Act
 1994 and having its principal offices at English Street, Dumfries, DG12DD (“the
 Council”)*

and

South of Scotland Enterprise,
*established by the South of Scotland Enterprise Act 2019, having its principal office at
 Carmont House The Crichton, Bankend Rd, Dumfries DG1 4TA (“SOSE”)*

WHEREAS the parties have a shared interest in the future development of the former nuclear power station site known as the Chapelcross Site, Annan, Dumfriesshire, DG12 6RF (“Chapelcross Site”) and wish to enter into this Memorandum of Understanding (“MoU”) to set out their respective interests and proposed involvement in the redevelopment and stimulation of new economic activity at Chapelcross Site through the Chapelcross Site Transformation Programme 2095 (hereinafter referred to as the “CX Purpose”).

This document supersedes the Memorandum of Understanding entered between the Council, the NDA, and Scottish Enterprise (SE) in 2017 (“2017 MoU”) and reflects a change of responsibility for economic development in the South of Scotland from SE to SOSE as legislated by the Scottish Parliament on 5 June 2019.

The parties agree as follows: -

Respective Interests & Roles

1. The primary interest and proposed role of each of the parties in relation to the CX Purpose is as follows: -
 - a) NDA is the owner of the Chapelcross Site and is responsible for delivering the decommissioning and clean-up of the UK’s civil nuclear legacy in a safe and cost-effective manner (pursuant to the Energy Act 2004), and where possible to accelerate programmes of work that reduce hazard. NDA, through its subsidiary company Magnox Limited (Company Registration Number 02264251) having its registered office at Oldbury Technical Centre, Oldbury Naite, South Gloucestershire, England,, BS35 1RQ, and alongside the Council and other partners, seeks to deliver its mission and return Chapelcross Site into community use in line with its Decommissioning Plan and socio-economic responsibilities.
 - b) The Council is responsible for local government for its communities in Dumfries and Galloway. It has established its priorities with a clear commitment to supporting the

local economy. It is a key partner in enabling and supporting the South of Scotland's economy through participating in the Regional Economic Partnership and the creation of a new South of Scotland Regional Economic Strategy. The Council has a strong commitment to enable and support local development, focused on current and emerging strategic developments across the South of Scotland and has highlighted the M74 corridor and Chapelcross Site specifically as making a significant contribution to the economic wealth of the region, within its Local Development Plan and other strategies and policies. The Council supports the Scottish and UK Government's stated targets and timescales for net zero emissions through active deployment of plans emanating from the Council's declared Climate Emergency and works collaboratively across the Borderlands Inclusive Growth Deal Partnership to realise a specific funding opportunity aimed at unlocking CX transformation through emerging opportunities associated with the green growth recovery post Covid and green accelerator fund to maximise the potential regional benefits for the South of Scotland.

- c) SOSE was established to further the inclusive and sustainable growth of the South of Scotland (Dumfries & Galloway and Scottish Borders) and as such supports business growth opportunities and significant strategic opportunities which present economic and community value, and which align with Scottish Government's aims of Fair Work, Inclusive Growth, and Low Carbon. SOSE is part of a 'family' of Enterprise Agencies and works closely with Scottish Enterprise (SE) who focus on economic growth at a national level and who can provide SOSE with appropriate skills and expertise to assist in unlocking the economic potential and community value of Chapelcross Site.

Delivering the CX Purpose

2. The CX Purpose is the achievement of the Chapelcross Site Transformation Programme Mandate (2095) (the CX Mandate hereafter) through the transformation of Chapelcross Site over the full site decommissioning period, to wit:
 - a) the short term (the end of any secured Borderlands Inclusive Growth Deal support),
 - b) the medium term (Scottish Government and UK Government Climate change targets), and
 - c) the longer term (beyond 2045/50 and to 2095 and beyond)

The CX Mandate references the CX Route-map(2095) diagram (Appendix 2.2) as a framework to support partner collaboration in its common purpose and a route-map to deliver the CX Mandate vision and objectives.

