



Department for
Energy Security
& Net Zero

Nuclear Decommissioning Authority (“NDA”) Framework Document:

Non-departmental public body

July 2024

NDA Framework Document

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Introduction and background

1. Purpose of document

- 1.1. This framework document (the “Framework Document”) has been agreed between the Department for Energy Security and Net Zero (“DESNZ”) as the “Sponsor Department”, and the Nuclear Decommissioning Authority (“NDA”), in consultation with UK Government Investments Limited (“UKGI”) as the “Shareholder Representative”, and the Scottish Government (“SG”), and in accordance with HM Treasury’s handbook Managing Public Money¹ (“MPM”) (as updated from time to time) and has been approved by HM Treasury (“HM Treasury” or “the Treasury”).
- 1.2. The Framework Document sets out the broad governance framework within which the NDA and its Sponsor Department, DESNZ, operate, including where UKGI operates on the Sponsor Department’s behalf as Shareholder Representative (as described in sections 10.5 and 10.6). It sets out the NDA’s core responsibilities, describes the governance and accountability framework that applies between the roles of the Sponsor Department, NDA, Shareholder Representative, and the Scottish Government and sets out how the day-to-day relationship works in practice, including in relation to governance and financial matters.
- 1.3. The document does not convey any legal powers or responsibilities but all parties agree to operate within its terms. This Agreement is subject to and complements all legal and regulatory requirements applicable to the NDA and the NDA group, including but not limited to the Energy Act 2004 (“the Act”) and any directions made under the Act, and the Nuclear Installations Act 1965. In the event of conflict between this Framework Document and any legal or regulatory requirements, those legal or regulatory requirements will prevail.
- 1.4. References to the NDA concern the non-departmental public body created by the Energy Act 2004. References to the “NDA group” include all of NDA’s subsidiaries and joint ventures that are classified to the public sector and central government for national accounts purposes. If the NDA establishes a subsidiary or joint venture, there shall be a document setting out the arrangements between it and the NDA agreed with DESNZ. As at the date of this Agreement those organisations are listed in Annex C below.
- 1.5. Copies of this document and any subsequent amendments have been placed in the libraries of both Houses of Parliament and made available to members of the public on the NDA’s website (www.nda.gov.uk).
- 1.6. This Framework Document should be reviewed and updated every 3 years unless there are exceptional reasons that render this inappropriate that have been agreed with HM Treasury and the Principal Accounting Officer of DESNZ. The latest date for review and updating of this document is 31 May 2027.

¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1000670/MPM_Sp_ring_21_with_annexes_080721.pdf

2. Objectives

- 2.1. DESNZ and the NDA share the common objective of cleaning up the UK's earliest nuclear sites safely, securely and cost effectively with care for people and the environment. To achieve this the NDA and DESNZ will work together in recognition of each other's roles and areas of expertise, providing an effective environment for the NDA and the NDA group to achieve its objectives through the promotion of partnership and trust and ensuring that the NDA group also supports the strategic aims and objectives of DESNZ and wider government as a whole.

3. Classification

- 3.1. The NDA has been classified as a central government organisation by the ONS and HM Treasury Classifications Team.
- 3.2. The NDA has been administratively classified by the Cabinet Office as a non-departmental public body ("NDPB").

Purposes, aims and duties

4. Purposes

- 4.1. The NDA is an NDBP sponsored by DESNZ and established under the Act. The Act sets out the NDA's **'functions'** (what it was created to do), **'powers'** (the things it is permitted to do when delivering its functions) and **'duties'** (what it must do when fulfilling its functions).
- 4.2. The NDA delivers through its Operating Companies which are a part of the wider NDA group and are set up to deliver core nuclear decommissioning activities and operations. They are set up as limited liability companies created and regulated by the Companies Act 2006. These are shown in the diagram in Annex C, (the "Operating Companies"). The NDA and each of its Operating Companies have agreed an Interface Agreement that details the mutual obligations and requirements that flow down from the Act, this Framework Document, and government.
- 4.3. The NDA will not make day to day decisions for the Operating Companies, which have their own legal duties, but will provide strategic oversight and direction to enable and support mission delivery. The NDA will carry out assurance on the activities of the Operating Companies in order to confirm compliance with the NDA's own legal duties and with government expectations under this Framework Document. The NDA is responsible for accounting to DESNZ for the activities of the NDA group.
- 4.4. The NDA is also responsible to Scottish Ministers for some aspects of their work in Scotland as outlined at sections 10.7 and 10.8.

5. Powers and duties

- 5.1. The NDA's general duties and powers stem from sections 9 and 10 respectively of the Act. Other specified duties and responsibilities related to the NDA are covered elsewhere in the Act. This Framework Document has summarised the NDA's aims and duties at a high level below but, as per paragraph 1.3 above, in the event of conflict the Act will take precedence.
- 5.2. In summary, the NDA's statutory duties are to:
 - produce a Strategy, an Annual Plan (the "Business Plan") and an annual report
 - have regard to government policy, the need to safeguard the environment, the need to protect persons from risks to their health and safety from keeping or transporting hazardous material, and to preserve nuclear security
 - promote and maintain a skilled workforce for nuclear decommissioning
 - secure value for money and promote effective competition in dealings with others
 - secure the adoption of good practice from those that control its designated sites
 - act in a way that it considers is most beneficial to the public

- 5.3. The NDA's statutory functions are set out in the Act and in designation directions issued by the government.
- 5.4. In summary the NDA's statutory powers to carry out its functions include such things as the power to:
- apply for and hold nuclear site licences, registrations and environmental permits
 - enter into contracts
 - acquire or establish subsidiaries to carry out its functions on its behalf
 - use its facilities for carrying out research
 - make grants or loans to persons undertaking activities that benefit the social or economic life of communities near designated sites, or for research into matters in relation to the decommissioning of nuclear sites
 - operate electricity generating stations

6. Aims

- 6.1. The NDA's strategic aim is to clean up the UK's earliest nuclear sites safely, securely and cost effectively with care for people, communities and the environment. The NDA is committed to overcoming the challenges of nuclear clean-up and decommissioning, leaving its sites safe and ready for their next use.
- 6.2. The NDA has a strategic view through all stages of the waste management chain and is also responsible for delivering geological disposal for higher activity waste, which is considered to be a critical requirement in order to complete the NDA's lifetime mission. The NDA will provide support and work collaboratively with the Ministry of Defence in order to identify, and where appropriate deliver on, opportunities for the efficient management of government nuclear liabilities. The NDA will further work with the Scottish Government to implement its policy for the long-term management of higher activity waste in near-surface facilities, as is Scottish Government policy.
- 6.3. More detail on responsibilities can be found in the NDA's Business Plan (as described in Section 25). From time to time the NDA may agree additional responsibilities, within its strategic aims, with government in order to fulfil broader policy objectives. In all cases, notification shall be given by or to the Sponsor Department.

Governance and accountability

7. Governance and accountability

- 7.1. The NDA shall ensure that the NDA group operates corporate governance arrangements that, so far as practicable and in the light of the other provisions of this Framework Document or as otherwise may be mutually agreed, accord with good corporate governance practice and applicable regulatory requirements and expectations.
- 7.2. In particular (but without limitation), the NDA should:
- comply with the principles and provisions of the Corporate Governance in Central Government Departments Code of Good Practice² (as amended and updated from time to time, the “Code”) to the extent appropriate and in line with their statutory duties or specify and explain any non-compliance in its annual report; in addition NDA complies with the UK Corporate Governance Code insofar as it is applicable
 - comply with MPM
 - in line with MPM have regard to the relevant Functional Standards³ as appropriate and in particular those concerning Finance, Commercial and Counter Fraud
 - take into account the codes of good practice and guidance set out in Annex A of this Framework Document, as they apply to ALBs
- 7.3. In line with MPM Annex 3.1 the NDA shall provide an account of NDA group corporate governance in its annual governance statement including the NDA Board’s assessment of its compliance with the Code with explanations of any material departures. To the extent that the NDA does intend to materially depart from the Code, the Sponsor Department should be notified in advance.

