



**West Cumbria Sites Stakeholder Group (WCSSG)
Presentation on the NDA's draft 3 year business plan
Cleator Moor Civic Hall
Thursday 3rd January 2008**

Attendees:

Rosina Robinson	-	WCSSG secretariat
Linda Shields	-	Sellafield Ltd
Paul Shawcross	-	Sellafield Ltd
Claire James	-	Sellafield Ltd
Claire Tandy	-	UKAEA
Howard Jones	-	Cumbria Fire and Rescue
Allan Holliday	-	Copeland Borough Council
Terry Benest	-	UKAEA
Keith Lockwood	-	Sellafield Ltd
Sara Johnston	-	NDA
Miranda Kirschel	-	CH2MHILL
Richard Mrowicki	-	NDA
Kelly Anderson	-	NDA
Rebecca Crellin	-	NDA
Jonathan Jenkins	-	NDA
Stewart Kemp	-	Cumbria County Council
Neil Stagg	-	Sellafield Ltd
Norman Clarkeson	-	Cumbria County Council
David Moore	-	Chairman WCSSG
Martin Forwood	-	CORE
Dave Mason	-	Sellafield Ltd
Peter Kane	-	GMB
Bill Anderton	-	Washington Group
T Carrigan	-	UKAEA
H Fryer	-	NDA
Mike Davidson	-	Allerdale Borough Council
David Humphreys	-	Cumbria County Council Emergency Planning Unit
Steve Jones	-	Westlakes
Andy Dietzold	-	LLWR SLC
Dave Siddall	-	Whitehaven News
J Needham	-	Jett images Ltd
Paul McKenna	-	Isle of Man Government
Paul Townsend	-	Washington group International
Gordon Brown	-	Press
Peter Daley	-	Allerdale Borough Council
Mike James	-	Sellafield Ltd
Barry Snelson	-	Sellafield Ltd
Nigel Calvert	-	Health Protection Agency
Andrew Burrow	-	Sellafield Ltd
Lynne Robinson	-	Sellafield Ltd
Eileen Turner	-	Sellafield Ltd

The Chairman explained that the WCSSG would not be making a formal response to the consultation but the questions and answers from the session would be collated and fed back into the process. He encouraged members to ask questions throughout the presentation.

Mr Mrowicki began by explaining that for his presentation he was going to use a frame work which would take members through the business plan at a very high level. He stated that the document was in the public domain and hard copies were available for members to take away. It is also available on the website for downloading and to register for an on-line response to the consultation.

The plan was issued at the beginning of November for a 3 month period of statutory consultation. Mr Mrowicki encouraged people either as individuals or as organisations to respond formally to the consultation as it is an opportunity for NDA to hear people's views.

Mr Mrowicki intended to talk about the business plan in outline terms, the objectives, give a general overview of what the plan deals with and what some of the main issues are for NDA, the strategic challenges and the budget which features quite large in the plan itself and has been the subject of quite a lot of scrutiny and comment already following the comprehensive spending review settlement that NDA received in October last year.

He also intended to talk about some of the NDA deliverables in the business plan, he stressed these were the NDA deliverables rather than the individual site deliverables which are covered much more in the contractual relationship that exists between the NDA and its contractors, the Site Licence Company operators, he proposed to conclude the presentation by explaining what the current next steps are.

He began by explaining that it is important for the NDA to issue a business plan which is fully compliant with the Energy Act. The Act itself gives the NDA its focus for operation and the business plan and its contents (called in the Energy Act - the annual plan), are pretty closely specified in the Energy Act so NDA has to ensure when putting out a document for consultation it is fully compliant with the Energy Act requirements in terms of the sorts of areas that have to be included.

He felt it was important to recognise that the plan itself is consistent with the NDA strategy and NDA is operating in accordance with the strategy that is a formally approved document produced within the first 12 months of the NDA's existence. That strategy still exists and hasn't been changed and the plan has to align with it. He thought it was obvious when looking at the plan that over the last year or two the business and NDA's understanding of the activities that need to be carried out across the whole of its estate will require a revision of the strategy, so whilst NDA is compliant with the existing strategy which is the only one it has, it recognises there is a need to revisit and revise and undergo a formal consultation process to produce a revised strategy at some time in the future.

At the National Stakeholder Group in November, the possibility of undertaking a strategy review this year was discussed and Mr Mrowicki reported that it looked less likely that would happen now. He continued that there are a large number of external factors that are almost certain to affect the NDA strategy. Many government policy decisions are expected over the next 12 months or so, so it would seem foolhardy for the NDA to go ahead and revise its strategy in a formal sense without waiting for the results of the outcome of those policy changes.

Mr Mrowicki continued that with regard to the annual plan, this year the NDA has decided that it would be more sensible to embark upon a longer range plan than just one covering a single year. A decision was made with government's agreement that a 3 year business plan would be produced which gives year one in detail and covers years 2 and 3 in outline. The main purpose of which is to give early indication of work

programmes that the NDA is intending to embark on but also to give the idea that this is a long term business, and not a business that is run on a year by year basis it is actually run in accordance with a long term strategy running in accordance with a life time plan for each site that stretches many decades into the future in most cases.