The CX Mandate objectives are to:

- i. Make a significant contribution to the UKG's 2050 and Scottish Government's 2045 net zero carbon target,
- ii. Support the development of green energy production, storage and distribution solutions,
- iii. Create a large-scale strategic mixed-use employment site with significant wider economic impact,
- iv. Maintain 100% beneficial use of the site over the full decommissioning period to 2095 and beyond.

3. Parties will be full and active members of the CX Programme Board outlined in section 4 o and p below and will work together and with other stakeholders for maximum effect to deliver the CX Purpose. In particular, the parties will agree and establish (with reference to the Appendices to this MoU) the governance arrangements, plan of work and resources required to deliver the CX Mandate. Specific responsibilities will include, but are not restricted to:

a) NDA will: -

- i. Fund regular (at least every two years or as otherwise agreed by the Programme Board) studies assessing the impact of the activities carried out pursuant to this MoU (including implementation of the Action Plan) on the socioeconomics of Dumfries & Galloway;
- ii. Fund NDA's agreed processes to ensure community views are considered as the NDA develops its plans and strategies;
- iii. Ensure existing stakeholder groups funded by the NDA continue to review performance of the NDA comment on strategies and plans and inform the NDA of decision-making;
- iv. Give due consideration to funding activities and elements of work required to deliver the NDA's undertakings under this MoU and considering the £495k CX Programme Mandate Grant funding arrangements, already in place and partly drawn down including the Beyond Chaplecross Phase 2 Grant letter dated 18 August 2020.
- v. Share best practice, business intelligence and lessons learned through the decommissioning of nuclear fleet where relevant; and
- vi. Undertake early stage phased marketing of the site with a view to identifying and securing developers/occupiers or exploring potential for partnering opportunities where commercial attributes align best with the CX Mandate objectives. NDA will progress a structured marketing strategy taking account of the provision and timing of land transfers from NDA to DGC which best aligns with occupational and development needs. It will identify and seek to substantiate physical elements of the site, reference existing infrastructure and identify obstacles to development activities where known. NDA will consult with identified key stakeholders and agree a timeline for implementation.

b) The Council will:

- i. Through collaboration with other partners to the MoU identify the appropriate lead body for the delivery and implementation of the MoU, providing additional support and direction through the Programme Board as agreed;
- ii. Take Programme Board level leadership of the enablement, development, definition, approval and implementation of activities aligned with the optimisation, facilitation, public utilities and delivery of the Chapelcross Site within the agreed Programme Plan of Work (PPoW);
- iii. Through collaboration with other partners to the MoU identify the appropriate lead body responsible for the administration of the PPoW resourcing, approval, and performance management, providing additional support and direction through the Programme Board as required and agreed;
- iv. Identify cash and in-kind contributions through the Borderlands Regional Growth Deal and/or external funding applications that facilitate activities that enhance and develop the CX programme offer under this MoU and where they contribute to the achievement of the agreed CX Mandate objectives;
- v. Identify and secure funding for activities and elements of work required to deliver the Council's undertakings under this MoU which are aligned with the Council's ongoing support for the CX programme as outlined within the Business Case that supports the Borderlands Regional Growth Deal; and

- vi. Coordinate, inform and empower local political engagement and support for the CX PPOW and alignment with the Council's strategic plans.
- vii. Share best practice including that originating from Borderlands cross cutting themes: digital; energy investment company; quality of place; destination borderlands; business infrastructure programme; rural innovation and skills.

c) SOSE will:

