

Roseacre Wood Community Liaison Group

Meeting: Fifth meeting Wednesday 23 July 2014

Venue: Boys Brigade Hall, Carr Lane, Treales, PR4 3SS

Time: 7.00 – 9.30 pm.

Attendees:

Heather Speak (Chair)

Joyce Stuart

Jane Barnes

Peter Marquis

Nigel Smith

Bob Haresceugh

Angela Livesley

Gordon Smith

Barbara Richardson

Liz Oades

Jim Thornley

Elizabeth Warner

Sam Schofield (Cuadrilla, Lancashire Communications & Public Affairs Manager)

James Adam (Cuadrilla, Bowland Project Delivery Manager)

Mark Kerr (Secretariat, PPS Group)

In attendance:

Arthur Roberts (Community Foundation for Lancashire)

James Proctor (Community Foundation for Lancashire)

| <i>Item</i> | <i>Action</i> |
|---|----------------------|
| <p>1.0 Welcome and introductions</p> <p>HS reported apologies from Mark Reed and Paul Hayhurst.</p> <p>2.0 Community Foundation for Lancashire</p> <p>It was agreed to take this item early in the meeting to allow AR and JP to leave as early as possible.</p> <p>AR introduced himself as the Chairman of the Community Foundation for Lancashire (CFL) and JP as a Community Philanthropy Manager.</p> <p>AR gave a brief overview of CFL then focussed on its approach to the Cuadrilla pilot project and JP detailed CFL's involvement in a similar project called Fair Share.</p> <p>AR explained he was a local resident having lived in the Fylde for over 25 years he had a background of over 35 years in the Nuclear Industry, and was one of the founder members of the CFL, which was established by Lord Shuttleworth. AR was initially involved as a trustee and has been Chairman for 8years.</p> <p>Community Foundations date back to the 1940 s where they were established in the USA for local people to help the local communities in which they lived</p> | |

and they have been active in the UK for over 20 years. Although perhaps little known, there are 46 Community Foundations (CF) in the UK which distributed £62m in 2013 to 20,000 recipient groups.

AR added that CFs were not an emergency service but they could respond in emergencies and during the recent floods in the south of the UK, CFs in the affected areas had distributed £1.75 million in flood relief. More locally he explained that four years ago when Cumbria and Cockermouth in particular was flooded the CF for Cumbria distributed several million pounds.

He explained that CFL was a registered charity and a company limited by guarantee. Its primary role was to facilitate and administer charitable giving and philanthropy on behalf of its fund holders. In its simplest form it could link any available resource, which is usually in the form of money, with a local social need. The fund holders were individuals, companies, family trusts and foundations. CFL distributes charitable grants and donations to individuals, community organisations, charities and social businesses.

CFL's aim was to meet local needs, tackle social issues and support community aspirations across a spectrum of themes including children, young people, families, older people, health and wellbeing, isolation and employment opportunities. It works with many prominent philanthropists providing back office support to their giving. It also works with a number of high profile companies on delivering their corporate social responsibility and philanthropy objectives and with separately registered charities to complement and support their work. Since 2007 CFL has awarded £9.7m in grants in Lancashire to over 2000 recipient groups with over 257,000 people benefitting and has built up an endowment pot of over £2 million.

AR added that the CFL had collected a considerable amount of data on community needs in Lancashire, including the Fylde through its Vital Signs research and this was available at:

<http://www.lancsvitalsigns.co.uk/>

(CFL presentation is at Appendix 1.)

In a wide ranging discussion the following points were raised:

- LO asked what constituted "local" and BR added that ward level was not local enough. AR commented that the geographical area that would qualify for the community benefit had not yet been defined but would be determined by the local grants panel of 7-9 local people and would be very local and specific. And that the criteria for deciding how the monies would be distributed would be agreed by the grants panel following community consultation.
 - The consensus of the meeting was that any decisions on where monies should go should be taken by local people with no outsiders involved.
 - AR confirmed that Cuadrilla wanted the money to go to local causes/interests.
 - NS thought that only those people directly impacted should benefit, it should not be a pot for requests from other causes. It should be compensation not a comfort blanket for all. JP commented that community grant programmes were usually designed with the
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objective of improving the community rather than for personal gain.