The transition from a single year annual plan to a three year business plan was made this year because NDA went through a comprehensive spending review settlement (CSR) during the last financial year and the results of that settlement were fed into the plan and are published as the funding settlement for the NDA for the 3 years going forward. By adopting a 3 year programme at least this year, the current business plan is fully aligned with the CSR settlement on a year by year basis.

The main purpose of the business plan is to set out the NDA's business, so to describe what the NDA's plans are, rather than attempt to cover the details for each and every site.

Mr Mrowicki explained that the plan lists a number of primary objectives, firstly and foremost NDA has always adhered to the importance of encouraging the highest standards of health, safety, security and environmental performance, that is the number one requirement placed upon the NDA themselves and is also the number one requirement that the NDA expects from its contractors operating on all of its sites. NDA's primary objective is to encourage the very highest standards to ensure there is no prejudice to safety, security or impact adversely on the environment.

It was made clear in the strategy that one of the NDA's highest decommissioning priorities was to deal with hazard and that is reflected very strongly in the plan, in terms of the focus that has been brought to the business plan and as a consequence of that it has also driven the way in which NDA is funding the work programmes over the next 3 years. The majority of the hazards exists at the two largest sites, Sellafield and Dounreay, and as such, the funding and hence NDA's attention is very clearly focused on those two sites as key priority areas.

The NDA has an overriding and primary objective to progress decommissioning and cleanup and that is the reason for the NDA being in existence. NDA's performance is judged on the basis of how well it performs against that target, but it also has a requirement given to them in the Energy Act to ensure that NDA maximises the commercial value of the assets as long as they are operating as commercial assets. In the case of the Magnox power stations, the two stations that are still generating, Oldbury and Wylfa NDA will operate those to maximise commercial value and minimise the requirement to have public funding by having commercial income and also NDA is charged with ensuring that commercial contracts that were entered into prior to the NDA coming into existence are also completed to ensure maximum tax payers value is achieved.

Another NDA objective is to manage radioactive waste safely in all its forms, reduce the hazard, reduce the risk arising from waste wherever it may be in the estate and another key objective again flows from the Energy Act is to have a very clear understanding of what the total scope of the liabilities is as far as the NDA's obligations are concerned. Those primary objectives feature as key parts of the plan.

Secondary objectives which relate to the Energy Act is to provide socio economic support and development. Mr Mrowicki explained that later following the presentation Kelly Anderson from NDA would be manning an exhibition and would be able to talk about some of the socio economic activities that the NDA is embarking on in this part of the world and elsewhere. The socio economic policy which was a draft document out for public consultation about a year ago and is just about to be published as a formally approved document. The NDA has set out what its policy is with regard to its socio economic support, so a secondary objective for NDA is to ensure it keeps socio economic policy and strategy and support at a level which meets the requirements of local communities particularly where a large amount of decommissioning is ongoing and the potential for reduced employment is increased.

NDA also has requirements in the Energy Act to deliver skills, ensure that research and development is carried out in accordance with the requirements of its decommissioning programme and to ensure that importantly the supply chain is developed to the level where it can fully support decommissioning

programmes throughout the UK. NDA does a lot of work with the supply chain through the Nuclear Industry Association and locally through organisations like Westlakes renaissance to ensure that the supply chain is kept fully informed of NDA requirements and encouraged to come forward with innovation and new technology and new ways of dealing with some of the issues that the NDA has to decommission, thereby enabling objectives which will help the NDA deliver what it is required to deliver bringing innovation, new approaches and by competing the management of the sites. The LLW repository near Drigg is now reaching the final stages of competition with contract award expected during this year and the NDA has just announced the preferred bidders for the Sellafield site at the end of last year. Mr Mrowicki reiterated that the competition is a key feature of the NDA business plan and intended activities going forward.

Mr Mrowicki continued that overriding and sitting above all of what he had just explained and recognising that as an organisation NDA is primarily funded by the tax payer, the NDA has to ensure that it controls costs; that it can demonstrate value for money and drive efficiencies through its contract with the site licence companies and site operators.

Turning to the plan itself, Mr Mrowicki explained that essentially what the document does is sets the NDA business in the context of all of those things he had just reported on. It begins by describing NDA's main achievements to date but it importantly raises some key strategic challenges that face NDA going forward. One of the main issues that stems from the prioritisation of hazard reduction is that a substantial amount of the funding needs to be directed at the high hazard sites like Sellafield and Dounreay. Within a constrained funding environment where there are not unlimited funds that needs the NDA to take very careful consideration of all of the activities carried out across all of the UK, so a strategic challenge for the NDA is how to address hazard reduction and ensure hazard is reduced effectively and at the same time ensure that the decommissioning programme is continued across the whole of the estate. Mr Mrowicki stated that was a big challenge for NDA given that it has limited funding as a result of the CSR settlement.