² <https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017>

³ <https://www.gov.uk/government/collections/functional-standards>

Role of the department

8. The responsible Minister

- 8.1. The Secretary of State for DESNZ is the responsible Minister (“the Minister”) accountable to Parliament for all matters concerning the NDA group.
- 8.2. The Minister’s statutory powers in respect of the NDA are set out in Chapter I of the Act, Chapter 1.
- 8.3. These include:
 - Designating installations, sites and facilities (jointly with Scottish Ministers where the installations are in Scotland), with the effect that the NDA becomes responsible for clean-up and decommissioning (section 3 of the Act)
 - Setting the UK government’s policy on nuclear decommissioning and nuclear waste management and disposal (to which the NDA must have regard, by virtue of section 9 of the Act)
 - Agreeing the framework within which the NDA and its group will operate, through the approval by the Secretary of State and laying before Parliament, in accordance with the Act, of the NDA’s Business Plan (which satisfies the NDA’s obligations to produce an “Annual Plan” as required by section 13 of the Act)

Appointments to the Board

- 8.4. The Group Chief Executive Officer of the NDA is appointed by the non-executive members of the Board under section 2(3) of the Act, with the approval of the Minister who must first consult with Scottish Ministers. This appointment is subject to the Public Appointments Order in Council and as such must comply with the Governance Code on Public Appointments.
- 8.5. Appointments to the NDA Board shall be led by the Shareholder Representative in accordance with the Governance Code on Public Appointments. The Minister shall have the following appointment and approval rights in relation to the NDA Board:
 - The NDA Chair and non-executive members of the NDA Board are appointed by the Minister in consultation with Scottish Ministers under section 2(2) of the Act. These appointments are subject to the Public Appointments Order in Council and as such must comply with the Governance Code on Public Appointments
 - All such appointments should have regard to the principle that appointments should reflect the diversity of the society in which we live, and appointments should be made taking account of the need to appoint boards which include a balance of skills and backgrounds
 - The Minister is responsible for setting the remuneration for the NDA Chair and other NDA non-executive members (the Act, Schedule 1, paragraph 2)

Other Ministerial powers and responsibilities

- 8.6. The Minister is also responsible for:
 - the policy framework within which the NDA group operates

- setting the framework within which the NDA group will operate including approving the NDA’s Strategy and Business Plan
- matters regarding spending approvals, acquisitions, disposals, and joint ventures in line with delegations as set out in the delegation letter
- issuing and revoking designating directions and making Nuclear Transfer Schemes in accordance with the Act (sections 3, 15-16 and 38-45 inclusive of the Act)
- determining the terms on which the NDA will have access to Grant-in-Aid for the purposes of discharging its duties and responsibilities (section 22 of the Act)
- maintenance of appropriate funding mechanisms (the Act, section 31)
- providing information to Parliament about the NDA group as required by the Act
- issuing Accounts Directions setting out the times by which NDA must have complied with its obligations in relation to its annual accounts (section 26(9) of the Act)
- laying the NDA’s Annual Report and Accounts before Parliament (sections 14 and 26 of the Act)
- such other matters as may be appropriate and proportionate

8.7. Scottish Ministers are accountable to the Scottish Parliament for the activities and performance of the NDA group in respect of which Scottish Ministers have statutory duties and responsibilities under the Act. Responsibilities include:

- in conjunction with the Minister, approving the NDA’s Strategy and Business Plan, to the extent that the Strategy or Business Plan covers the NDA group’s responsibilities relating to Scotland
- jointly with the Minister, issuing Directions and Designations relating to Scotland
- providing information to the Scottish Parliament about the NDA group and laying a copy of the NDA’s Strategy and Business Plan before the Scottish Parliament as provided by the Act
- laying the NDA’s Annual Report and Accounts before the Scottish Parliament
- being consulted by the Minister on: i. the appointment by the Minister of the NDA Chair and NDA non-executive members of the NDA Board; and ii. The Minister’s approval of the appointment of the Group Chief Executive of the NDA.

8.8. The Scottish Ministers are not responsible for:

- setting the pay and incentive structure for the NDA Chair and other NDA non-executive members of the NDA Board
- determining the terms on which the NDA will have access to grant-in-aid for the purposes of discharging its duties and responsibilities
- maintenance of appropriate funding mechanisms
- authorising NDA expenditure

9. The Principal Accounting Officer

9.1. The Principal Accounting Officer (“PAO”) is the Permanent Secretary of DESNZ.

PAO's specific accountabilities and responsibilities

- 9.2. The PAO designates the NDA Group Chief Executive as the NDA's Accounting Officer ("AO") and ensures that they are fully aware of their responsibilities. The PAO issues a letter appointing the AO, setting out their responsibilities and delegated authorities.
- 9.3. The respective responsibilities of the PAO and AOs for arm's length bodies ("ALBs") are set out in Chapter 3 of MPM.
- 9.4. The PAO is accountable to Parliament for the issue of any grant-in-aid to the NDA.
- 9.5. The PAO is also responsible, usually via the NDA Sponsorship Team or jointly with UKGI where UKGI operates as the Shareholder Representative, for advising the responsible Minister on:
 - an appropriate framework of objectives and targets for the NDA in the light of the Sponsor Department's wider strategic aims and priorities
 - an appropriate budget for the NDA in the light of the Sponsor Department's overall public expenditure priorities
 - how well the ALB is achieving its strategic objectives and whether it is delivering value for money
 - the exercise of the Ministers' statutory responsibilities concerning the NDA as outlined above
- 9.6. The PAO via the NDA Sponsorship Team, or jointly with UKGI where UKGI operates as the Shareholder Representative, is also responsible for ensuring arrangements are in place in order to:
 - monitor the NDA group's activities and performance
 - address significant problems in the NDA group, making such interventions as are judged reasonably necessary taking into account the legal and regulatory structure within which the NDA operates
 - periodically and at such frequency as is proportionate to the level of risk, carry out an assessment of the risks both to the Sponsor Department and the NDA's objectives and activities in line with the wider departmental risk assessment process
 - inform the NDA of relevant government policy in a timely manner
 - bring ministerial or departmental concerns about the activities of the NDA group to the full NDA Board, and, as appropriate to the DESNZ Board, requiring explanations and assurances that appropriate action has been taken

10. The role of the NDA Sponsorship Team

- 10.1. The NDA Sponsorship Team in the Sponsor Department is the primary contact for the NDA. The responsible senior civil servant for this relationship is the Director of Nuclear Power, Infrastructure and Decommissioning. They are the Senior Sponsor, and the main source of advice to the responsible Minister on the discharge of their responsibilities in respect of the NDA. They also support the PAO on their responsibilities toward the NDA.
- 10.2. Officials of the NDA Sponsorship Team in the Sponsor Department will liaise regularly with NDA counterparts to review performance against plans, achievement against targets and expenditure against its Departmental

Expenditure Limits (“DEL”) and Annually Managed Expenditure (“AME”) allocations. The team will also take the opportunity to explain wider policy developments that might have an impact on the NDA group.

10.3. The NDA Sponsorship Team is responsible for matters including, but not limited to the following:

- government policy in relation to civil nuclear decommissioning and radioactive waste management
- developing any relevant changes in UK legislation, as and when required, to support NDA-specific policy priorities

10.4. The Director General, Net Zero, Nuclear and International, of the Sponsor Department, is responsible for issuing NDA Delegations, including maintaining the financial control framework, with support from the NDA Sponsor Team in line with any guidance from the Sponsor Department Finance team.

The Role of the Shareholder Representative (UKGI)

10.5. The Shareholder Representative is responsible for discharging certain responsibilities of the Sponsor Department as ‘shareholder’ (as set out in more detail in Annex B) and will seek regular input from the Sponsor Department.

10.6. The Shareholder Representative shall:

- establish and maintain appropriate and effective corporate governance foundations which govern the Sponsor Department, Shareholder Representative and NDA’s relationship
- promote effective objectives, business planning and performance against the NDA’s Business Plan
- promote strong corporate capability
- promote effective leadership (high quality boards and senior management)
- promote effective relationships between the Sponsor Department and the NDA
- support and supplement the activities outlined above by providing an experienced Non-Executive Board Member (“the UKGI Shareholder Director”) on the NDA Board.

Devolved Administrations

10.7. Where, on devolved matters (which include waste and environmental management policy) the policy in Scotland or Wales may differ from that in England, the NDA group must act consistently with the policy in the jurisdiction in which it operates.

10.8. The Environmental Quality and Resilience Division, within the Environment and Forestry Directorate of the Scottish Government will advise on all matters devolved to Scotland, including:

- advising the Scottish Ministers at a strategic level of the NDA’s progress in achieving its objectives
- communicating the views of the Scottish Ministers and/or Scottish Government policy to the NDA and offering advice on the same

- issuing guidance from time to time to the NDA on specific Scottish matters
- collaborating to secure Scottish ministerial approval where this is a requirement of the Act

10.9. The Minister will inform the Cabinet of the Welsh Government of any significant changes to the NDA's priorities and objectives, on those changes that are relevant to Wales.

Contact and engagement between DESNZ, UKGI, the Scottish Government and the NDA

10.10. The NDA will assist DESNZ, the Scottish Government and UKGI in fulfilling their respective functions by responding in a timely manner to all reasonable requests for papers and other relevant information. Parties will avoid unnecessary duplication of work, creation of additional/new documents or additional business reviews wherever reasonably possible and/or where existing documents already exist.