- EW identified that any community benefit should be seen as compensation to the detriment caused by the activity not as an act of benevolent kindness to the community.
 - NS asked if the 7-9 person local grant panel administering the £400k, 4-well monies would remain in place if the site moved to gas production and the 1% of revenue were triggered. AR explained that what was currently under consideration was a pilot scheme for three specific areas.
 - As the information had not yet been released AR was unable to answer GS's request for details of the other two pilot areas.
 - In response to GS's comment that RW and PNR were two distinctly different entities and should be treated accordingly, AR confirmed that there would be two separate grant panels.
 - SS identified UKOOG's community benefit charter of £100k per site but confirmed Cuadrilla's commitment to £100k per well (for up to 4 wells) on the PNR and RW sites. GS and NS commented that if the gas pressure proved enough Cuadrilla may not drill all four wells, thereby reducing the community benefit monies.
 - HS observed that that there was no real need to spend money on local community causes and feared the funds would go to groups further afield which not benefit those most directly affected. She commented that MPs, the Prime Minister and Government Ministers had all agreed that any financial benefits should go to those most affected.
 - JP confirmed that the local grant panel could agree not to fund causes outside the area.
 - GS asked if the seismic array sites would be included in the community benefit area. AR reaffirmed the area had not yet been defined and SS added that Cuadrilla wanted it to be very local including Treales and Roseacre Wood. He did not consider that the array sites would result in any real negative impacts.
 - EW asked if array site landowners had been compensated and SS explained that commercial terms had been agreed with those involved.
 - BH asked about individual loss caused by the drilling activity, e.g. noise, and asked if Cuadrilla would pay or be prepared to go to arbitration. JA explained that noise issues would be subject to enforcement by Environmental Health Officers.
 - BH did not consider this was good enough but SS added that three wells had previously been drilled in the Fylde without problems being experienced.
 - BR asked how compensation would be provided for the negative impact on local property prices. SS responded by saying there was no vehicle for such compensation payments to which LO suggested the precedent of HS2. SS followed up by saying that the Elswick well had not caused the concerns raised but NS thought that was on a different scale and a different type of drilling technology.
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- JA questioned the HS2 analogy saying that the property proximity compensation thresholds fell off quickly from 60m on a sliding scale to an outer limit of 300m.
- BH reaffirmed that property prices were a very real issue, using the example of someone who needed to move for career reasons during the relevant timeframe, and thought a clear steer was needed from Cuadrilla on the matter.
- HS suggested that a mortgage free house could lose £100k in value and that if the site went into production compensation should be paid to reflect this loss and the industry taking place in the immediate area. SS responded by confirming that Cuadrilla would not be buying people's homes but that if the consensus from the community was for a direct share of the revenue that this would be seriously considered.
- SS confirmed that if gas was sold to the grid during extended flow testing 1% of the revenues would be shared with the community.
- BH concluded that the CFL model had not adequately addressed the concerns of the CLG and LO asked what alternative there was to the CFL.
- SS repeated that no decisions had yet been taken on the process for distributing the community benefit monies and asked for alternative suggestions.
- GS asked how much was charged by CFL in administration costs and AR stated that these costs , typically c.8-12%, were met directly by Cuadrilla and did not come out of the of the potential £800k community benefit fund.
- GS thought these admin monies could fund an alternative vehicle for managing the funds, potentially the PC with paid expert advisors.
- JS queried the criteria to assess worthwhile causes and thought that a potential use for funding could be community transport provision for the elderly and other isolated people in the area.
- AL asked about Big Lottery Fair Share and it was agreed that the link would be included in the meeting minutes.

ALL

http://ukcommunityfoundations.org/programmes/fair_share_trust/

HS thanked AR and JP for their contribution and they left the meeting at 8.00 pm.

2.0 and 3.0 Minutes of previous meeting and matters arising

Minutes of the previous meeting

The minutes of the 2nd July 2014 meeting were approved subject to the following discussion:

Matters arising

Item 4.0: JA reconfirmed that Cuadrilla had no intention to re- frack and stated

that the design of the wells made this a hypothetical situation. However, he confirmed that LCC had stated that any re-fracking would require a new planning permission.

Item 6.0: Insurance – As requested SS confirmed that Cuadrilla had raised the issue again with Willis of providing details of the level of cover provided. SS reported that Willis had reconfirmed the cover was in the first quartile of comparable cover but that further information could not be made available.

Item 5.0: Noise: It was agreed that a noise assessment would be undertaken by Arup at the locations suggested by HS with the results reported to the CLG when available.

In response to GS' request for real time sound recordings of the actual noise produced by an exploration site, SS stated that Arup had looked into this but had been unable to find such data.

Item Centrica's role: It was agreed to carry forward to the next meeting Martin York's agreement to respond to the additional points GS had raised.