Q: Mike Davidson (Allerdale Borough Council) – Mr Davidson's understanding was that when he worked at BNFL and prior to that the UKAEA funding was put aside at that time for decommissioning. He asked if that pot of money was still in existence and if so why there is pressure over funding for decommissioning?

A: Richard Mrowicki: explained that with the establishment of the NDA the funding arrangements changed. Prior to the establishment of the NDA, BNFL had a decommissioning fund which was part of BNFL's money set aside to cover decommissioning. With the establishment of the NDA the funding for the public sector civil nuclear liabilities was transferred to government (treasury). That pot of money no longer exists as a segregated pot of money.

Q: David Moore: Asked what the figure was associated with the pot of money?

A: Richard Mrowicki – asked Mr Snelson if he was able to answer?

A: Barry Snelson: responded that to his knowledge it was billions of pounds, he thought that with the sale of Westinghouse and other assets it was in the order of 7,8 or 9 billion pounds transferred in total from the Nuclear liabilities provision and all the sales of the assets. He stressed that it was not a figure that he could substantiate for the record as he was not entirely sure of the exact amount but it was he felt in the billions.

A: Richard Mrowicki – agreed it was billions.

A: Barry Snelson: - reiterated that it was not an official figure.

A: Richard Mrowicki: responded that the key point is that the segregated fund however much it was put into treasury as part of the package that ended up with setting up the NDA.

Mr Mrowicki continued his presentation and referred to a bullet point which related to decisions made by government in the last 12 months to give NDA responsibility for dealing with waste. Not only low level waste and the development of a LLW strategy for the UK but also the requirement for the NDA to implement the ultimate solution for Intermediate Level Waste management, the government has embarked on a programme of public consultation and engagement under a programme called 'managing radioactive waste safely' which followed the CORWM committees recommendations after the process of consultation and looking for sites that may express an interest in hosting a deep geological disposal facility. The NDA will then be charged with implementing the final solution for intermediate level waste, so the NDA has quite a lot of additional responsibility over the last 12 months, resulting in a development of its portfolio of business, which has meant that the range of activities that the NDA is now responsible for has significantly increased and it has to think about and manage bringing that work into the NDA carrying it out effectively along with all of the other decommissioning responsibilities that it has.

The NDA also has a challenge connected with competition, Mr Mrowicki had already mentioned the LLW repository and Sellafield site competition, he continued that NDA also had an industry day last year for the Magnox South bundle of sites, with the experience of launching that for the NDA being quite difficult, the NDA found that there wasn't much interest in the market place for the Magnox South bundle so for the moment NDA is reviewing its options and is looking at ways in which its competition schedule should be developed and taken forward in the future. At the moment there are only the two competitions running and there is the question of Magnox South, Magnox North, Harwell and Winfrith sites and the Dounreay site competitions that are still to be decided on and taken forward.

Picking back up on the theme of a constrained funding environment Mr Mrowicki reported that there is a lot that NDA would like to do but whether NDA can afford to do it is a big question. The NDA has to ensure the most efficient and effective use of government funding delivering against NDA's remit, but making sure that whatever NDA does is affordable.

Mr Mrowicki showed a very brief summary slide showing the figures taken directly from the business plan. The slide highlighted planned expenditure for 3 years. Mr Mrowicki reported that if you add the three years together NDA has achieved a higher settlement than for the previous 3 years under the present arrangements. The slide also showed the anticipated income at least for next year, Mr Mrowicki explained the income was expected from electricity generation primarily, reprocessing activities in Thorp and also fuel manufacturing activities plus other small commercial incomes from leases and lettings of assets that the NDA owns.

The figures actually decreased on a year by year basis. Mr Mrowicki explained that was due to the NDA being a public body and as such is required to achieve efficiency savings of 3% on average over the Comprehensive spending review period and that reflects a departmental strategic objective that NDA is currently in discussion with dberr and the treasury on.

Mr Mrowicki continued that NDA has taken the opportunity this time round of structuring the business plan around the site licence companies so rather than listing the sites as a whole list of sites the NDA has grouped them under the proposed and existing site licence companies that will be competed in due course. Each SLC has a grouping of sites and within the SLC the plan briefly covers the description of the site, what the intended expenditure is in 2008/9 and any income that might be coming from activities on the site. The plan also includes key performance indicators that are expected to be delivered in the year ahead, any regulatory matters that perhaps have potential to impact on activities and operations on the site that need to be dealt with and managed by the SLC and then an idea of the site budget for the next year.

NDA did not give the site budget for years 2009/10 and 2010/11 because there are some big issues that need to be resolved in respect of site funding when looking at prioritisation across the whole of the NDA's estate. Future funding arrangements and future levels of funding will be the subject of consultation this year when the NDA publishes the business plan for 2009/10 – 2011/12.