- i. Support the development and delivery of robust business cases, as and when appropriate;
- ii. Make funding and resource contributions in order to support delivery of the CX Mandate objectives, subject to SOSE Board and governance framework requirements;
- iii. Support the creation of a joint venture or other CX special purpose vehicle responsible for driving forward the commercial realisation of the CX opportunities, engaging with Scottish Enterprise as a critical friend wherever their expertise can add value;
- iv. Lead liaison with Scottish Enterprise to ensure access to companies based elsewhere in Scotland who may have an interest in undertaking activity at Chapelcross Site, and work with Scottish Enterprise to develop appropriate growth propositions;
- v. Lead liaison with Scottish Development International to ensure a national and international profile for the site to attract inward investment opportunities to Scotland;
- vi. Assume the lead role on behalf of Enterprise Agencies in progressing the agreed PPOW, engaging Scottish Enterprise where sector expertise aligns to areas of national opportunity, this alongside Scottish Enterprise's leadership representative who will remain a member of the Programme Board until 31 March 2021 or such other date as may be agreed;
- vii. Obtain relevant insights and expertise on nationally significant developments and opportunities within key growth sectors including studies and reports previously undertaken and funded by Scottish Enterprise relating to commercial exploitation of Chapelcross Site; and
- viii. Engage any support available through service arrangements (as they vary from time to time) between Scottish Enterprise and SOSE, in particular drawing upon specialists who can engage in business specific account teams formed around commercial opportunities for CX, for examples as provided by the low carbon transition team in support of the CX SOBC specifically and sharing of leading edge thinking in green energy generally.

Governance, Programme & Project Management Structure

- 4. The parties recognise that, since the CX Mandate was approved by the Council in September 2019, the Council's Senior Leadership Team have provided oversight and governance of the CX Mandate implementation. Through this MoU the parties agree to establish the CX Programme Board and Governance Framework which takes the development of the programme forward and successfully progresses the CX Mandate objectives.

Governance

- a) The CX Governance Framework will follow the methodology outlined at Appendix 2.4.
- d) Best practice guidance, as recommended by HM Treasury Green Book, will be utilised to support the definition of the functions, responsibilities, process and procedures

captured within the “framework” that define how the programme will be set up, managed and controlled.

- e) The functional governance requirements are summarised within three framework strands, namely:
 - Organisational: the rules by which the organisational groups are required to operate;
 - The PPOW: the baseline against which performance is measured; and
 - Performance management: measuring and reporting performance, providing feedback and holding the programme to account (monitoring and control).
- f) The parties shall identify, and secure relevant membership of the groups outlined within the organisation structure shown at appendix 2.1. The first meeting of each group will include arrangements to establish and confirm appropriate Terms of Reference and governance arrangements.

Funding

- g) The achievement of the CX vision by the parties relies on securing the majority of programme development funding from the private sector.
- h) The “unlocking of the site development” is significantly dependant and predicated upon Grant funding released through the Borderlands Inclusive Growth Deal, as referenced in section 3.b).v. above.
- i) The Programme Board will be required to secure bankable commercial interest in the transformation of the Chapelcross Site.

Sponsor group

- j) Parties recognise the importance of establishing effective combined CX Programme sponsor arrangements to act as a driving force behind the Programme and provide the investment and top-level endorsement for the rationale and objectives of the Programme.
- k) Given that the CX Programme exists within an evolving sponsor environment, parties will work with the Borderlands Inclusive Growth Deal Partnership arrangements and evolving Regional Economic Partnership arrangements, to ensure that effective sponsorship of the programme is achieved throughout each stage of the CX Programme's development.
- l) Parties will reach agreement on the requirement for a Sponsor Group at the inaugural meetings of the Programme Board, and this will be kept under annual review based on the input and performance of the Sponsor Group.
- m) In any event, each party will identify a Senior Responsible Officer (SRO- (named party)) for the CX Programme. The SRO- (named party) will be a member of the Programme Board and will be responsible for ensuring effective engagement with any and all Sponsor Groups and sub-groups.
- n) The CX Programme SRO's will be the single individual from each party with overall accountability for ensuring that the parties collaborate and optimise achievement of the CX Programme objectives and realises the projected CX benefits.