United Utilities (UU): In response to JB's query MK explained that UU had confirmed that under normal circumstances condition surveys were not undertaken when sewer laying work was undertaken. This was because it is usually done under the highway, so not close to properties. However, in relation to works requiring deeper excavations, closer to properties, it is sometimes the case that UU would arrange for an independent structural engineer to undertake a condition survey before work commences and on conclusion. This was done to ensure any claims of damage could be directly linked to the works.

UU added that there were no set criteria to trigger the surveys and that each case was looked at on its merits, but that it was usually bigger, more complex and deeper works in close proximity to buildings to which it applied. For example, UU's schemes in Preston and elsewhere which related to poorly maintained Victorian properties sometimes with sewers running beneath.

Specific regulations applied to pipe laying on private property with an industry code of practice to follow and that other specific regulations applied to utilities like UU which have a statutory responsibility to supply water and whose investment decisions are under the scrutiny of the industry's regulator Ofwat, none of which applied to other private companies.

Joint and several liability: SS confirmed that DECC is the regulator for onshore and offshore oil and gas, and so they are the body responsible and qualified to assess financial security for license obligations and liabilities – including EXL269.

As part of the acquisition of Elswick Energy Limited, DECC assessed the license and agreed with Centrica a guarantee from another wholly owned Centrica group company in respect of the obligations and liabilities of Elswick Energy Limited.

The guarantor, Centrica North Sea Gas Limited, holds a range of operated and non-operated UK North Sea operating and exploration licenses including Centrica's interests in the Cygnus and Chiswick gas fields.

So, the obligations and liabilities of Elswick Energy Limited are, as with all UK onshore and offshore licenses, borne by the licenses on a joint and several

SS/Arup

MY(Centrica)

basis – including Centrica North Sea Gas Limited.

Risk management: SS explained that Arup were working up a paper on the points raised at the previous meeting and these would be made available at the next meeting.

3d data: SS explained that the 3d data was supplied the UK Onshore Geophysical Library, a UK Government Agency.

Site drainage: JA explained that an overview of the drainage system that will form part of the Site, specifically to handle surface water from the well pad, is provided in Chapter 4 of the ES (Section 4.3.1, page 25 and section 4.5.4.2, pages 36-37). More detailed information about the drainage system and how it will operate is set out in Chapter 19 of the ES. Specifically, this is covered within section 19.7.1.2 (page 620) of the ES. The effects of the Site as a whole are assessed over the entire life of the Project. The conclusion from the assessment is that the Project would not give rise to a significant effect in terms of drainage or the risk from flooding. As such no further mitigation measures are necessary.

Works west of Elswick: BR confirmed that LCC have already looked into this issue and written to the resident to say it is nothing to do with Cuadrilla. However, LCC will not divulge what the works are as this is a confidential matter between the Council and the landowner.

The works are in a field, on the western edge of Elswick, which will be used for seismic monitoring - Array Monitoring Points H01, 147153 & 147160 on the Planning Application. A company spent a whole day digging 8 pits in the field, two of which have been left with a marker (monitoring well) and a small surface cover 6" in diameter under which there is a tap of some description.

The resident may take the matter further with LCC.

National Grid gas connection lighting: JA confirmed that there would not be any lighting on the compound's security fencing but there would be operational lighting when required to provide safe working conditions.

“Hot-tapping”: Following discussion about “hot-tapping” the National Grid gas pipeline and a question from BR about noise impacts and safety issues, JA agreed to provide further information at the next meeting.

Transport routes MOD/Inskip proposals: JA explained that discussions with the MOD and Babcock were progressing positively.

In response to a query from GS about **ANPR** being used to ensure all Cuadrilla traffic used the Inskip route, JA opined that it was not a practical option and PM identified that in any event it was the HGV traffic that was the issue.

LO added that residents in **Newton and Clifton** were particularly unhappy about the proposed route and did not feel they had been adequately consulted. SS emphasised that details of Cuadrilla's engagement included letters in April 2014 to the residents concerned and the hand delivery of two brochures the latest on 26th June and a number of attempts to engage with the PC. He added that Cuadrilla wanted to maintain a constructive dialogue and that communications would remain open to all residents.