Mr Mrowicki proposed to run through what the strategic challenges are in a little more detail. The first one was addressing hazards under funding pressures. Under a constrained funding arrangement, the NDA has

prioritised expenditure against high hazard existing on all of its sites and that has driven the business plan in a particular direction. It means that Dounreay and Sellafield in particular have been given the highest priority in terms of funding that has resulted in NDA having to look again at the strategy for the Magnox power stations in terms of decommissioning and their defuelling because of the Magnox operating plan.

Q: Paul Shawcross: The plan for sellafield is made up of jobs the contractor would like to do, the NII demand us to do and the NDA need us to do, all this adds up to a cost. Have you been given the funds from treasury to match it?

A: Richard Mrowicki: responded that his understanding was that the NDA is still in the process of finalising the absolute figure for Sellafield.

Q: Paul Shawcross: - So there could be a short fall?

A: Richard Mrowicki: responded that NDA looked at high hazard facilities particularly driven by regulatory requirements based on the site licence company and looked at those in terms of highest priority funding and amounts of money required. He reported that the site itself has been going through a very comprehensive review of all activities. His understanding is that the discussion between NDA and Sellafield is still continuing.

Q: Paul Shawcross: responded that had he seen Mr Mrowicki's presentation not knowing anything of the Nuclear industry it actually reads quite good. The reality is certainly for the members Mr Shawcross represents it is a very very different story. For instance on the Sellafield site the workforce are seeing workfaces closing down because there are no funds there for them and yet Mr Shawcross commented on What Mr Mrowicki had said at the beginning that NDA is complying with the Energy Act and the priority is to reduce hazards and yet every job seems to be being mothballed. He referred to socio economics, re-training people etc. and asked how that fitted in with the revised strategy for Magnox, Harwell, Winfrith sites resulting in compulsory redundancies.

A: Richard Mrowicki: responded that they were not compulsory redundancies, they were voluntary redundancies. He stressed NDA is in a difficult situation and prioritisation in terms of hazard has to apply at Sellafield as well as everywhere else. It may be that there are some lower hazard facilities or lower priority work in terms of hazard at Sellafield that will not be taken forward next year that will have to be mothballed that will have to be set aside to be dealt with in the future because of the funding constraint. In an unlimited funding environment it would be great to fund absolutely everything including all of the activities at Winfrith, Harwell and all of the Magnox reactors but the reality of the situation is that when you look at the bids coming in for work, NDA can't match them so it has to look at a process which prioritises money and prioritises funding and there are some tough choices to be made and there may be some things at Sellafield that will not be funded next year because of the prioritisation that has been applied not only across the NDA's estate but also within Sellafield itself.

Q: Joe Clarke: Referring to all of the uncertainty that exists at the moment regarding funding and also the issue of unknown liabilities that may crop up over the next few years on an aging site he asked if NDA could be confident that it has a business model ready for any PBO to accept.

A: Richard Mrowicki: Replied that the business plan is only as good as the assumptions and knowledge that NDA has at this point in time in terms of all of the liabilities that exist. As an operator on the site, knowledge increases the more you understand decommissioning programmes, the certainty of costs increases or certainly gets better the more work you do. After nearly 3 years in existence, the NDA's understanding of its estate is very much better than it was 3 years ago, there is no doubt at all about that. In terms of whether it is as good as it needs to be, I think that is still an open question and NDA does believe that the cost of dealing with the liabilities is likely to increase in future years and the government recognises that as well but there will come a time hopefully fairly soon where the full extent of the liabilities will be understood and NDA will be able to manage those. Mr Mrowicki agreed that the business plan can only be as good as the state of knowledge that NDA has at this point in time, so it is a snap shot it's a better business plan than it was last year because there is a better understanding. Mr Mrowicki was

sure that next years business plan would be even better because NDA will have done more work in terms of understanding the business better and will have developed strategies to deal with some of the uncertainties at the moment.

A: Jonathan Jenkins: Added that he thought that when NDA review the strategy it will add greater certainties again because NDA will have an opportunity then as hopefully some of the uncertainties that currently exist will have been resolved and there will be a real opportunity to get a longer term strategy in place and he thought that would add a greater focus to the business plans.

Q: Steve Jones: stated that the plan anticipates a level of income that is a pretty substantial proportion of NDA's planned expenditure. He asked if he was right in assuming that failure to realise that income would result in further pressures on funding and if that is the case, does the plan incorporate any assessment of the risks associated with the ability to achieve that income and what the consequences would be if it wasn't achieved?

A: Richard Mrowicki: responded that the NDA has got a pretty comprehensive risk management arrangement and systems in place which assesses risks including risks such as failure to achieve income levels. NDA budget and plan on the basis of assumptions and has assumed that it will get this level of income over the next 12 months. Failure to achieve that is a matter then for the NDA to discuss with treasury its not automatic that the level of funding will reduce. It is probably more likely that the treasury will have to increase grant in aid to match any shortfall in income. Formal arrangements for that are through the government's arrangements which exist between the NDA and the share holder executive in dberr.