10.11. The format for the provision of such information will be as agreed from time to time between DESNZ, UKGI, the Scottish Government and the NDA, such that UKGI is able to properly monitor and report the NDA group's performance to government.

10.12. In addition to routine, working-level contact between DESNZ, UKGI and the NDA, the parties acknowledge the importance of working together and continuous positive communication. Parties will avoid overlap and/or duplication wherever reasonably practicable.

11. Resolution of disputes between the NDA and the Sponsor Department

11.1. Any disputes between the Sponsor Department and the NDA group will be resolved in as timely a manner as possible. The Sponsor Department and the NDA will seek to resolve any such disputes through an informal process in the first instance. If this is not possible, then a formal process, overseen by the senior sponsor, will be used to resolve the issue. Failing this, the senior sponsor will ask the relevant policy Director General to oversee the dispute. They may then choose to ask the Permanent Secretary to nominate a non-executive member of the Sponsor Department's Board to review the dispute, mediate with both sides and reach an outcome, in consultation with the Secretary of State.

12. Freedom of Information requests

12.1. Where a request for information is received by either party under the Freedom of Information Act 2000, or the Data Protection Act 1998 or 2018, the party receiving the request will consult with the other party prior to any disclosure of information that may affect the other party's responsibilities.

13. Reporting on legal risk and litigation

- 13.1. Notwithstanding the provisions of any protocol agreed under the terms of 13.2 below, the NDA shall provide a quarterly update to the Sponsor Department and Shareholder Representative on the existence of any active litigation and any threatened or reasonably anticipated litigation across the NDA group. The parties acknowledge the importance of ensuring that NDA group legal risks are communicated appropriately to the Sponsor Department and Shareholder Representative in a timely manner.
- 13.2. In respect of each substantial piece of litigation involving the NDA group, the Sponsor Department, Shareholder Representative and NDA will agree a litigation protocol which will include specific provisions to ensure appropriate and timely reporting on the status of the litigation and the protection of legally privileged information transmitted to the sponsor to facilitate this. Until such time as a protocol is agreed, the parties will ensure that:
- material developments in the litigation are communicated to the Sponsor Department and Shareholder Representative in an appropriate and timely manner
 - the parties will respect the legally privileged nature of such NDA group communications and the status of privilege will be discussed and agreed between the parties. All legally privileged documents and information will be clearly marked as such and will not be circulated or shared with any additional parties in government without the original NDA group lawyer (from NDA or its Operating Companies as applicable) advising on appropriate steps to put in place to extend or manage privilege
 - individual employees handling the legally privileged documents will make themselves familiar with principles to which they must adhere to protect legal privilege
 - circulation of privileged information within government occurs only as necessary

The NDA governance structure

14. The NDA Group Chief Executive

Responsibilities of the NDA's Group Chief Executive Officer as Accounting Officer ("AO")

- 14.1. The NDA Group Chief Executive Officer as AO is personally responsible for safeguarding the public funds for which they have charge; for ensuring propriety, regularity, value for money and feasibility in the handling of those public funds; and for the day-to-day operations and management of the NDA. In addition, the AO should ensure that the NDA group is run on the basis of the standards, in terms of governance, decision-making and financial management, that are set out in Box 3.1 of MPM. These responsibilities include the below and those that are set in the AO appointment letter issued by the PAO of the Sponsor Department.
- 14.2. The Chief Executive Officers of each of the NDA's Operating Companies are legally responsible for the day to day operations and management of their Operating Companies and are also accountable to the AO for the delegations they receive from the AO, to ensure that the principles of MPM are complied with in the running of the Operating Company and to ensure that there are adequate controls and co-operation across the NDA group to enable the AO to discharge their responsibilities effectively.

AO responsibilities for accountability within the NDA

- 14.3. The AO may delegate the day-to-day administration of the accounting officer responsibilities to other members or employees of the NDA group. However, they shall not assign those personal policy responsibilities absolutely to any other person.
- 14.4. In the NDA the Group Chief Executive Officer is a member of the NDA Board and is also the AO and is therefore best placed to deliver in parallel both supporting the NDA Board in fulfilling NDA's legal duties under the Act, as well as personally delivering policy duties and HM Treasury expectations under MPM.
- 14.5. The AO will, with the approval of the NDA Board, record, document and maintain a comprehensive system of internal NDA group delegated authorities which are notified to all relevant staff within the NDA group, together with a system for regularly reviewing compliance with those delegations.

AO Responsibilities for accounting to Parliament and the public

- 14.6. AO responsibilities to Parliament and the public include:
- signing the accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Secretary of State

- preparing and signing a Governance Statement covering corporate governance, risk management and oversight of any local responsibilities, for inclusion in the annual report and accounts
- ensuring that effective procedures for handling complaints about the ALB in accordance with Parliamentary and Health Service Ombudsman's Principles of Good Complaint Handling are established and made widely known within the ALB and published on gov.uk
- acting in accordance with the terms of MPM and other instructions and guidance issued from time to time by the Sponsor Department, the Treasury and the Cabinet Office
- ensuring that as part of the above compliance they are familiar with and act in accordance with:
 - any governing legislation
 - this Framework Document
 - any delegation letter issued to the NDA as set out in paragraph 18.1
 - any elements of any settlement letter issued to the Sponsor Department that is relevant to the operation of the NDA group
 - any separate settlement letter that is issued to the NDA from the Sponsor Department
- ensuring they have appropriate internal mechanisms for monitoring, governance and external reporting regarding non-compliance with any conditions arising from the above documents
- giving evidence, normally with the PAO, when summoned before the PAC on the ALB's stewardship of public funds

AO Responsibilities to DESNZ

14.7. AO responsibilities to DESNZ include:

- establishing, in agreement with the Sponsor Department, the NDA's Strategy and Business Plan in the light of the Sponsor Department's wider strategic aims and agreed priorities
- informing the Sponsor Department of progress in helping to achieve the Sponsor Department's policy objectives and in demonstrating how resources are being used to achieve those objectives
- ensuring that timely forecasts and monitoring information on performance and finance are provided to the Sponsor Department; that the Sponsor Department is notified promptly if over or under spends are likely and that corrective action is taken; and that any significant problems whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the Sponsor Department in a timely fashion

AO Responsibilities to the NDA Board

14.8. The AO is responsible for:

- advising the NDA Board on the discharge of their responsibilities as set out in this Framework Document, in the Act, and in any other relevant instructions and guidance that may be issued from time to time
- advising the NDA Board on the NDA's performance compared with its aims and objectives
- ensuring that financial considerations are taken fully into account by the NDA Board at all stages in reaching and executing its decisions, and that financial appraisal techniques are followed

Managing conflicts

- 14.9. The AO should follow the advice and direction of the NDA Board, except in very exceptional circumstances with a clear cut and transparent rationale for not doing so.
- 14.10. The AO must take care that their personal responsibilities do not conflict with their duties as a board member. In particular, the AO should vote against any proposal which appears to cause such a conflict; it is not sufficient to abstain.
- 14.11. If the Chair or Board of the NDA is minded to instruct its AO to carry out a course inconsistent with their duties as AO, then the AO should make their reservations clear, preferably in writing. If the Board is still minded to proceed, the AO should then:
- ask the PAO of the Sponsor Department to consider intervening to resolve the difference of view, preferably in writing
 - if the Board's decision stands, seek its written direction to carry it out, asking the Sponsor Department to inform HM Treasury
 - proceed to implement without delay
 - follow the routine in paragraph 3.6.6 of MPM
- 14.12. Such conflicts should be brought to the attention of the PAO and the responsible Minister as soon as possible.

15. The NDA Board

Composition of the NDA Board

- 15.1. The NDA will have a board in line with good standards of corporate governance and as set out in the Act and in guidance as set out in Annex A. The NDA Board is responsible for ensuring the NDA group achieves the overall duties under the Act and the delivery of the NDA's mission, and to deliver the objectives, in accordance with the purposes as set out above, their statutory, regulatory, common-law duties and their responsibilities under this Framework Document. Detailed responsibilities of the NDA Board shall be set out in the NDA Board Terms of Reference and Schedule of Reserved Matters. Remuneration of the members of the NDA Board will be disclosed in line with the guidance in the Government Financial Reporting manual ("FRm").
- 15.2. The NDA Board will include a Chair, a Group Chief Executive and executive members that have a balance of skills and experience appropriate to directing the NDA's business. This will include as an executive and voting board member an appropriately qualified finance director as described in Annex 4.1 of MPM. The NDA Board should also include members who have experience relevant to the NDA's operations and should be capable of providing a sufficient level of support and challenge necessary for the discharging of the Board's fiduciary responsibilities. The NDA Board should include a majority of independent non-executive members to ensure that executive members are supported and constructively challenged in their role.

