

Statement of the Nuclear  
Decommissioning Funding Account  
for the period from 1 April 2005 to 31 March 2006

*Presented pursuant to section 32(1) of the Energy Act 2004.*

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## Foreword

Under Section 32 (1) of the Energy Act 2004 the Secretary of State must prepare a statement of the Nuclear Decommissioning Funding Account (*the Statement*).

The Statement for 2005-06, the first year since the requirement was established on 1 April 2005, is set out on page 5 of this document. The Comptroller and Auditor General's Report on the Statement is on page 6.

### Nuclear Decommissioning Authority

The NDA became fully operational, as a non-departmental body (NDPB) of DTI on 1 April 2005.

It is responsible for the decommissioning and clean up of all civil public sector nuclear sites save those currently being operated by British Energy and United Kingdom Atomic Energy Authority's (UKAEA) JET fusion facility at Culham, where decommissioning has not yet commenced.

In addition to its decommissioning responsibility, the NDA is also required to operate existing commercial activities on its sites (previously owned by UKAEA and British Nuclear Fuels Limited (BNFL)) until current contracts with UK and overseas customers have been met, and to use the revenues to offset spend on decommissioning.

### Funding the NDA

The Government is committed to funding the full costs of the decommissioning and clean up of the civil nuclear liabilities arising at the NDA's sites. It is funded through the Consolidated Fund, with a mixture of grant and commercial income. Over time the contribution from income will reduce as productive units are progressively taken out of service.

### Purpose of the Statement

The purpose of the Statement is to ensure transparency with regards to the funding of the NDA's functions. The intention is that such transparency will give greater assurance to stakeholders of the Government's commitment to fund this essential activity, particularly those who might compete for NDA contracts (as the NDA's sites are opened up progressively to competition).

The Statement sets out the funding available within the Consolidated Fund for use by the NDA during 2005-06 on its activities. This is shown as credit balances. It also sets out the funding that the NDA drew down from the Consolidated Fund during that period, which is shown as debit balances.

The NDFA is a notional reflection of the funding available and used by the NDA. It contains no actual cash flows. The underlying funding is accounted for within the Consolidated Fund, the Department of Trade and Industry Consolidated Resource Accounts 2005-06 ([www.dti.gov.uk](http://www.dti.gov.uk)) and NDA Accounts 2005-06 ([www.nda.gov.uk](http://www.nda.gov.uk)).

## Secretary of State Determination and Statement of Policy

Under the Energy Act 2004 the Secretary of State must:

- Make a determination of the amount to be credited by him to the Statement under section 31(4)(c). This can be for more than one year. For 2005–06 he has determined that the amount for 2005–06 will also be the opening balance (section 31(2)) for the Statement. The determination is published on the DTI website and reproduced on page 8 of this document. As required under section 31(9) of the Act, Treasury consent was obtained for this determination.
- prepare a statement of his policy for crediting the Statement. This is published on the DTI website and reproduced on page 9. According to that the Secretary of State shall make such payments under section 31(4)(c) that he considers necessary to ensure that the minimum balance of the Account will not fall below the level determined under section 31(7)(b). The minimum credit balance has been set at £1.

The figure of £1 will allow the maximum amount to be remitted to the NDA by way of grant under section 22(1) of the Act while still leaving a credit balance in the account.

Together with any other amounts credited to the account (largely commercial receipts) the intention is that the total will be sufficient to fund the NDA's activities (as set out in its relevant annual plan as agreed by the Secretary of State) during the relevant financial year.

### The Statement of the Nuclear Decommissioning Funding Account 2005–06

The Statement for 2005–06 on page 5 shows that the NDA did not need to draw down all the available funding for 2005–06 to meet its in year payments.

When setting his determination for 2006–07 funding, the Secretary of State will consider the balance remaining on the Statement, which is well above the minimum required to be carried forward into the 2006–07 financial year.

**Signed by:**

**Brian Bender**  
**Accounting Officer**  
8 May 2007

## Statement of Nuclear Decommissioning Funding Account for 2005-06

|   | Funding<br>used<br>(Debits)<br>£m | Available<br>Funding<br>(Credits)<br>£m |
|---|-----------------------------------|---|
| Opening balance & 2005-06 Determination                             |                                   | 1,162 <sup>1</sup>                      |
| Commercial receipts   |                                   | 1,366                                   |
| Transfer of BNFL's cash to fund creditors<br>transferred to the NDA |                                   | 472                                     |
| <b>Total available funding</b>                                      |                                   | 3,000                                   |
| Grant in Aid drawn down   | 773                               |   |
| Other receipts drawn down   | 1,669                             |   |
| <b>Total funding drawn down from the<br/>Consolidated Fund</b>      | 2,442                             |   |
| <br><b>Balance</b>  |                                   | 558                                     |
| <b>Comprising:</b>  |                                   |   |
| Cash at NDA   |                                   | 169                                     |
| Grant in Aid balance  |                                   | 389                                     |
|   |                                   | 558                                     |

1. The determination (see page 8) set out that the Grant in Aid available to the NDFA for 2005-06 was for £1,177.3m. Subsequently, the DTI reduced the amount by £15m to fund UKAEA obligations.