Q: Stewart Kemp: asked if prior to publication of the consultation paper if the hazard priorities were agreed with the Nuclear Installations Inspectorate (NII)?

A: Richard Mrowicki: Yes, they are essentially driven by HSE requirements.

Q: Joe Clarke: stated that throughout the plan there is talk of reducing costs and asked if the NDA was going to be putting effort into stopping the rising costs relating to high salaries paid. He stated that when the NDA was established employees were given extravagant salaries and bonuses. There were also many American consultants coming over resulting in very obscene amounts of money being taken out of the business.

A: Richard Mrowicki: Regarding the NDA's salaries, the NDA was established as a new non-departmental public body with an established structure that was agreed with government and salary levels that were agreed with government and terms and conditions that were agreed with government, so that was an accepted cost of setting up the NDA. As far as the SLC's are concerned they are entirely responsible for managing the terms and conditions of its own employees for reaching pay settlements and bonuses. The NDA may have a view on that, but ultimately it is down to the site licence companies or the PBO in the new arrangement to manage its employees terms and conditions and to manage every aspect of employment. It is not an NDA role.

Q: Joe Clarke: asked if it was not the NDA's responsibility to lead by example?

A: Richard Mrowicki: replied that there is obviously a moral responsibility to lead by example, but he reiterated his earlier answer that the NDA was established with agreement and full knowledge of government recognising the environment into which this new body was being put.

Mr Mrowicki continued with his presentation by explaining that given the funding pressures that the NDA has it is looking for efficiencies and innovation and ways in which every pound spent delivers more decommissioning than it has up until the present. This has implications for fixed costs as if you look right across the estate of the NDA there is a large proportion of the budget for each site that is fixed in cost terms. So whether you undertake decommissioning or not there is a fixed cost associated with keeping a

site safe and secure, making sure that it doesn't impact on the environment adversely. The NDA's challenge is to ensure that it achieves more decommissioning per pound spent and it reduces the proportion of fixed costs wherever possible not as an organisation operating independently but working together with site licence companies looking at better ways of doing things.

The process that the NDA is going through is a process of quite significant change, the industry structure is changing quite dramatically, it is very different to the structure of 3 years ago and it will change even more as new players come into the market place as new PBO's are appointed and new contracts are awarded.

The second challenge the NDA face is the waste remits that were given to the NDA in the last 12 months. NDA is charged with creating a national LLW strategy, the competition for the repository near Drigg has within the draft contract a requirement for the new PBO to work with the NDA in terms of helping create a LLW strategy for the UK. NDA is also charged with taking forward geological disposal for higher activity waste once the government has reached the end of its consultation on the current managing radioactive waste safely programme. Meanwhile NDA is working with government and with the devolved administrations in Wales and Scotland to ensure that it is ready to take the baton forward when the outcome of those consultations are clear.

Mr Mrowicki reported that the NDA does need clarity though to move forward, and clearly the NDA has to work very closely with government to ensure that it is in a position to take the challenge forward and as a result of that NDA is supporting the managing radioactive waste safely programme quite proactively through its Harwell office which was the base of the NIREX organisation. Nirex no longer exists and has been subsumed into the NDA at our Harwell office.

All of the above will require extensive consultation and engaging with stakeholders particularly and one of the key issues that NDA face with regard to waste management is what to do with the graphite in the Magnox reactors, so it is a key strategic issue, in order to accelerate decommissioning of Magnox there needs to be some way of dealing with the graphite, there is no point in dismantling the Magnox reactors only to have to build a box somewhere else to put the graphite cores in.

Q: Martin Forwood: asked Mr Mrowicki to explain that how given that the NDA is, through reprocessing, a waste producer, you get around a problem of having any independence from a waste disposer, which as Mr Forwood understood it is a pretty widely accepted principle you don't mix the two there should be a separation and there clearly isn't, if you are producing waste and you are also going to dispose it.

A: Richard Mrowicki: Mr Mrowicki responded that this question had been raised a couple of times and has exercised many people's minds. He reported that it was very carefully considered by government at the time that NDA was given the responsibility. Mr Mrowicki felt the issue is during the phase of arriving at the final solution. Implementing the final solution is an activity in its own right, but he thought it is the period of managing radioactive waste safely, government consultation and engagement and policy making going on and the NDA being there as a producer and potentially the provider of the solution. What NDA has ended up with is the independence provided not only through the government taking the lead in site selection and engaging with communities on that subject, but also establishing CORWM too, which provides an independent oversight of the activities of the NDA in this regard and also making sure that the governments process continues in line with the CORWM committee's findings or recommendations. Mr Mrowicki commented that it was never going to be an easy question to answer because there will always be accusations that the NDA has a vested interest.

Q: Martin Forwood: Agreed and thought that people will be hugely suspicious unless the NDA can show very clearly how its managed to create a separate box within the department that can be seen to be wholly independent.