NDA Board Committees

- 15.3. The NDA Board may set up such committees as necessary for it to fulfil its functions. As is detailed below at a minimum this should include an Audit and Risk

Committee chaired by an independent and appropriately qualified non-executive member of the NDA Board.

- 15.4. While the NDA Board may make use of committees to assist its consideration of appointments, succession, audit, risk and remuneration it retains responsibility for, and endorses, most final decisions in all of these areas. The Chair should ensure that sufficient time is allowed at the NDA Board for committees to report on the nature and content of discussion, on recommendations, and on actions to be taken.
- 15.5. Where there is disagreement between the relevant committee and the NDA Board, adequate time should be made available for discussion of the issue with a view to resolving the disagreement. Where any such disagreement cannot be resolved, the committee concerned should have the right to report the issue to the NDA Sponsorship Team, PAO and responsible Minister. They may also seek to ensure the disagreement or concern is reflected as part of the report on its activities in the annual report.
- 15.6. The NDA Chair should ensure board committees are properly structured with appropriate terms of reference. The terms of each committee should set out its responsibilities and the authority delegated to it by the NDA Board. The NDA Chair should ensure that committee membership is periodically refreshed and that individual independent non-executive members of the NDA Board are not over-burdened when deciding the chairs and membership of committees.

Duties of the NDA Board

- 15.7. The NDA Board is specifically responsible for ensuring that the NDA group will comply with the requirements of the Act, and:
- being accountable to the Minister, and the Scottish Ministers in relation to devolved matters, for all aspects of the NDA and the NDA group's activities and performance
 - proposing, establishing and taking forward the NDA's Strategy and Business Plan consistent with the NDA's overall strategic direction and within the policy and resources framework determined by the Secretary of State
 - providing effective leadership of the NDA within a framework of prudent and effective controls which enables risk to be assessed and managed
 - ensuring the financial and human resources are in place for the NDA to meet its objectives
 - satisfying itself that the composition, leadership, and effectiveness of the operating company boards is fit for purpose to enable effective delivery of the mission, alongside strong and effective governance
 - reviewing management performance
 - ensuring that the NDA Board receives and reviews regular financial and management information concerning the management of the NDA group
 - ensuring that it is kept informed of any changes which are likely to impact on the strategic direction of the NDA Board or on the attainability of its targets, and determining the steps needed to deal with such changes and where appropriate bringing such matters to the attention of the responsible Minister and PAO via the executive team, NDA Sponsorship Team or directly

- ensuring that any statutory or administrative requirements for the use of public funds are complied with; that the NDA Board operates within the limits of its statutory authority and any delegated authority agreed with the Sponsor Department, and in accordance with any other conditions relating to the use of public funds
- ensuring that in reaching decisions, the NDA Board takes into account guidance issued by the Sponsor Department
- ensuring that as part of the above compliance they are familiar with:
 - this Framework Document,
 - any delegation letter issued to body as set out in paragraph 18.1
 - any elements of any settlement letter issued to the Sponsor Department that is relevant to the operation of the NDA group
 - any separate settlement letter that is issued to the NDA from the Sponsor Department
 - that they have appropriate internal mechanisms for the monitoring, governance and external reporting regarding any conditions arising from the above documents and ensure that the NDA Group Chief Executive and the NDA as a whole act in accordance with their obligations under the above documents
- demonstrating high standards of corporate governance at all times, including by using the independent NDA Audit, Risk and Assurance Committee (“ARAC”) to help the NDA Board to address key financial and other risks
- as required by the Act, appointing the NDA Group Chief Executive Officer with the approval by the Minister in consultation with Scottish Ministers. In consultation with the Sponsor Department the NDA Board will set performance objectives and remuneration terms linked to the objectives for the NDA Group Chief Executive Officer which give due weight to the proper management and use and utilisation of public resources.
- putting in place mechanisms for independent appraisal of the NDA Chair by the NDA non-executives. The outcome of which will be shared with the Shareholder Representative and inform, alongside other inputs as necessary, an annual evaluation of the performance conducted by the PAO or other senior DESNZ official.
- determining all such other things which the NDA Board considers ancillary or conducive to the attainment or fulfilment by the NDA of its objectives

15.8. The NDA Board should ensure that effective arrangements are in place to provide assurance on NDA group risk management, governance and internal control.

15.9. The NDA Board should make a strategic choice about the style, shape and quality of risk management and should lead the assessment and management of opportunity and risk. The NDA Board should ensure that effective arrangements are in place across the NDA group to provide assurance over the design and operation of risk management, governance and internal control in line with the Management of Risk – Principles and Concepts (The Orange Book)⁴. The NDA Board must set up an Audit and Risk Assurance Committee chaired by an

⁴ <https://www.gov.uk/government/publications/orange-book>

independent and appropriately qualified non-executive Board member to provide independent advice and ensure that the Sponsor Department's Audit and Risk Assurance Committee are provided with routine assurances with escalation of any significant limitations or concerns. The NDA Board is expected to assure itself of the adequacy and effectiveness of the risk management framework and the operation of internal control.

16. The NDA Chair's role and responsibilities

- 16.1. The NDA Chair is responsible for leading the NDA Board in the delivery of its responsibilities. Such responsibility should be exercised in the light of their duties and responsibilities as set out in their terms and conditions of appointment, the priorities in the chair's letter issued to them by the Sponsor Department, the Act, this document and the documents and guidance referred to within this document.
- 16.2. Communications between the NDA Board and the responsible Minister should normally be through the NDA Chair.
- 16.3. The NDA Chair is bound by the Code of Conduct for Board Members of Public Bodies⁵, which covers conduct in the role and includes the Nolan Principles of Public Life⁶.
- 16.4. In addition, the NDA Chair is responsible for:
 - ensuring, including by monitoring and engaging with appropriate governance arrangements, that the NDA's affairs are conducted with probity
 - ensuring that policies and actions support the responsible Minister's, and where relevant other Ministers' including those of the Devolved Administrations, wider strategic policies and where appropriate, these policies and actions should be clearly communicated and disseminated throughout the NDA group.
- 16.5. The NDA Chair has the following leadership responsibilities:
 - Overseeing the discharging of the NDA's statutory functions and duties, formulating the NDA Board's strategy and ensuring that in reaching decisions, the NDA Board complies with the Act
 - ensuring that the NDA Board, in reaching decisions, takes proper account of guidance provided by the responsible Minister, the Sponsor Department, or the Devolved Administrations
 - promoting the efficient and effective use of staff and other resources
 - delivering high standards of regularity and propriety
 - representing the views of the NDA Board to the general public and stakeholders

⁵ <https://www.gov.uk/government/publications/code-of-conduct-for-board-members-of-public-bodies>

⁶ <https://www.gov.uk/government/publications/the-7-principles-of-public-life>

16.6. The NDA Chair also has an obligation to ensure that:

- the work of the NDA Board and its members are reviewed and are working effectively including ongoing assessment of the performance of individual board members with a formal annual evaluation and more in-depth assessments of the performance of individual board members when being considered for re-appointment
- in conducting assessments that the view of relevant stakeholders including employees and the NDA Sponsorship Team are sought and considered
- the NDA Board has a balance of skills appropriate to directing the NDA's business and assuring the activities of the NDA group, and that all Board members including the NDA Chair and NDA Group Chief Executive Officer continually update their skills, knowledge and familiarity with the NDA group to fulfil their role both on the NDA Board and its committees. This will include but not be limited to skills and training in relation to financial management and reporting requirements, risk management and the requirements of board membership within the public sector
- members of the NDA Board are fully briefed on terms of appointment, duties, rights and responsibilities
- they, together with the other NDA Board members, receive appropriate training on financial management and reporting requirements and on any differences that may exist between private and public sector practice
- the responsible Minister is advised of the NDA's needs when NDA Board vacancies arise
- there is an operating framework in place for the NDA Board, consistent with the Act, setting out the role and responsibilities of the Board consistent with the Government Code of Good Practice for Corporate Governance
- there is a code of practice for NDA Board members in place, consistent with the Cabinet Office Code of Conduct for Board Members of Public Bodies

17. Individual NDA Board members' responsibilities

17.1. Individual NDA Board members should:

- comply at all times with the Code of Conduct for Board Members of Public Bodies, which covers conduct in the role and includes the Nolan Principles of Public Life as well as rules relating to the use of public funds and to conflicts of interest
- demonstrate adherence to the 12 Principles of Governance for all Public Body Non-Executive Directors as appropriate⁷
- not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations

⁷ <https://www.gov.uk/government/publications/public-bodies-non-executive-director-principles/12-principles-of-governance-for-all-public-body-neds>