GS asked if consideration had been given to **piping fluids off the site** rather

SS/Arup

JA

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| <p>than using HGVs. PM asked what would happen if it burst and JA opined that cross-country pipelines were vulnerable. SS thought it was a constructive suggestion and agreed to take it away for further consideration.</p> | SS/JA |
| <p>GS raised the question of green completions by containing and capturing methane to avoid flaring. JA suggested this would increase the HGV movements but JB thought that at Anna's Road the gas had been used to create electricity on site. JA identified that this required the use of gas fired generators.</p> | |
| <p>GS suggested this potential noise issue had not been covered in the ES/applications and that DECC/Arup had said that all issues (including all noise sources) should be included which meant the application was deficient.</p> | |
| <p>Cuadrilla donations: In responding to JB's request SS explained that the details of donations would not be made publically available to protect the identity of the recipients.</p> | |
| <p>In discussion HS suggested that Elswick had received a lot of money and that the sources should be made transparent to avoid problems further down the line. She added that there was some concern being expressed about PH's role in this as County Councillor for the area.</p> | |
| <p>PM countered that this information should be provided by the recipients of the funds to which EW agreed, adding that it was not an issue for Cuadrilla and that Elswick PC could be asked directly. JB identified that any donations should be recorded in the PC accounts.</p> | SS |
| <p>NS thought that the CLG should ask PH for the relevant details to avoid him being compromised. AL thought that there could be significant sums of money involved that should be going to compensate local people not causes further afield.</p> | |
| <p>SS identified that the sums involved were not comparable with the £100k per well community benefit for drilling each well but agreed to provide some clarity on the types of causes and the criteria used by Cuadrilla in deciding which causes to support.</p> | |
| <p>HS asked the secretariat to write to Elswick PC to ask what monies it had received from Cuadrilla.</p> | Secretariat |
| <p>4.0 Programme Update</p> | |
| <p>LCC & EA public consultation period extension: JA confirmed that Cuadrilla had agreed to LCC's request to extend the 3 week public consultation period to 12 weeks (an additional 9 weeks) but reminded members that LCC would accept comments up to the committee date. This had resulted in an extension to LCC's determination period to 22 weeks (from 16 weeks) with a determination target of 18 November. He advised that LCC had not yet set a committee date.</p> | JA |
| <p>JA also confirmed that LCC had received the majority of statutory responses.</p> | |
| <p>In addition, the EA had extended its first stage consultation period from 4 to 8 weeks with a resultant 4 week extension to the determination period.</p> | |
| <p>GS asked for details of Cuadrilla's additional discussions with LCC on outstanding issues and statutory consultee responses and JA agreed to report</p> | |

on this at the next meeting.

5.0 Community update

HSE presentation: JA asked for feedback on the HSE presentation on 15th July. JS and AL both confirmed it had been a valuable session which had allayed a number of concerns. The key points raised were:

- The claimed omission of Foxwood Chase houses from the EA
- Notification to the HSE of claimed issues at Anna's Road
- How the HSE had dealt with noise issues in Balcombe
- Concerns about self- regulation
- Concerns about the autonomy and independence from HMG of the HSE

Community benefit: BR identified concerns about the legacy issues from existing wells and EW highlighted concerns around compensation rather than community benefit.

SS responded by asking for preferred ideas on administering community benefit payments stating that on the basis of the earlier discussion the CLG appeared to favour payments to individuals rather than monies going to community interests or causes.

BR thought that the industry norm for compensation funding was 5-10% of revenue rather than the 1% on offer from the industry, particularly with the financial incentives on offer to the industry from HMG. JB supported this by suggesting that there was more funding available if tax was reduced from 60p to 30p per £1. SS agreed to provide more detail on this to the next meeting.

NS suggested the community had to decide what it wanted and in discussion the idea of the PC, with suitable expert advice, managing the process was floated. The cost of this could be met by the 8-10% admin charge levied by the CFL.

6. Any other business

No items were raised.

7. Date of next meeting

7.00 pm on Wednesday 3rd September.

Boys Brigade Hall, Carr Lane, Treales, PR4 3SS

SS

Appendix 1

Pre Permission Phase

- Dialogue UKOOG UKCF
- Dialogue Cuadrilla CFLM
- Data available
 - Vital signs
 - ARUP
 - Other databases at ward level
- Dialogue with rep groups
re process to be used and CFLM track record. Neutral position on shale.

CBF
Intension
Announced



Post Permission Pre Drilling

Establish:

- Community Benefit Fund steering group (process for membership selection)
- Agree area applicable for distribution of CBF (input from Cuadrilla, ARUP, Vital Signs)
- Criteria agreed for evaluating projects
- Process agreed for project application for funds

Permit/
Planning
Permission



Post Drilling

- Projects selected for approval
- Notification process
- Post project evaluation

Drilling Commences

