

5 September 2016

FROM Treales, Roseacre and Wharles Parish Council

TOPIC Community Compensation

Dear Members of the APPG,

Thank you for inviting inputs into your review of Community Compensation

Introduction

We are Treales, Roseacre & Wharles Parish Council, located on the Fylde peninsula of Lancashire.

Our Parish includes onshore petroleum exploration licence areas EXL269 and PEDL 165, both now led by shell company subsidiaries of the 25 employee, mini-SME Cuadrilla Resources Ltd. This is backed by Chinese and Cayman Islands investment companies. A single conventional gas production well, Elswick-1, drilled in 1990 in the parish and now owned by Cuadrilla Resources has been reportedly out of production for over two years.

We have been the subject of proposals and planning applications to frack for shale gas from surface sites in the countryside rather than in locations provisioned by the local authority for heavy industrial activities such as fracking, since 2010.

Initially, in our ignorance, we supported a fracking site application in 2010, which was approved, but was not implemented by Cuadrilla. Subsequently, as a Council we have worked hard to understand benefits and adverse impacts arising from fracking and we conclude that in the applications before us they are not sustainable development. They unacceptably adversely affect our community and we object to them.

We have attempted to actively engage the licence holder Cuadrilla and their associates Centrica and ARUP; and District, County and National levels of Government. This has included our MP, Mr Menzies, DECC, EA, DEFRA, H&SE, MoD, DCLG, PHE, the Office of the Chief Scientist via the Secretary of State for BIS and the Chancellor of the Exchequer.

Safety, Environment and Economic Life Choices

We consider that, should it be possible to make a process safe and not adversely affect the environment, nor adversely affect the health, amenity and economic life choices of individuals and a community, in that event there would be no need for compensation.

We consider that the Government is not undertaking the most basic of management activities to address the issues associated with Shale Gas development, such that the process is not safe and the pollution control regime is not operating effectively. With evidence that the Treasury is promoting shale gas development and that the Chancellor has directed Departments with regulatory functions to implement shale gas development then the regulatory regime would appear to be utterly compromised. Compensation is therefore required and is not currently available.

Clearly, we would encourage the Government to address these issues first.

Surface works should only be located where such heavy industrial processes are already provisioned, designed and approved for by local authorities. Every town has specific provision for industrial and employment activities. Such locations will have the necessary utilities, HGV access routes and environmental and community protection. DECC (now BE&IS) has already acknowledged that the UK onshore hydrocarbon industry has demonstrated that target geologies can be accessed up to 11km offset from surface works, allowing those surface works to avoid inappropriate areas. (see link at Note 1) This was first demonstrated some two decades ago in the UK, so is a mature process for industry. It is therefore technically and commercially feasible to

establish the attractiveness of UK shale gas flows from such locations designed and approved for such heavy industrial processes, once a satisfactory regulatory regime is in operation.

Before this, the Government still needs to fully comply with the recommendations of the studies commissioned by the Government's Chief Scientist, Public Health England and Climate Change Committee; and reported upon in 2012 and 2014 and 2016 (See links at Note 2). There has been no publication of the independently verified evidence that the recommendations and required further research have been completed. In particular, they additionally highlight the need for further research. This has not been undertaken and could be, by researching the overseas operations that the Government highlights as relevant to the development of a UK based shale gas operations. The Government has now had several years to address this and the regime has failed to do so, so the current regulatory regime is not considered to be even satisfactory, never mind World Class. If this cannot be resolved, then the activity in this country is still not safe and should not proceed any farther.

Communities and Individuals should have a choice as to whether to "host" shale development activities. There should be no imposition. This would be determined by the local Parish or Town Council, the most local recognised established statutory community representation within the UK. This may be controlled by the awarding or with-holding of, say, a local area exploration access licence or similar within a PEDL. This governance mechanism could be readily introduced by BE&IS at the time of the PEDL award and now retrospectively with existing PEDLs.