Programme Board

- o) Parties shall establish a competent Programme Board which will orchestrate the development and delivery of Programme activities and projects, the resulting outcomes and benefits, and support the SRO's in delivering the Programme objectives, outcomes and projected benefits.
- p) One of the named party SRO's will take up a lead role within the Programme Board and act as its chair.

Project Team

- q) Parties support the requirement for a competent and properly resourced Project Team which will be responsible for the delivery of the PPOW.

Stakeholder & Communications Group

- r) A stakeholder is defined as any individual, group or organisation that can affect, be affected by or perceives itself to be affected by the CX Programme. The CX Programme SRO and Project Team will form a sub-group re with responsibility for stakeholder mapping and analysis and who will make recommendations to the Programme Board on proposals for ongoing stakeholder engagement.
- s) The Stakeholder & Communications Group, when formed, will be responsible for making recommendations to the Programme Board on future publicity, announcements, and Ministerial or wider Stakeholder Engagement opportunities.
- t) Parties will support the creation of the necessary Stakeholder & Communication sub-group through their participation within the Project Team.

Advisory and other Subgroups

- u) An advisory group is a collection of individuals who bring unique knowledge and skills which complement the knowledge and skills of the formal Programme Board Members in order to more effectively govern the CX programme or achieve delivery of specific CX objectives.
- v) Advisory and other sub-groups will not have formal authority to govern the programme but will make recommendations and/or provide key information and materials to the Programme Board and/or Project Team, as agreed. CX Advisory group(s) may be standing (or ongoing) or ad hoc (one-time) in nature.
- w) Parties anticipate the Programme will require several advisory and other sub-groups in support of the business of the Programme and Project Boards. Groups will be established on recommendation from the Project Team, and approval to progress being obtained from the Programme Board.

Programme management office (PMO)

- x) The CX programme office has two distinct roles and is not accountable for CX Programme delivery. These roles are:
 - to provide support and guidance to the projects and initiatives e.g. procurement; environment; development control guidance etc;

- to be the home for governance and controls including standards, RAID log (appendix 2.3) approvals, financial monitoring, assurance, provision of HSE checks etc and as such must be independent of the initiatives
- y) Parties will support the definition, funding and deployment of the PMO function through their participation on the Programme Board.
- z) The Partners recognise that the scale of change needed for the realisation of CX objectives requires a step change in approach, including the application of best practice management. It has agreed the bespoke use of HM Treasury Green Book programme management best practice known as managing successful programmes (MSP) should be optimised to support the required step change and the development of the programme.

Publicity

5. The parties may agree to publicise the signing of this MoU, and if so, will agree an appropriate announcement and related communications. No publicity will be made without the agreement of all parties.

General provisions

6. This MoU is an expression of cooperation and collaboration and is not intended to create any legal relationship among the parties (or with any other entity) For the avoidance of doubt, this MoU supersedes the 2017 MoU.
7. The parties may attempt to resolve any difference or dispute arising between them on this MoU informally by escalation between the parties Chief Executive Officers within 7 days of such dispute being referred to them.
- 8 Without prejudice to clause 6 and 7, above, the parties agree as follows: -
 - a) This MoU shall come into effect upon the last date of signing;
 - b) Any party may at any time terminate its involvement in the activities contemplated by this MoU and so be free from any continuing obligation under this MoU on giving not less than 3 months written notice.
 - c) Information disclosed during the parties' discussions shall be subject to a separate arrangement on confidentiality that the parties undertake to execute.
 - d) This MoU is intended to be reviewed annually to ensure that it remains aligned with the Parties ongoing support for the CX Purpose and it remains relevant in the context of the needs of the programme, as its progresses and changes in circumstances.
 - e) An annual internal review will be carried out to provide assurance to parties that the arrangements, as deployed by the programme under the MoU, are having the desired effect and improvement actions relating to the MoU or performance through it, where necessary, can be agreed and deployed.
 - f) In addition to 8 d) above, a review of progress towards the wider CX Purpose will be carried out every 3 years to assess the efficacy and impact of the contribution of parties under the MoU.
 - g) To support the above, the Project Team will be tasked with production of a Monitoring & Evaluation Framework and undertaking an assessment of Inclusive Growth in line with the Fairer Scotland Duty.