- comply with the NDA Board's rules on the acceptance of gifts and hospitality, and of business appointments
- act in good faith and in the best interests of the NDA
- ensure they are familiar with any applicable guidance on the role of public sector non-executive directors and boards that may be issued from time to time by the Cabinet Office, HM Treasury or wider government

Management and financial responsibilities and controls

18. Delegated authorities

- 18.1. The NDA's delegated authorities are set out in a delegation letter. This delegation letter may be updated and superseded by later versions which may be issued by the Sponsor Department in agreement with HM Treasury.
- 18.2. In line with MPM Annex 2.2 these delegations will be reviewed on an annual basis.
- 18.3. The NDA shall obtain the Sponsor Department's and where appropriate HM Treasury's prior written approval before any part of the NDA group (unless it is specifically exempt):
- enters into any undertaking to incur any expenditure that falls outside the delegations or which is not provided for in the NDA's Business Plan as approved by the Sponsor Department
 - incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications
 - making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the Sponsor Department
 - making any change of policy or practice which has wider financial implications that might prove repercussive or which might significantly affect the future level of resources required
 - carrying out policies that go against the principles, rules, guidance and advice in MPM

19. Spending authority

- 19.1. Once the budget has been approved by DESNZ and subject to any restrictions imposed by the Act, the Minister's instructions, this document, HM Treasury settlement or delegation letters, the NDA shall have authority to incur expenditure approved in the budget without further reference to the Sponsor Department, on the following conditions:
- the NDA shall comply, and shall ensure that the NDA group complies, with the delegations set out in the delegation letter. These delegations shall not be altered without the prior agreement of the Sponsor Department and as agreed by HM Treasury and Cabinet Office as appropriate
 - the NDA shall comply, and shall ensure that the NDA group complies, with MPM regarding novel, contentious or repercussive proposals
 - inclusion of any planned and approved expenditure in the budget shall not remove the need to seek formal departmental approval where any proposed expenditure is outside the delegated limits or is for new schemes not previously agreed

- the NDA shall provide the Sponsor Department with such information about NDA group operations, performance, individual projects or other expenditure as the Sponsor Department may reasonably require.

20. Banking and managing cash

- 20.1. The NDA must maximise the use of publicly procured banking services (accounts with central government commercial banks managed centrally by Government Banking).
- 20.2. The NDA should only hold money outside Government Banking Service accounts where a good business case can be made for doing so and HM Treasury consent is required for each account to be established. Only commercial banks which are members of relevant UK clearing bodies may be considered for this purpose.
- 20.3. Commercial accounts where approved should be operated in line with the principles as set out in MPM.
- 20.4. The AO is responsible for ensuring the NDA has a banking policy as set out in MPM and ensuring that policy is complied with.

21. Procurement

- 21.1. The NDA shall ensure that its procurement policies are aligned with and comply with any relevant UK or other international procurement rules and in particular the Public Contracts Regulations 2015.
- 21.2. The NDA shall establish its procurement policies and document these in a Procurement Policy and Procedures Manual.
- 21.3. In procurement cases where the NDA group is likely to exceed its delegated authority limit, procurement strategy approval for the specific planned purchase must be sought from the Sponsor Department and HM Treasury and Cabinet Office as appropriate.
- 21.4. Goods, services, and works should be acquired by competition. Proposals to let single-tender or restricted contracts shall be limited and exceptional, and a quarterly report explaining those exceptions should be sent to the Sponsor Department.
- 21.5. Procurement by the NDA of works, equipment, goods, and services shall be based on a full option appraisal and value for money (VfM), i.e. the optimum combination and whole life costs and quality (fitness for purpose).
- 21.6. The NDA group shall:
 - engage fully with Sponsor Department and government wide procurement initiatives that seek to achieve VfM from collaborative projects
 - comply with all relevant Procurement Policy Notes issued by Cabinet Office
 - co-operate fully with initiatives to improve the availability of procurement data to facilitate the achievement of VfM

21.7. The NDA group shall comply with the commercial⁸ and grants standards⁹. These standards apply to the planning, delivery, and management of government commercial activity, including management of grants in all departments and ALBs, regardless of commercial approach used and form part of a suite of functional standards that set expectations for management within government.

22. Risk management

22.1. The NDA shall ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, and develop a risk management strategy, in accordance with the Treasury guidance Management of Risk: Principles and Concepts¹⁰.

23. Counter fraud and theft

23.1. The NDA should adopt and implement policies and practices to safeguard itself against fraud and theft.

23.2. The NDA should act in line with guidance as issued by the Counter Fraud Function and in compliance with the procedures and considerations as set out in MPM Annex 4.9 and the Counter Fraud Functional Standard¹¹. It should also take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter a contract or to provide grant or grant-in-aid.

23.3. The NDA should keep records of and prepare and forward to the Sponsor Department an annual report on fraud and theft suffered by the NDA and notify the Sponsor Department of any unusual or major incidents as soon as possible. The NDA should also report detected loss from fraud, bribery, corruption and error, alongside associated recoveries and prevented losses, to the counter fraud centre of expertise in line with the agreed government definitions as set out in Counter Fraud Functional Standard.

24. Staff

Broad responsibilities for staff

24.1. Within the arrangements approved by the responsible Minister and the Treasury the NDA will have responsibility for the recruitment, retention and motivation of its staff and will ensure that there are policies and strategies in place across the NDA group to meet the requirements in relation to retention of nuclear skills as set out in the Act. The broad responsibilities toward its staff are to ensure that:

- the rules for recruitment and management of staff create an inclusive culture in which diversity is fully valued; appointment and advancement is based on merit; there is no discrimination against employees with protected characteristics under the Equality Act 2010

⁸ <https://www.gov.uk/government/publications/commercial-operating-standards-for-government>

⁹ <https://www.gov.uk/government/publications/grants-standards>

¹⁰ http://www.hm-treasury.gov.uk/orange_book.htm

¹¹ <https://www.gov.uk/government/publications/government-functional-standard-govs-013-counter-fraud>

- the level and structure of its staffing, including grading and staff numbers, are appropriate to its functions and the requirements of economy, efficiency and effectiveness
- the performance of its staff at all levels is satisfactorily appraised and the NDA performance measurement systems are reviewed from time to time
- its staff are encouraged to acquire the appropriate professional, management and other expertise necessary to achieve the NDA's objectives
- proper consultation with staff takes place on key issues affecting them
- adequate grievance and disciplinary procedures are in place
- whistle-blowing procedures consistent with the Public Interest Disclosure Act are in place
- a code of conduct for staff is in place based on the Cabinet Office's Model Code for Staff of Executive Non-departmental Public Bodies¹².

Staff costs

24.2. Subject to its delegated authorities, the NDA shall ensure that the creation of any additional posts does not incur forward commitments that will exceed its ability to pay for them.

24.3. Each year the NDA shall provide the Sponsor Department with a remuneration report for the prior year to support the assessment of affordability, sustainability, and value for money.

Pay and conditions of service

24.4. The NDA staff are subject to levels of remuneration and terms and conditions of service (including pensions) within the general pay structures, quotas, and exemptions already approved, or which may be approved, by the Sponsor Department and the Treasury. The NDA has no delegated power to amend these terms and conditions.

24.5. Staff terms and conditions should be set out in an Employee Handbook, which should be provided to the Sponsor Department together with subsequent amendments.

24.6. Except insofar as specific quotas and exemptions apply, records of which shall be maintained by NDA and DESNZ, the NDA shall abide by public sector pay controls, including the relevant approvals process dependent on the organisations classification as detailed in the Senior Pay Guidance¹³ and the Public Sector Pay and Terms Guidance¹⁴.

24.7. The NDA shall operate a performance-related pay scheme that shall form part of the general pay structure approved by the Sponsor Department and HM Treasury.

¹²https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/80082/PublicBodiesGuide2006_5_public_body_staffv2_0.pdf

¹³<https://www.gov.uk/government/publications/senior-civil-service-pay-and-reward>

¹⁴<https://www.gov.uk/government/publications/public-sector-pay-and-terms-guidance-note>

24.8. The travel expenses of members of the NDA Board shall be tied to the rates allowed to staff of the NDA. Reasonable actual costs shall be reimbursed.

Pensions, redundancy and compensation

24.9. Compensation scheme rules and pension scheme rules should reflect legislative and HM Treasury guidance requirements regarding exit payments.

24.10. NDA staff shall normally be eligible for a pension provided by PCS or UKAEA, with staff in the Operating Companies being eligible for a range of other plans. Staff may opt out of the occupational pension scheme provided by the NDA, but employers' contributions to any personal pension arrangement, including stakeholder pension, shall not be provided.