A: Richard Mrowicki: Replied that the intention long term is to create a site licence company in effect that operates the repository if that's the ultimate solution, a deep geological disposal facility that will be an

independent body. It would not be part of the NDA and would be competed for in the same way as existing SLC's are competed for.

Q: Dave Siddal: Regarding the PBO's and ultimately the repository PBO will they be fixed priced contracts or open ended cost plus?

A: Richard Mrowicki: was not entirely sure but commented that the contracts would be established to best suit the needs of the business at that particular time and to best deliver the NDA's requirements whether it be fixed price or incentivised contracts.

A: Sarah Johnson: Commented that they are likely to be a mixture of both, so there may be elements of fixed prices and elements of target cost and elements of reimbursement to suit the specific circumstances.

Moving forward to continue his presentation, Mr Mrowicki had alluded earlier to the competitions that NDA has ongoing with the Magnox South contracts. The LLWR contract will be seeing a new PBO shortly, NDA will hopefully have identified a preferred bidder for Sellafield by May this year. Magnox South competition is currently on hold and NDA is reviewing the current situation with government, particularly trying to ensure the market is not swamped. The ultimate objective is to ensure that there is true competition that there is new capability and new skills brought to the market place.

Meanwhile the NDA is continuing to review and refine the incumbent contracts, looking at the best arrangements that NDA should have for incentivisation, new fee arrangements and continuing to engage very proactively with the supply chain, because the NDA see it is very important that it has a supply chain that is vibrant, can satisfy NDA needs and can ensure that there is true competition in the market place.

With regards to desirability and affordability Mr Mrowicki reported that the NDA would like to do a lot more than it is able to do and as a result of the funding constraints there are implications for Magnox sites, Harwell and Winfrith where essentially NDA is looking at situations where it is unable to fund the planned programmes of work because of prioritisation on high hazards.

That will result in delays on reactor re-fuelling, which is stated in the business plan and will result in a later end to Magnox reprocessing at Sellafield, the business plan talks about 2016 or later as being the likely end date but the NDA is currently undertaking a review of the Magnox operating plan and when that is complete NDA will have a much clearer idea of what the full implications are in terms of the end of Magnox reprocessing.

Mr Mrowicki stated that it does have potential for impact on the UK government's commitment under the OSLO Paris convention OSPAR and NDA is looking at that in some detail as part of its review of the NDA strategy. It was outlined on the slide the review would take place in 2008 review but as a result of the National Stakeholder Group discussion and the inputs that came from that, NDA is looking very carefully at when that review should take place. Mr Mrowicki felt it would be later than 2008.

Q: Dave Mason: It is very interesting that you have been talking about a range of factors which impact upon the plan for the NDA, you've talked about prioritisations and that's been agreed with the regulators and this need to balance desirability and affordability, but for me there is a fundamental requirement for that plan to be viable and that is for each of the sites licensees are able to meet their legal duties. One of the duties that we have under the law is to reduce risks so far as is reasonably practicable and once you've determined that its reasonably practicable to reduce risks whether that's by reducing hazard or investing in plant, investing in people or changing procedures, affordability does not come into it. It is a legal requirement and its an absolute requirement on the duty holder on the site licensee. So I feel there is another attribute which I don't think you have mentioned but I think is implicit in all that you said and that is that each licensee must meet that legal requirement to reduce risks on their sites before you enter into the prioritisation and the balance of desirability and affordability. Would you agree with that?

A: Richard Mrowicki: Did agree and went on to support the view by saying that hazard or prioritisation using hazard is a very crude approach and short hand for a much more complex process that does and has to address risk. The business plan references the need to develop a value framework for the NDA which takes into account not only the cost benefit analysis but also risk and hazard and other factors such as economic factors into decision making and that's something that NDA is working on together with stakeholders including regulators to ensure in the future that the NDA when it goes forward with submissions and future comprehensive spending review has a much more comprehensive understanding of priorities and the evaluation of those priorities. The Comprehensive spending review prioritisation process was essentially driven by getting rid of hazard, looking at risks, but there are other factors that need to be taken into account.

Q: Martin Forwood: With regard to the extension of Magnox reprocessing. Mr Forwood stated that it is a pretty major event an extension of four or five years from a date that was in most peoples minds set in concrete at 2012. The NDA does not make much of it in the plan and Mr Forwood wondered how the NDA can give this extension date without knowing in fact what effect it is going to have on the OSPAR commitments. As Mr Forwood understood there are no hard and fast projected discharge figures for B205 yet, the environment agency hasn't got any so how can you possibly know that you stand any chance at all of meeting those OSPAR objectives?

A: Richard Mrowicki: Responded by stressing he had been careful to say that the detail of the actual date of closure is not yet absolutely clear. All the indications are that a three or four year extension is needed so you are looking at 2016 or later. The Magnox reprocessing plan is still subject to review, when the review is complete NDA will make the outcome of that review public.