- h) Any changes or amendments to the MOU following its initial agreement, including following annual reviews, shall require to be agreed by all the parties in writing.
- i) This MOU shall govern the relationship in this collaboration of the Parties and their successors in title and each Party shall not without the prior written consent of the other Parties assign or transfer or purport to assign or transfer in whole or in part the benefit or burden of this MOU except that if NDA's functions are transferred to another UK government body (whether a department or non-departmental public body) then NDA shall be entitled to transfer (whether by assignment, novation or transfer scheme) the whole of its interest to such other body upon written notice to the Party.

For: Nuclear Decommissioning Authority

Name:	Name:
Position:.....	Position:.....
Signature:	Signature:
Date:	Date:

For: Dumfries & Galloway Council

Name:	Name:
Position:.....	Position:.....
Signature:	Signature:
Date:	Date:

For: South of Scotland Enterprise

Name:	Name:
Position:.....	Position:.....
Signature:	Signature:
Date:	Date:

LIST OF APPENDICES

Appendix 1- references

Appendix 2- Deployment of the Governance, programme and project management structure

2.1. Organisational Structure

2.2. CX Route-map

2.3. CX RAID (risks, assumptions, issues and dependencies)- template

2.4. CX Programme Governance Framework

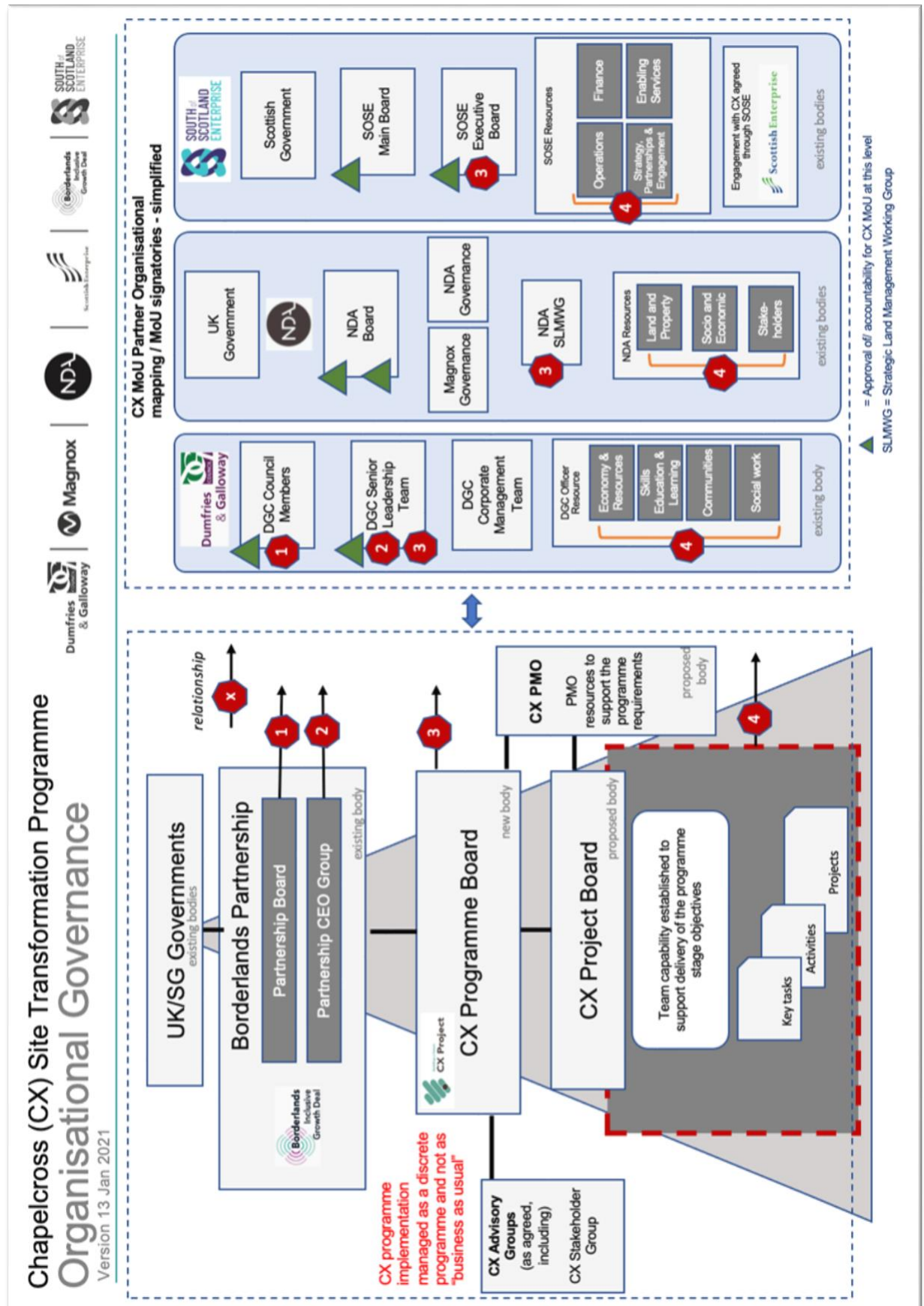
APPENDIX 1**REFERENCES**

The documents referred to in paragraph 2 of this MoU are as follows: -

- *Chapelcross (Cx) Site Transformation - Approval to Start the Next Stage 26 September 2019 – Report to the DGC Members, Full Council*
- *Chapelcross Programme Strategic Outline Business Case (Borderlands Inclusive Growth Deal) 2020*

HMT Guidance in support of the Green Book, the Orange Book, the Magenta Book, etc deployment include, but is not confined to:

- *Management of Portfolios (MoP) [portfolio management]*