24.11. Any proposal by the NDA to move from the existing pension arrangements, or to pay any redundancy or compensation for loss of office, requires the prior approval of the Sponsor Department. Proposals on severance must comply with the rules in chapter 4 of MPM.

Business plans, financial reporting and management information

25. The Business Plan

- 25.1. The NDA shall submit annually to the Sponsor Department, and the Scottish Government, a draft of the Business Plan covering three years ahead. The draft should be submitted no later than three months before the commencement of the first financial year to which it relates. The NDA shall agree with the Sponsor Department and Scottish Government the issues to be addressed in the plan and the timetable for its preparation. The plan shall reflect the NDA's statutory and/or other duties and, within those duties, the priorities set from time to time by the responsible Minister (including decisions taken on policy and resources in the light of wider public expenditure decisions). The plan shall demonstrate how the NDA contributes to the achievement of the Sponsor Department's medium-term plan and priorities and aligned performance metrics and milestones.
- 25.2. The first year of the Business Plan, amplified as necessary, shall be updated to include key targets and milestones for the year immediately ahead and shall be linked to budgeting information so that resources allocated to achieve specific objectives can readily be identified by the Sponsor Department. Subject to any commercial considerations, the Business Plan should be laid in both UK and Scottish Parliament, subject to Secretary of State and Scottish Ministers approval. The Business Plan will also be published by the NDA on its website and separately be made available to staff.
- 25.3. The following key matters should be included in the Business Plan:
- all matters listed for inclusion within the "Annual Plan" as required by Section 13 of the Act
 - key objectives and associated key performance targets for the forward years, and the strategy for achieving those objectives
 - key non-financial performance targets
 - a review of performance in the preceding financial year, together with comparable outturns for the previous 2-5 years, and an estimate of performance in the current year
 - other matters as agreed between the Sponsor Department and the NDA

26. Budgeting procedures

- 26.1. From time to time, in the light of decisions by the Sponsor Department on the updated draft Business Plan, the Sponsor Department will send to the NDA:
- an annual formal statement of the annual budgetary provision allocated by the Sponsor Department in the light of competing priorities across the Sponsor Department and of any forecast income approved by the Sponsor Department
 - a statement of any planned change in policies affecting the NDA
- 26.2. The approved annual Business Plan will take account both of approved funding provision and any forecast receipts. It will include a budget of estimated payments and receipts together with a profile of expected expenditure and of

draw-down of any departmental funding and/or other income over the year. These elements form part of the approved Business Plan for the year in question.

27. Grant-in-aid and any ring-fenced grants

- 27.1. Any grant-in-aid provided by the Sponsor Department for the year in question will be voted in the Sponsor Department's Supply Estimate and be subject to parliamentary control.
- 27.2. The grant-in-aid will normally be paid in monthly instalments on the basis of written applications showing evidence of need. The NDA will comply with the general principle, that there is no payment in advance of need. Cash balances accumulated during the course of the year from grant-in-aid or other Exchequer funds shall be kept to a minimum level consistent with the efficient operation of the NDA. Grant-in-aid not drawn down by the end of the financial year shall lapse. Subject to approval by Parliament of the relevant Estimates provision, where grant-in-aid is delayed to avoid excess cash balances at the year-end, the Sponsor Department will make available in the next financial year any such grant-in-aid that is required to meet any liabilities at the year end, such as creditors.
- 27.3. In the event that the Sponsor Department provides the NDA separate grants for specific (ring-fenced) purposes, it would issue the grant as and when the NDA needed it on the basis of a written request. The NDA would provide evidence that the grant was used for the purposes authorised by the Sponsor Department. The NDA shall not have uncommitted grant funds in hand, nor carry grant funds over to another financial year, unless otherwise agreed by the Sponsor Department and HM Treasury in exceptional circumstances.

28. Annual report and accounts

- 28.1. The NDA Board must publish an annual report of its activities together with its audited accounts after the end of each financial year. The NDA shall provide the Sponsor Department its finalised (audited) accounts by the date advised in the accounts production annual timetable each year in order for the accounts to be consolidated within the Sponsor Department's. A draft of the report should be submitted to the Sponsor Department two weeks before the proposed publication date. The accounts should be prepared in accordance with the relevant statutes and specific accounts direction issued by the Sponsor Department as well as FReM.
- 28.2. The annual report must:
 - Cover, as appropriate, any corporate, subsidiary or joint ventures under its control
 - comply with the FReM and in particular have regard to the illustrative statements for an NDPB¹⁵
 - outline main activities and performance during the previous financial year and set out in summary form forward plans.

¹⁵ <https://www.gov.uk/government/publications/government-financial-reporting-manual-2020-21>

28.3. Information on performance against key financial targets is included within the annual report and subject to the auditor's consistency opinion. The report and accounts shall be laid in Parliament and made available on the NDA website, in accordance with the guidance in the FReM.

29. Reporting performance to the Sponsor Department, Shareholder Representative, and the Scottish Government

29.1. The NDA shall operate management, information and accounting systems that enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in the Business Plan.

29.2. The NDA shall inform the Sponsor Department and Shareholder Representative of any changes that make achievement of objectives more or less difficult. It shall report financial and non-financial performance, including performance in helping to deliver Ministers' policies, major projects and procurements, and the achievement of key objectives on a monthly basis.

29.3. The NDA group's performance shall be formally reviewed by the Sponsor Department and Shareholder Representative substantively at least on a quarterly basis with senior officials and Ministers. NDA executives will meet with the Sponsor Department and Shareholder Representative on at least a monthly basis to review performance at a monthly governance meeting.

29.4. The responsible Minister, and separately Scottish Ministers, will meet the Chair and Group Chief Executive at least once a year.

29.5. The Second Permanent Secretary and other senior Civil Servants of the Sponsor Department and Shareholder Representative will meet the Chair and Group Chief Executive at least once a quarter.

29.6. The PAO, or a delegated senior Civil Servant, will meet the NDA Group Chief Executive Officer and NDA Chair at least once a year for an Annual Review Meeting. The Annual Review Meeting will discuss the annual performance of the NDA group, considering the NDA annual report and accounts information, the NDA Chair's self-assessment of performance, and other pertinent NDA group performance data.

30. Information sharing

30.1. The Sponsor Department has the right of access to all the NDA's records and personnel for any purpose including, for example, sponsorship audits and operational investigations.

30.2. The NDA shall provide the Sponsor Department and Shareholder Representative with such information about its operations, performance, individual projects or other expenditure as the Sponsor Department or Shareholder Representative may reasonably require.

30.3. The Sponsor Department and HM Treasury may request the sharing of data held by the NDA in such a manner as set out in central guidance except insofar as it is prohibited by law. This may include requiring the appointment of a senior official to be responsible for the data sharing relationship.

30.4. As a minimum, the NDA shall provide the Sponsor Department with information monthly that will enable the Sponsor Department satisfactorily to monitor:

- the NDA's cash management
- its draw-down of grant-in-aid
- forecast outturn by resource headings
- other data required for the Online System for Central Accounting and Reporting (OSCAR)
- data as required in respect of its compliance with any Cabinet Office Controls pipelines or required in order to meet any condition as set out in any settlement letter

Audit

31. Internal audit

31.1. NDA shall:

- establish and maintain arrangements for internal audit
- ensure that any arrangements for internal audit are in accordance with the Public Sector Internal Audit Standards (PSIAS) as adopted by HM Treasury¹⁶.
- ensure the Sponsor Department is satisfied with the competence and qualifications of the Head of Internal Audit and the requirements for approving appointments in accordance with PSIAS
- set up an audit committee of its board in accordance with the Code of Good Practice for Corporate Governance and the Audit and Risk Assurance Committee Handbook
- forward the audit strategy, periodic audit plans and annual audit report, including the NDA Head of Internal Audit opinion on risk management, control and governance as soon as possible to the Sponsor Department
- keep records of and prepare and forward to the Sponsor Department an annual report on fraud and theft suffered by the NDA and notify the Sponsor Department of any unusual or major incidents as soon as possible
- will share with the Sponsor Department information identified during the audit process and the Annual Audit Opinion Report (together with any other outputs) at the end of the audit, in particular on issues impacting on the Sponsor Department's responsibilities in relation to financial systems within the NDA.

32. External audit

32.1. The Comptroller & Auditor General (“C&AG”) passes the audited accounts to the Secretary of State who will lay the accounts together with the C&AG’s report before parliament.

32.2. As per section 4.2 the NDA has established Operating Companies as subsidiaries. The NDA will, in the light of the provisions in the Companies Act 2006, ensure that the C&AG has the option to be appointed auditor of those company subsidiaries that it controls and/or whose accounts are consolidated within its own accounts. The NDA shall discuss with the Sponsor Department the procedures for appointing the C&AG as auditor of the companies.

