

NDA Update Report to the West Cumbria Sites Stakeholder Group

1st April 2010

1. Introduction

This report is in four sections. Following an update on outstanding actions from the October meeting the report covers, issues relating to the two NDA site licence companies operating in Cumbria and a short update on socio-economic activity.

2. Actions from 1st October 2009

Feedback from Office of Government Commerce (OGC) review of Sellafield Procurement

The Review Team found that the Programme was progressing to plan and gave it an Amber designation. The report stated that the programme was managed well, stakeholders appeared to be committed to success and there was ample evidence of a strong partnering ethos.

The amber designation was driven largely by the need to balance the response to external regulatory and financial pressures and the need to recognise and deal with the flaws in previous Life Time Plans (LTP) and their potential impact on prior expectations and perceptions.

The Review Team also noted the importance of managing relationships with the workforce through a period of considerable change. It is inevitable that these will be particularly challenging from time to time.

NDA to provide a detailed report of deferrals from LTP07 & LTP09

These plans were never approved. We will concentrate on the content of the Lifecycle Baseline 2010.

NDA to provide a map of owned properties around the two Cumbrian licensed sites

This is now available on the NDA site and linked from the SSG site.

3. Sellafield Ltd

Departmental Strategic Objectives

As part of the Government's Comprehensive Spending Review process, public sector organisations are now set a number of Department Strategic Objectives (DSOs) or performance objectives on an annual basis against which performance is assessed.

For the financial year 2009/2010, the Nuclear Decommissioning Authority has 3 Departmental Strategic Objectives (DSOs) against which 44 milestones have been set, relating to the Sellafield Ltd. These milestones relate to decommissioning, clean-up, efficiencies and the reduction of hazards.

As at 18th March 33 milestones had been achieved. Of the 11 remaining:

- 1 milestone has been missed and cannot be recovered
- 2 milestones are expected to be missed
- 1 milestone is borderline for achievement
- 7 are expected to be achieved.

Operational performance

Good progress has been made on the major projects, with in particular, notable progress being made on Evaporator D, Encapsulated Product Store 3, Sellafield Product and Residue Store and Separation Area Ventilation projects.

Operational performance has, in general, also been robust with the Vitrification Lines in particular performing well, meaning that Highly Active Liquor stocks are at their lowest level for some years. Both the Sellafield MOX plant and Thorp have performed better than target.

The exception to this is Magnox reprocessing which will not achieve its targeted throughput. Although this has been adversely affected by plant performance issues, the greatest influence contributing to the shortfall has been the reduced level of spent fuel deliveries from Magnox power stations due to transport flask issues outside of the control of Magnox Reprocessing and Sellafield Ltd. However the team has used the time to bring forward scheduled work to ensure plant availability for future use.

Of major success was the successful return of two Vitrified Residue Returns to overseas customers in Japan and Holland.

Owing to the unique nature of the facilities including ageing structures, poorly characterised inventories and difficult working conditions, progress in the Legacy Ponds and Silos area continues to be challenging. Two targets were missed for DSO Target 6 Indicator 2. These were the reduction in active liquor in B38 and the refurbishment of the gantry steelwork in B30. The DSO target indicator at risk is also associated with the delivery of the Lifetime Plans for these facilities

Both schedule performance and Value for Money efficiency savings targets have been met or exceeded with a forecast Schedule Performance Index (SPI) of 0.97 (an SPI of 1 relates to all schedule targets being met), with around £90M of efficiency savings forecast by year end.

Business Case Approvals

The NDA has the authority from government to approve projects up to the cost of £100 million. For projects costing over £100 million, a business case must be sent to DECC for approval or sanctioning. Three recent major projects were successfully sanctioned during the last six months.

- The Magnox Storage Pond Sludge Packaging Plant
- The Pile Storage Pond Local Sludge Treatment Plant
- Pile Fuel Cladding Silo Retrieval Project

Safety

The NDA was encouraged by the safety performance of Sellafield Ltd in achieving almost 2 million man hours without a reportable lost time accident during the period. Such records require effort and care on behalf of all employees to achieve but they are fragile and are easily lost. We have seen this at a number of other NDA sites as well as at Sellafield in this period.

Many of the lost time accidents that have occurred at Sellafield have resulted from simple slips, trips, falls and lost footings and we welcome the management focus that is now being applied to this area.

Significant steps have been made to reduce risk and remove hazard on the Sellafield site. These include the emptying of historic waste from the old sea tanks, isolations of the First Generation Magnox Storage Pond, removal of waste items from a number of ponds and the vitrification of the 5000th container of High Level Waste.

Environment, health, safety and quality improvement activities over the next 1-2 years are primarily aligned with areas included in the Integrated Change Programme. These include:

- Increasing awareness of personal safety by introduction of a new 'Peer to Peer' observation process
- Improving the Management System to clarify accountabilities and simplify processes
- Improving the quality and reducing the complexity of safety cases which should lead to a reduction of safety events and improved operability of plants
- "Rolling back" radiologically controlled areas by cleaning up historic contamination and improving contamination control

All areas are progressing with additional resources in place from the NMP parent companies and learning from benchmarking visits being incorporated into strategic improvements.