- *Managing Successful Programmes (MSP) [programme management]*
- *PRINCE2 [project management]*
- *Management of Risk (MoR) [risk management]*
- *Managing Benefits [benefits management]*
- *Portfolio, Programme and Project Management Maturity Model (P3M3) [as title]*
- *Portfolio, Programme and Project Offices (P3O) [as title]*
- *Better Business Cases [Green Book Business Case guidance]*

APPENDIX 2.1. Organisational Structure

APPENDIX 2.3 CX RAID – template (RAID = risks, assumptions, issues and dependencies)

Definitions:		
Perspective - Strategic - Programme - Project - Operational	Risk An event or set of events that should it occur will had an effect achievement of objectives. A risk is measured by a combination of the probability of the perceived threat or opportunity occurring and the magnitude of its impact on objectives. Threat- negative impact. Opportunity- positive impact	Assumption A statement that is taken as being true for the CX purpose of planning, but which could change later. An assumption is made where some facts are not yet known. There is a risk that assumptions are not correct
	Issues A risk that has happened or an unplanned event that requires management action. It could be a problem, query, concern, change request for risk that has occurred.	Dependency Other projects or triggers that the programme depends on or are a beneficiary of our programme outcome made where some facts are not yet known.

RAID ITEM LIST – initial (this is a working document- for information only)

The following risks, assumptions, issues and dependencies have been identified through initial workshop and desktop studies. To be addressed within the next programme stage			
REF	Perspective	Risks	Response notes (insert date of note)
R1			
R2			
R3			
R4			
REF	Perspective	Issues	Notes
I1			
I2			
I3			
I4			
REF	Perspective	Assumptions	Notes
A1			
A2			
A3			
A4			
REF	Perspective	Dependencies (gives and gets)	Notes
D1			
D2			
D3			
D4			

APPENDIX 2.4 - Programme Governance Framework – diagram