Q: Martin Forwood: Is this the MOP 8 and when is that due out?

A: Richard Mrowicki: thought it was due out early Spring this year. It would include an assessment of the discharge implications as well. The work that has been done so far indicates that we will be able to meet OSPAR requirements.

Q: Martin Forwood: I don't understand how you can say that when you don't know what the discharges are?

A: Richard Mrowicki: We do know what the discharges are.

Q: Martin Forwood: But no-body else does. BNG says its work in progress in draft form, the Environment Agency doesn't have the figures.

A: Richard Mrowicki: We do know the figures. The discharges have been factored into MOP 8.

Q: Martin Forwood: Well perhaps I should hire the NDA's freedom of information rather than the other peoples.

A: Richard Mrowicki: responded that Mr Forwood was perfectly at liberty to ask about information that is available. He continued that if the outcome of MOP 8 is due to be published in February, the answer is likely to be that we will provide that information. If NDA is intending to publish something in the future we will provide that information at the time.

Q: Martin Forwood: With regard to Magnox Reprocessing, the draft plan also talks about the NDA looking at alternative options for Magnox fuel management and at the same time is looking at contingency plans in the event of a plant failure. Are the alternative options and the contingency plans two different things because it reads that way, and the alternative options as I understand it from NDA stakeholder meetings I think it was the Nuclear Materials Group meetings, cost and timescales were given for these alternatives, both of which were something in the order of 10 or 12 years, so even if you employ those alternatives today or set them in motion, they would not be completed by 2016 or 17, so why are you bothering to look at them?

A: Richard Mrowicki: The alternative options and contingencies are one in the same thing, they are looking at different ways of managing the arisings of Magnox fuel from the Magnox reactor generating programme, we have to manage those arisings one way or another, the current and preferred way is to reprocess that fuel through the Magnox reprocessing plant and to manage the arising waste and products from that process. If that way fails, then the NDA's preferred option is to repair that way and to continue operating that way. You always have to assume the worst case, so there are alternatives being looked at such as not reprocessing and perhaps encapsulating the fuel, there are alternatives being looked at in terms of reprocessing the fuel using the Thorp facility, none of these have reached the stage where they are clearly valuated as viable options but they would meet the requirements of managing the fuel arising out of the Magnox programme. The MOP review is an operational plan review, the separate engineering and contingency review is effectively looking at alternative ways in case MOP 8 cannot be delivered say for example B205 failed catastrophically and cannot be repaired or brought back into service, so they are last resort options and quite clearly we have to look at those to make sure and to satisfy regulatory requirements that at least we have a way of dealing with the radioactive material coming out of the Magnox reactors.

Q: David Humphreys: It seems to me that the key to a lot of what you have been saying is this agreement with the NII as to hazard priorities at Sellafield and that's clearly driving lots of other things, could you explain a little bit more about how that's actually happens. Did NII get everything it asked for? Is it just the hazards this year or is it the hazards for the next 2 or 3 years, have some been left over?

A: Richard Mrowicki: In terms of the prioritisation of hazard reduction, the NII has formally indicated its requirements to the site licence company for dealing with high hazard facilities at Sellafield in a number of ways. NII inspect the facilities, makes its requirements known to the operators and the operators respond by basically saying to NDA we need funding to carry out this work because the NII requires it or there is a regulatory specification or a regulatory limit associated with these particular activities. That is the basis, so it is driven that way and ultimately what NDA is charged with in conjunction with the SLC's is to ensure that funding fully addresses the requirements of the NII and delivers what NDA is charged with delivering as well. Perhaps Dave Mason would like to add to that?

A: Dave Mason: The prioritisation process is actually a complex and sophisticated algorithm which takes in a whole range of factors, the hazard, the age of the plant, the physical state of the plant and that determines a pecking order of the risks across the NDA's estate and that has been discussed and agreed in a forum which includes the NII, the Environment Agency, the Scottish Environment Protection Agency, the Site Licensee and the NDA. There is a fairly good list of pecking order of the hazards of plant, but the fundamental requirement for each and everyone of the licensees is to manage the risks on their site as they see as being the appropriate thing to do and that requires SLC's to determine which is the right priority for ourselves and to identify what it is that we think we need to do to reduce risks on the site and it is that which forms the basis of the plan that is put to the NDA. The critical factor for us is that once it is determined it is reasonable and practicable to do something to reduce risks it is legally binding on us. Once its legally binding you cannot prioritise it, it has to be done. It isn't a question of desirability it is a requirement upon us to do it and its not a question of affordability because if you read through the HSE guidance on reducing risks and protecting people it quite clearly states that once you have demonstrated that something is reasonable and practicable to do, affordability is not a question. Whether you have the resources in terms of the supply chain being ordered, whether you have the people and skill resources on site that's not the question that has to come into determining when you actually carry out work. So in terms of prioritisation there is a very sophisticated process which we have been through which ranks the various hazards around the NDA estates but we all have a legal duty to manage safety properly and the challenge for the NDA is to make sure that those requirements to manage safety are properly funded.