32.3. The C&AG:

- will consult the Sponsor Department and the ALB on whom – the NAO or a commercial auditor – shall undertake the audit(s) on his behalf, though the final decision rests with the C&AG
- has a statutory right of access to relevant documents, including by virtue of section 25(8) of the Government Resources and Accounts Act 2000, held by another party in receipt of payments or grants from the NDA
- will share with the Sponsor Department information identified during the audit process and the audit report (together with any other outputs)

¹⁶ <https://www.gov.uk/government/publications/public-sector-internal-audit-standards>

at the end of the audit, in particular on issues impacting on the Sponsor Department's responsibilities in relation to financial systems within the NDA

- will consider requests from departments and other relevant bodies to provide regulatory compliance reports and other similar reports at the commencement of the audit. Consistent with the C&AG's independent status, the provision of such reports is entirely at the C&AG's discretion

32.4. The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the NDA has used its resources in discharging its functions. For the purpose of these examinations the C&AG has statutory access to documents as provided for under section 8 of the National Audit Act 1983. In addition, the NDA shall provide, in conditions to grants and contracts, for the C&AG to exercise such access to documents held by grant recipients and contractors and sub-contractors as may be required for these examinations; and shall use its best endeavours to secure access for the C&AG to any other documents required by the C&AG which are held by other bodies.

Reviews and winding up arrangements

33. Review of NDA's status

33.1. The NDA will be reviewed as part of the wider Public Bodies Reviews programme, at a time determined by the Sponsor Department's ministers and their PAO. The date of the next review will be in 2024/25.

34. Arrangements in the event that the NDA is wound up

34.1. The Sponsor Department shall put in place arrangements to ensure the orderly winding up of the NDA. In particular it should ensure that the assets and liabilities of the NDA are passed to any successor organisation and accounted for properly. (In the event that there is no successor organisation, the assets and liabilities should revert to the Sponsor Department.) To this end, the Sponsor Department shall:

- have regard to Cabinet Office guidance on winding up of ALBs¹⁷
- have regard to the impact on site licence companies and their financial obligations under the Nuclear Installations Act 1965 and other regulatory requirements
- ensure that procedures are in place in the NDA to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residuary body
- specify the basis for the valuation and accounting treatment of the NDA's assets and liabilities
- ensure that arrangements are in place to prepare closing accounts and pass to the C&AG for external audit, and that, for non-Crown bodies funds are in place to pay for such audits. It shall be for the C&AG to lay the final accounts in Parliament, together with his report on the accounts
- arrange for the most appropriate person to sign the closing accounts. In the event that another ALB takes on the role, responsibilities, assets and liabilities, the succeeding ALB AO should sign the closing accounts. In the event that the Sponsor Department inherits the role, responsibilities, assets and liabilities, the Sponsor Department's AO should sign

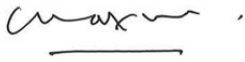
34.2. The NDA shall provide the Sponsor Department with full details of all agreements where the NDA or its successors have a right to share in the financial gains of developers. It should also pass to the Sponsor Department details of any other forms of claw-back due to the NDA.

¹⁷https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/690952/Public_Bodies_-_a_guide_for_departments_-_chapter_10.pdf

Signatures

Signed on behalf of the Department for Energy Security and Net Zero, the Scottish Government, the Nuclear Decommissioning Authority, and UK Government Investments

Signed



Clive Maxwell

Second Permanent Secretary for the Department for Energy Security and Net Zero

Signed



Anne Aitken

Deputy Director, Environmental Quality and Resilience, Scottish Government

Signed



David Peattie

Group Chief Executive, Nuclear Decommissioning Authority

Signed



Christopher Train

Interim Chair, Nuclear Decommissioning Authority

Signed



Charles Donald

Chief Executive, UK Government Investments

Date of Signatures:

17/05/2024

Annex A: Guidance

The NDA shall comply with the following guidance, documents and instructions:

Corporate governance

- This Framework Document
- The UK Corporate Governance Code:
<https://www.frc.org.uk/library/standards-codes-policy/corporate-governance/uk-corporate-governance-code/>
- Corporate Governance Code for Central Government Departments (relevant to Arm's Length Bodies) and supporting guidance:
<https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017>
- Code of conduct for Board members of Public Bodies:
<https://www.gov.uk/government/publications/code-of-conduct-for-board-members-of-public-bodies>
- Code of practice for partnerships between Departments and Arm's Length Bodies:
<https://www.gov.uk/government/publications/partnerships-with-arms-length-bodies-code-of-good-practice#:~:text=This%20code%20of%20good%20practice,partnership%20approach%20to%20shaping%20relationships.>

Financial management and reporting

- Managing Public Money (MPM):
<https://www.gov.uk/government/publications/managing-public-money>
- Government Financial Reporting Manual (FRM):
www.gov.uk/government/collections/government-financial-reporting-manual-frem
- Relevant Dear Accounting Officer (DAO) letters:
www.gov.uk/government/collections/dao-letters
- Relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts: <https://www.gov.uk/government/collections/whole-of-government-accounts>
- The most recent letter setting out the delegated authorities, issued by the parent department.

Management of risk

- Management of Risk: www.gov.uk/government/publications/orange-book and <https://www.gov.uk/government/publications/management-of-risk-in-government-framework>

- Public Sector Internal Audit Standards:
www.gov.uk/government/publications/public-sector-internal-audit-standards
- HM Treasury approval processes for Major Projects above delegated limits:
<https://www.gov.uk/government/publications/treasury-approvals-process-for-programmes-and-projects>
- The Government cyber-security strategy and cyber security guidance:
<https://www.gov.uk/government/publications/national-cyber-strategy-2022/national-cyber-security-strategy-2022> and
<https://www.gov.uk/government/collections/cyber-security-guidance-for-business>

Commercial management

- Procurement Policy Notes:
<https://www.gov.uk/government/collections/procurement-policy-notes>
- Cabinet Office spending controls:
<https://www.gov.uk/government/collections/cabinet-office-controls>
- Transparency in supply chains - a practical guide:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1040283/Transparency_in_Supply_Chains_A_Practical_Guide_2017_final.pdf

Public appointments

The following are relevant where public bodies participate in public appointments processes.

- Guidance from the Commissioner for Public Appointments:
<https://publicappointmentscommissioner.independent.gov.uk/>
- Governance Code on Public Appointments:
www.gov.uk/government/publications/governance-code-for-public-appointments
- Procurement Policy Note 08/15 – Tax Arrangements of Public Appointees:
<https://www.gov.uk/government/publications/procurement-policy-note-0815-tax-arrangements-of-appointees>

Staff and remuneration

- HM Treasury guidance on senior pay and reward:
www.gov.uk/government/publications/senior-civil-service-pay-and-reward
- Civil Service pay guidance (updated annually):
www.gov.uk/government/collections/civil-service-pay-guidance
- Public sector pay and terms: <https://www.gov.uk/government/publications/public-sector-pay-and-terms-guidance-note>

- Whistleblowing Guidance and Code of Practice:
<https://www.gov.uk/government/publications/whistleblowing-guidance-and-code-of-practice-for-employers>
- The Equalities Act 2010: www.gov.uk/guidance/equality-act-2010-guidance

General

- Freedom of Information Act guidance and instructions:
www.legislation.gov.uk/ukpga/2000/36/contents and <https://ico.org.uk/for-organisations/guide-to-freedom-of-information/>
- The Parliamentary and Health Service Ombudsman's Principles of Good Administration: <https://www.ombudsman.org.uk/about-us/our-principles>
- Other relevant instructions and guidance issued by the central Departments (Cabinet Office and HM Treasury)
- Recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and are relevant to [the ALB].
- Guidance from the Public Bodies team in Cabinet Office:
www.gov.uk/government/publications/public-bodies-information-and-guidance
- The Civil Service diversity and inclusion strategy (outlines the ambition, to which Arm's Length Bodies can contribute):
<https://www.gov.uk/government/publications/civil-service-diversity-and-inclusion-strategy-2022-to-2025>
- Guidance produced by the Infrastructure and Projects Authority (IPA) on management of major projects:
www.gov.uk/government/organisations/infrastructure-and-projects-authority
- The Government Digital Service:
www.gov.uk/government/organisations/government-digital-service
- The Government Fraud, Error, Debt and Grant Efficiency function;
www.gov.uk/government/collections/fraud-error-debt-and-grants-function and
www.gov.uk/government/publications/grants-standards
- Code of Practice for Official Statistics:
<https://code.statisticsauthority.gov.uk/#:~:text=The%20Code%20of%20Practice%20for%20Statistics%20sets%20the,produced%20by%20people%20and%20organisation%20that%20are%20trustworthy.>
- Accounting Officer System Statements (AOSS are produced by departments with input from ALBs): www.gov.uk/government/publications/accounting-officer-system-statements