Site Funding

On the 31st March the NDA publishes its Business Plan for the forthcoming year which will include details of the amount of funding available for 2010/11. A verbal update will be provided at the meeting remembering that the amount will be influenced by the priority of high hazard reduction and the current economic climate.

In recent months the NDA has been involved in the Government's Public Value Programme, a series of value for money reviews across Government Department budgets. This will provide key evidence base for future decisions on public spending, such as the next Comprehensive Spending Review expected after the next election.

Because of the focus on construction of facilities to deal with high hazards over the next few years, together with the declining ability to generate income from our assets, the PVP exercise is focused on opportunities to reduce the level of increase in direct government funding rather than to reduce the absolute level.

Lifecycle Baseline 2010

Work continues on the Lifecycle Baseline (LCB). The LCB will form the formal contract between the Site Licence Company and the Nuclear Decommissioning Authority and will establish the strategy, scope, schedule and cost for the work to be completed by Sellafield Ltd under the management of Nuclear Management Partners (NMP).

Integrated Change Programme

As indicated above, the Government is keen to see a reduction in the cost of support services within the public sector. As such the focus should be on frontline programme delivery and hazard reduction. As a result, the Sellafield team are working on a programme of work – the Integrated Change Programme (ICP) – which will aim to make improvements on the Life Time Plan. The ICP will outline potential benefits.

The ICP and LTP will in the fullness of time need to recognise and reflect any outputs of future Government spending rounds.

4. LLWR Ltd

Introduction

The last two years of activity at LLWR have been concerned with the effective transition of the incoming contractor following the successful competition. Work has centered on dealing with a number of important risks while developing and publishing the Low Level Waste Strategy.

Over the next three years, our focus is for service delivery excellence across the business, rationalising the estate inventory and working with consignors to progressively implement the new LLW strategy in line with government policy. The vision is to establish robust waste routes for the life of the mission and to substantially reduce lifetime costs.

Headlines from last 6 months:

The period October 09 through March 10 has once again been a hive of much activity at LLWR and it is pleasing to note that good progress continues to be made across many fronts, notably:

- LLWR have performed well against NDA pre-set targets.
- The Parent Body Organisation, (PBO), continues to make concerted efforts to work with our stakeholders to the mutual benefit of all parties.

- Despite a poor winter so far as construction work is concerned, Vault 9 construction and commissioning work will be completed late April/ early May with final close out scheduled for May/ June. LLWR continue to work hard to ensure that the highest safety standards are adhered to at all times – a key requirement from our tender selection process two years ago. The Vault now has significant areas handed over to the operations team thus providing a sustained UK wide LLW storage facility, (pending re-authorisation of the Environmental Safety Case, (ESC), where the plan remains to apply to convert the planning permission to that of a disposal facility)
- The ESC remains in good shape and on course for submission to EA in May 2011 with subsequent re-authorisation two years later – the SLC continue to receive favourable feedback from the EA regarding ongoing deliverables noting that the work is “challenging but achievable”. NDA have additionally challenged LLWR through the ESC to potentially alleviate the need for LLWR2 by 1) raising the radiological capacity ceiling of the site and 2) extending the consented area. This is a question that has needed to be addressed for some time. Clearly if this was viable technically, the normal planning permission process would apply at some point in the future.
- Following extensive consultation, the National LLW Strategy was submitted to government late February. The target for subsequent endorsement remains for the end of FY09/10.
- Good work continues in stimulating the supply chain for the provision of Segregated Waste Services. Metal treatments are now available and starting to gain momentum. The next stages are targeting incineration and VLLW services.
- New Consignor Contracts are due to become effective to all NDA and private sector consignors from 01 April 2010. The contracts will introduce new disposal pricing arrangements which effectively comprises a costed menu of waste treatment options which support the waste hierarchy principles – i.e. disposal at LLWR is the most expensive option. The intent is that as new treatment services become available, these will be offered to the consignors via the new contract.

Other key areas that have received/ continue to receive focused NDA/ LLWR attention are:

- Accelerating implementation of National LLW Strategy and Innovations Supporting Waste Hierarchy Principles.
- Improving estate wide LLW forecasts to inform infrastructure decision making processes.
- National Liability Estimate rationalisation work

Given the continued support and desire of all key players there is every reason to believe that the SLC will build upon initial successes and continue to deliver and indeed exceed where appropriate LTP requirements.

5. Socio Economics

Activity during the last six months has been dominated by two areas:

- Continuing to develop our relationship with Britain’s Energy Coast and how along with Sellafield Ltd & Nuclear Management Partners we align funding to support the emerging investment plan.
- Supporting the recovery from the November floods, both by the provision of financial and professional resources.