

## 14

DTI-Managed  
Liabilities**Introduction****Coal****Nuclear****Introduction**

**14.1** The Department manages, on behalf of the Government, **residual liabilities** arising from the coal and nuclear industries' past activities. These long-term commitments represent a significant part of the Department's budget.<sup>1</sup>

**Coal**

**14.2** The coal liabilities relate to **former British Coal employees** and to physical damage arising from pre-privatisation mining activities. The physical liabilities are managed by the Coal Authority, which is largely financed by the Department through grant-in-aid. The physical liabilities principally comprise responsibility for repairing subsidence damage caused by pre-privatised mining operations, the cleaning up of former British Coal property and minewater control.

**14.3** The liabilities in respect of former British Coal employees are covered by several programmes of which the most important are:

- ▲ **Health claims**, particularly claims for Chronic Obstructive Pulmonary Disease (COPD) and Vibration White Finger (VWF) which have been the subject of Court decisions. There are currently 96,000 COPD claims and nearly 56,000 VWF claims, and more continue to be received. On COPD the Department has paid over £40 million to some 18,000 claimants, mostly as interim payments but including over 1,300 full and final payments. On VWF we have settled over 11,000 claims and made over 4,600 interim payments totalling some £69 million.
- ▲ **Redundant Mineworkers Payment Schemes**, under which payments are made to certain men who left the industry prior to March 1987 aged 50 or more until their 65th birthday. Payments under this programme will terminate naturally in April 2002.
- ▲ **Concessionary fuel** (or cash in lieu). There are around 78,000 beneficiaries in receipt of concessionary fuel and 79,000 receiving cash in lieu.

**14.4** The **Coal Authority** is a Non-Departmental Public Body, which was established under the provisions of the Coal Industry Act 1994. Its activities are set out in the Treasury's annual report and its expenditure is summarised in Figure 14.1.

**14.5** In addition, the Department has **contingent liabilities** currently totalling around £17 billion under arrangements put in place at privatisation in 1994 whereby the Department guaranteed the solvency of the coal pension schemes.

<sup>1</sup> A full statement of DTI contingent or nominal liabilities (at 31.3.99) is set out in Annex B2.

## Nuclear

**14.6** The Department is responsible for a **decommissioning and radioactive waste management programme** which deals with nuclear liabilities on United Kingdom Atomic Energy Authority (UKAEA) and British Nuclear Fuels plc (BNFL) sites arising from the Government's past nuclear research. This programme is managed on behalf of the Department by UKAEA. The estimated undiscounted cost of dealing with UKAEA's nuclear liabilities is £7.9 billion. UKAEA is committed to carrying out all its responsibilities in a way which is safe and secure, environmentally responsible, provides value for money in terms of both liabilities management and competition and public acceptability.

**14.7** At the UKAEA's site at **Dounreay** in the North of Scotland, work is proceeding to address the recommendations of the **safety management** audit prepared in 1998 by the Health & Safety Executive and Scottish Environmental Protection Agency (SEPA). Additional staff have been employed to assist in the planning and implementation of this work. The new integrated site plan for Dounreay is on target for completion by September 2000 and this will provide firmer estimates for actions and the resulting expenditure needed to carry through the audit recommendations. The expenditure plans shown will need to be adjusted accordingly. The HSE and SEPA issued a progress report in September 1999 and stated that "overall they regard UKAEA's approach and progress on the Audit recommendations to be satisfactory at this stage". The House of Commons Trade and Industry Committee visited Dounreay on 1 November as a follow up to their investigation and report in 1998.

Figure 14.1 Expenditure on managing liabilities (£ million)

Main Supply Estimates 2000-01: Vote 1, Section E (Expenses related to nuclear provisions), Section F (Net expenses relating to coal provisions), Section L (British Coal Corporation external finance) and Section R (Privatisation expenses and refunds of pension adjustments).

	1998-99 Outturn	1999-00 Estimated Outturn	2000-01 Plans	2001-02 Plans
<b>Coal Authority</b>	34.7	34.0	29.0	20.0
<b>Ex-employee liabilities of British Coal Corporation and other liabilities transferred from British Coal</b>	0.001	147.7	288.5	244.7
of which:				
Ring Fenced <sup>a</sup>	-	65.7	221.2	180.5
Non Ring Fenced	-	82.0	67.3	64.2
<b>British Coal Corporation external finance<sup>b</sup></b>	6.1	7.0	3.0	0.2
<b>Coal Privatisation – indemnities</b>	2.3	12.6	10.1	8.1
<b>Managing nuclear liabilities</b>	285.0	194.3	178.3	188.3
of which:				
UKAEA Nuclear Decommissioning <sup>c</sup>	256.9	164.5	158.5	168.5
UKAEA grant-in-aid <sup>c</sup>	28.1	29.8	19.8	19.8

<sup>a</sup> These figures include receipts of 50% of the surpluses in the coal pension funds which are required under the Coal Industry Act 1994 to be paid into the consolidated fund except in so far as they may be retained to offset expenditure on liabilities inherited from British Coal. Under an arrangement agreed with Treasury in 1998 the receipts of surpluses and expenditure on health claims from 1999-2000 onwards are ring-fenced from other Departmental expenditure.

<sup>b</sup> This expenditure is also shown in Chapter 15 – The Public Corporations.

<sup>c</sup> Expenditure on this area is also shown in Chapter 9 – Energy.