Annex B: UKGI Shareholder Role

Establish and maintain appropriate and effective corporate governance foundations which govern the department-asset relationship

- I. work with the Sponsor Department and the NDA to **establish and maintain appropriate corporate governance documents and systems**, through up to date and fit for purpose governance documents, including Framework Documents, Articles of Association where relevant, Board Terms of Reference, and a Chair's letter

Promote effective objectives, business planning and performance against business plan

- II. assess and challenge the NDA's Business Plan from an owner's perspective, advising the Sponsor Department and the Minister on the clarity of the objectives, the quality of the Business Plan and the financial, and where relevant, commercial strength underpinning it, and its effectiveness as a tool for the NDA
- III. monitor and challenge the NDA and its Board as to the **performance** against its Business Plan or equivalent document, in terms of how the NDA is performing as an organisation (as opposed to monitoring the success of the policy delivery itself), and advise the Minister accordingly
- IV. if there is a UKGI Shareholder Director on the Board, challenge the NDA's Business Cases, and other HMG approvals outside the NDA's executive delegations, through that non-executive position on the NDA Board only (this will be limited to the degree of challenge that any non-executive Board member can provide). UKGI is not responsible for formally reviewing such business cases, providing advice to the Sponsor Department and Ministers, or obtaining HMG approval for Business Cases, unless explicitly agreed otherwise)

Promote strong corporate capability

- V. through the UKGI shareholder team, as well as the UKGI Shareholder Director on the NDA Board, promote the **strength of the NDA's governance systems which support organisational performance**, by providing high level challenge to the NDA (and its board), and comment to the Sponsor Department on:
 - a. governance framework compliance - defined as the NDA's view on its compliance with its governance framework (as set out in its Framework Document, delegated authorities, and any other specified governance documents)
 - b. the adequacy and strength of the NDA's reporting to the Sponsor Department on these issues

Promote effective leadership (high quality boards and senior management)

- VI. promote and advise the Sponsor Department on the **effectiveness of the NDA's leadership**, specifically through:
 - a. promoting high quality and diverse boards, challenging the Board's capability and effectiveness, and monitoring the NDA's succession planning
 - b. advising the Sponsor Department and Ministers on and implementing effective Board composition, recruitment, remuneration and appointment processes
 - c. the UKGI Shareholder Director acting as the shareholder non-executive Board member on the NDA Board
 - d. giving a view on the NDA's Board level executive capability in relation to its responsibilities, and remuneration

Promote effective relationships between the department and the NDA

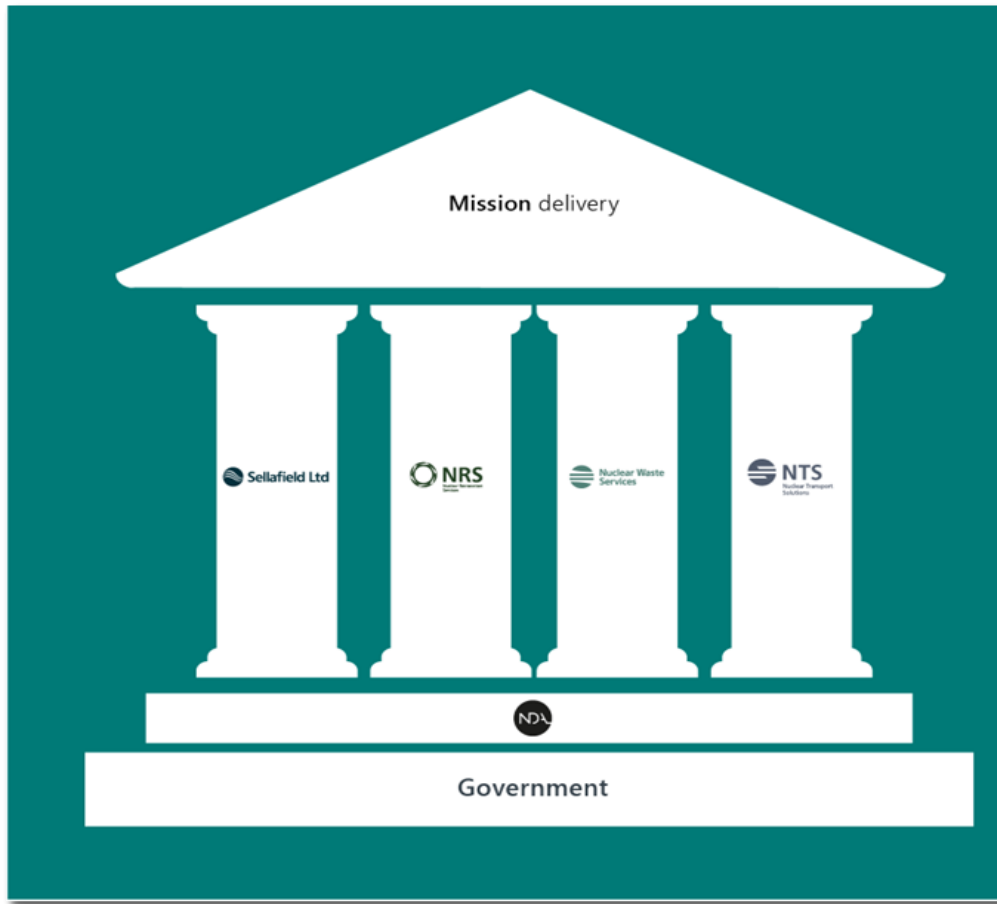
- VII. support effective relationships between the Sponsor Department and the NDA, including through:
 - a. (UKGI) building effective relationships with the NDA Board and senior management
 - b. promoting effective interfaces and communications between the Sponsor Department and the NDA, including through regular meetings
 - c. maintaining an effective regular meeting "rhythm" with the NDA Chair, Board and executive to ensure appropriate flow of management information between the NDA, UKGI and the Sponsor Department, including effective reporting to the Sponsor Department.

Supporting and supplementing the activities above by providing a Shareholder non-executive on the NDA board

- VIII. act as government shareholder representative on the NDA Board, through:
 - a. providing an appropriately skilled Board member to carry out the non-executive Board member role effectively, drawing on the support and analysis from the UKGI shareholder team
 - b. being a member of the NDA Remuneration Committee, Audit, Risk and Assurance Committee, and Nominations Committee
 - c. acting as an interlocutor between the Sponsor Department and the NDA Board
 - d. providing a view to the Sponsor Department on the strength of the NDA Board

Annex C: The NDA Group Structure

The four pillar model



Details of the Authority's subsidiaries are as follows:

Four Pillars	Subsidiaries	Office for National Statistics (ONS) Sector Classification	Nature of business
Sellafield Limited	Sellafield Limited	Central Government	Operation of nuclear licensed site
	Energus	Central Government	Training facilities in support of the nuclear estate
Nuclear Restoration Services (NRS)	Magnox Limited	Central Government	Operation of nuclear licensed sites
	Dounreay Site Restoration Limited	Central Government	Operation of nuclear licensed sites
Nuclear Waste Services (NWS)	Low Level Waste Repository Limited	Central Government	Operation of nuclear licensed site
	Radioactive Waste Management Limited	Central Government	Development of Geological Disposal Facility
Nuclear Transport Solutions (NTS)	Direct Rail Services Limited	Public Non-Financial Corporations	Rail transport services within the UK
	International Nuclear Services Limited	Public Non-Financial Corporations	Contract management and the transportation of spent fuel, reprocessing products and waste
	International Nuclear Services France SAS (i)	Public Non-Financial Corporations	Transportation of spent fuel (France)
	International Nuclear Services Japan KK (i)	Public Non-Financial Corporations	Transportation of spent fuel (Japan)
	Pacific Nuclear Transport Limited (i)	Public Non-Financial Corporations	Transportation of spent fuel, reprocessing products and waste

<i>Other entities within the NDA Group</i>	Rutherford Indemnity Limited	Central Government	Nuclear insurance
	North Highland Regeneration Fund (NHRF)	Central Government	Contributing to socio-economic development in the North Highland region
	NDA Archives Limited	Central Government	Operation of Nucleus – The Nuclear and Caithness Archive
	NDA Properties Limited	Central Government	Property management
	West Cumbria Energy Coast (Properties Limited)	Central Government	Contributing to the economic regeneration of West Cumbria
	West Cumbria Energy Coast (BEC)	Central Government	Contributing to the economic regeneration of West Cumbria
	West Cumbria Energy Coast (Workspace Limited)	Central Government	Contributing to the economic regeneration of West Cumbria

(i) Ownership through International Nuclear Services Limited

HM Treasury contacts

This document can be downloaded from www.gov.uk

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