For communities that do wish to host surface works, then individuals within 11km of the proposed surface works or within 2km of the nominated surface works site access route from the strategic highway network should be able to readily receive full compensation to be relocated to an equivalent location of their choice. Given the Government does not believe there to be any issues, then the Government should purchase any homes, as well as paying for the costs and disruption of relocation and then should be able to resell the property for at least the same price. This would mean that there no cost to that Government Department's budgets.

The harm from an economic life choices and community disruption perspective occurs at the point when the area is declared eligible for fracking; far earlier than the Government and Industry is acknowledging. Compensation should be awarded when an individual's life choices start to be disrupted. The current Government compensation proposals being consulted upon only serve to undermine the levels of perceived social impacts and compound the feelings of mistrust. (See links at Note 3).

The Government has created a further £80bn available to the economy in further Quantitative Easing, so a portion of this could be used to fund the required cashflow for compensation to be provided, before the Treasury receives the tax income it aspires to. There are existing compensation schemes e.g. relating to National Infrastructure, Compulsory Purchase and Land Compensation mechanisms that could be refined to deliver this compensation.

Should the Government address the safety, health, environment and economic impacts issues as described, the claims for compensation and net cost of compensation should logically not be great. This would similarly incentivise Government and Industry to behave responsibly, so that homes purchased under the compensation scheme could be resold at at least similar prices. Independent and automatic monitoring, reporting and interventions with regard to contractor compliance with their obligations, as well as enduring monitoring of decommissioned wells for instance would be key issue features of a robust regulatory regime.

Current Industry & Treasury Proposals

The current proposed schemes developed by Industry with DECC and the Shale Wealth Fund proposals of the Treasury, involve the distribution of 1-2% of Industry and Treasury incomes. This would result in maximum receipts to impacted individuals of less than £1 per day per 1000 recipients over some period in the future. They do not address the compensation requirements either in scale or timing. It is difficult to see that at these levels the proposals would be considered to be beneficial. There are already extensive schemes to provide for community infrastructure enhancement and training, so it is not clear as to the merit of adding a further

administrative scheme, such as those being proposed by Industry, which just further frustrates applicants for such funds.

Clearly for those communities wishing to host surface works under the proposed Treasury and Industry schemes, then the impacted individuals electing to remain would become eligible for an automatic distribution of revenues. It is then a matter of further debate as to what share of gas revenues should remain with impacted individuals. Cuadrilla has submitted to the Secretary of State for DCLG that each surface works site of 4 fracked wells will generate the equivalent of 11 direct, indirect and induced Full time equivalent jobs over a 10 year period. Job opportunities in this transient industry do not seem, therefore, particularly significant at all, so there needs to be significantly larger incentives for those that elect to stay in the area.

Key Issues

The key issues are that

1. the already identified safety risks, research and recommendations need to be fully completed and subsequently updated, before any further development is considered. The process is evidently not safe whilst these matters are not resolved;
2. surface works locations should only be located where local authorities have already provided for heavy industrial processes as described above;
3. communities need to have the choice whether to host surface works;
4. full compensation needs to be readily available for those individuals wishing to relocate from the area;
5. benefits need to be directed to individuals that elect to stay in the area, so will need to be much greater than the less than £1 per day being proposed..

Notes

Note 1 :

- p8 of Onshore oil and gas exploration in the UK: regulation and best practice - December 2015
 - https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/503067/Onshore_UK_oil_and_gas_exploration_England_Dec15.pdf

Note 2 :

Final report - Shale gas extraction, 29 June 2012

- <https://royalsociety.org/topics-policy/projects/shale-gas-extraction/report/>

Review of potential public health impacts from shale gas extraction, 26 June 2014

- [Review of the potential public health impacts of exposures to chemical and radioactive pollutants as a result of shale gas extraction](#)
- Committee for Climate Change, 7 July 2016
 - <https://www.theccc.org.uk/2016/07/07/exploitation-of-onshore-petroleum-requires-three-key-tests-to-be-met-ccc-says/>

Note 3:

i News, 4 September 2016, Dan Kirby

<https://inews.co.uk/essentials/news/environment/fracking-plans-leave-people-stressed-disillusioned-politics/>