**Signed by:**

**Brian Bender**  
**Accounting Officer**  
8 May 2007

# Report of the Comptroller and Auditor General to the Houses of Parliament

## Introduction

1. The Nuclear Decommissioning Authority was established under the Energy Act 2004. The Authority's prime objective is to oversee and monitor the decommissioning, and clean-up, of the UK's civil nuclear legacy
2. Under section 31(1) of the Energy Act 2004, and for the purpose of ensuring transparency in respect of funding for carrying out the Nuclear Decommissioning Authority's functions, the Secretary of State is required to establish and maintain an account, the Nuclear Decommissioning Funding Account.

## Statement of the Nuclear Decommissioning Funding Account

3. The Secretary of State is responsible for preparing a statement of the Nuclear Decommissioning Funding Account in accordance with section 32(1) of the Energy Act 2004 showing balances as required under section 32(2).
4. My responsibility, under section 32(5) of the Act, is to examine and report to Parliament on the statement of the Nuclear Decommissioning Funding Account prepared by the Secretary of State.

## Scope of work

5. Our examination is limited to ensuring that the balances disclosed in the Statement are consistent with the:
  - Nuclear Decommissioning Funding Account Determination, under Section 31(4) of the Energy Act 2004, for the relevant year; and
  - Nuclear Decommissioning Authority's audited accounts for that year.

We also review the Foreword for consistency with the Energy Act.

6. This engagement does not amount to a statutory audit of financial statements and can not be relied upon to disclose all misstatements, fraud or errors that might exist.

## Results of Examination

7. Following my examination, I am satisfied that the statement shows the funding available to, and funding used by, the Nuclear Decommissioning Authority in connection with its activities during 2005-06. The balances included in the statement are consistent with those audited within the Authority's 2005-06 financial statements (HC1416 2005-06).
8. The opening balance is that determined by the Secretary of State in March 2006 under Sections 31(2) and (4) of the Energy Act 2004, as set out in URN 06/1714 published on the Department of Trade and Industry's website. All disclosures required under section 32 of the Act have been satisfactorily included.

9. The maintenance and integrity of the Department's website is the responsibility of the Accounting Officer. The work carried out by the National Audit Office does not involve consideration of these matters and, accordingly, the National Audit Office accepts no responsibility for any changes that may have occurred to the Statement since it was initially presented on the Department's website.

**John Bourn**  
**Comptroller and Auditor General**

**National Audit Office**  
**157-197 Buckingham Palace Road**  
**Victoria, London**  
**SW1W 9SP**

23 May 2007

**Nuclear Decommissioning Funding Account Determination  
under Section 31(4) of the Energy Act 2004 And Opening  
Balance**

As required by section 31(5)(d) of the Energy Act 2004 (the “Act”), I am publishing the determinations I have made for the purposes of section 31(4)(c) in accordance with the statement to the House on 7 December 2004 (Column 86WS) under section 31(6)(a) of the Act, which sets out my policy with regard to the determination of amounts to be credited to the Nuclear Decommissioning Funding Account (“NDFA”) under section 31(4)(c) of the Act.

Determination under section 31(4)(c) of the Energy Act 2004:

1. I hereby determine that the amount to be credited to the NDFA in relation to the financial year 1 April 2005 to 31 March 2006 under section 31(4)(c) of the Act is £1,177.3 million\*
2. I hereby determine, in accordance with section 31(2) of the Act that the amount referred to in paragraph 1 above shall be the opening balance of the NDFA.

\*The £1,177.3 million is made up of £926.9m on resource and £250.4m capital.

Additional funding for the NDA will come from commercial receipts from the productive units owned by the NDA since the 1st April 2005. These will be credited to the NDFA in arrears under s31 (4)(b). Forecast receipts for 2005/06 are some 1.1 billion

Secretary of State for Trade and Industry  
March 2006

## **Nuclear Decommissioning Funding Account**

Statement on behalf of the Secretary of State for Trade and Industry on the policy for determining amounts to be credited to the Nuclear Decommissioning Funding Account

I am making this revised statement as required by section 31(6) of the Energy Act 2004 ('the Act') following the conclusion of the EC Commission investigation into notified State aid to the Nuclear Decommissioning Authority and the consequent unwinding of the transitional funding arrangements for the NDA that were put in place to allow it to get on with its work during the EC investigation.

1. In determining the amounts to be credited to the Nuclear Decommissioning Funding Account ("NDAFA") under section 31(4)(c) of the Act, the following policy applies:

Basis upon which determinations for the purposes of section 31(4)(c) are to be made

2. Determinations for the financial year 2006-7 and subsequent years (until any revision of this policy) shall be such amounts as the Secretary of State considers necessary to ensure that the minimum balance of the Account will not fall below the level determined under section 31(7)(b).
3. For the purposes of section 31(7)(a) of the Act each such determination shall be made on the basis that the amount in question will, together with any other amounts credited to the account under section 31(4)(a), (b) or (d) be sufficient to fund the NDA's activities (set out in its relevant annual plan as agreed by the Secretary of State) during the financial year in question.

The minimum credit balance of the NDAFA

For the purposes of section 31(7)(b) of the Act, the minimum credit balance shall be £1. The basis on which this determination has been made is that the sums to be comprised in the determination in any financial year in accordance with paragraphs 2 and 3 above (combined with any other amounts credited under section 31(4)(a), (c) or (d)) are expected to be sufficient to fund the NDA's activities during the financial year in question. The figure of £1 will allow the maximum amount to be remitted to the NDA by way of grant under section 22(1) of the Act while still leaving a credit balance in the account.

### **Interpretation**

5. In this statement, unless the context otherwise requires, expressions defined in the Act have the meanings given to them by the Act.

Secretary of State for Trade and Industry  
March 2006





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