Q: Norman Clarkson: Could there be a fear of false economy with the mothballing of Calder. We have gone ahead with the towers coming down and the de-lagging of asbestos. Once that is completed it stands then I believe until 2012 – 2014. Could costs not have risen quite substantially by the time you start to defuel and could this form part of a false economy considering that they still require servicing and monitoring from a safety point of view?

A: Richard Mrowicki: Mr Mrowicki has mentioned earlier that not doing any work at all, any decommissioning at all entails costs just maintaining safety and all of the systems. Maintaining the integrity of the plant brings with it a cost, so in principle if you are waiting and keeping things quiescent while you get on with other work and then come back, there are a number of risks associated with that. One is that you incur extra cost, the other one is that the skills you need to carry out the work have disappeared in the mean time and you need to re-train and re-skill people to do that work. There are a large numbers of factors that do need to be taken into account but the fact remains if you don't have the money to do it now you have to manage your total sum of money to do the work that must be done in order to address hazard and risk. So it is a difficult and painful decision and the NDA is required to make difficult and painful decisions in these circumstances.

Mr Mrowicki continued with his presentation by showing a slide listing some key objectives that the NDA has. NDA is looking to ensure that it has properly refined health, safety, security and environmental metrics that can be applied equally across the whole of the estate including the NDA, so measuring its own performance as well as the performance of its contractors. Another objective is finalising the hazard baseline understanding exactly what it is the NDA has to deal with, another key objective for NDA is to return vitrified waste to customers which is a contractual and commercial requirement but also in terms of NDA's own objectives moving waste away from the Sellafield site.

NDA is looking at the future of Springfields and Capenhurst as part of the site end states programme but also looking at potential developments there. NDA is going to be involving stakeholders under the managing of radioactive waste safely programme and working with partners on socio economic issues with the final approval of its socio economic policy it can then move into top gear in terms of working together with local communities addressing socio economic issues that arise from decommissioning.

Showing the final slide, Mr Mrowicki commented that some of the content on it was historical, the plan had been published on 10th November and is undergoing a full 3 month period of public consultation until the end of January. It will be amended following that public consultation and resubmitted to the NDA board for approval before it is submitted to ministers who are required to formally approve the NDA's business plan by the end of March 2008. Once that happens the funding that NDA has for next year is effectively made available to the NDA and the plan is enacted. Next Spring or early Summer NDA will be preparing to roll it forward one year following the process that it followed this time round.

In conclusion Mr Mrowicki thanked everyone for their attention and reminded members to register for the on-line consultation or the NDA would welcome comments in writing.

Q: Richard Hardiman: is a retired Shift Manager and was involved with the LLW site near Drigg and also the Sellafield site since 1947. His reason for attending the meeting was to listen to the presentation. He noticed there was no mention at all in any of the slides about what is going to be done about people who have put themselves out in this area to help with world peace in terms of what they produce and what they have done on the Sellafield site. A lot of people came onto the Sellafield site from pit disasters, they worked their way through, they manufactured with machinery that came up from the South after being used to manufacture war machinery. They worked to tolerances the thickness of a human hair to make the graphite blocks talked about earlier to less than 2000th of an inch tolerance and when those reactor blocks were built up they then were no more than 3 16ths of an inch out of truth from top to bottom. He felt that somewhere along the line the history of the area should be recognised for the people who have put themselves out to bring the nuclear industry as far as it has done. Up to now he had never heard or seen anything in any reports, but felt that the government should put forward some money to make some historic landmark or memorabilia for future generations to understand where it all started.

A: Richard Mrowicki: sympathised and empathised with Mr Hardiman's views, he also felt the area has made a massive contribution to the development of nuclear power in the UK. He thought the government did recognise that and was increasingly recognising that through the way in which it is dealing with the Local community, with the master plan and the energy coast which the NDA part funded with the North West Development Agency. The massive contribution that West Cumbria has made to nuclear power

throughout the UK has been recognised. He thought the local authorities also recognised it is a part of the West Coast heritage that needs to be remembered along with industries such as mining and steel manufacture. He felt that nuclear is within the hearts and minds and souls of the people in this part of the world. He continued however that we have to clear up and decommission and manage the legacy but he was pretty convinced that going forward, West Cumbria will still play a major part in nuclear development in the UK. The master plan and the energy coast concept is built on the bedrock of the skills and the ability of the local community to deliver a very high tech industry, he thought the future was not completely bleak, it may appear so, but he thought decommissioning, the arrival of the NDA, recognition by central government of this areas contribution provided an opportunity as well as being perceived by some as being the death now of the nuclear industry, Mr Mrowicki didn't think it was.

Q: Richard Hardiman: Another point Mr Hardiman wished to make involved the LLW site at Drigg. He was involved in the Drigg site in the 70's and knows a lot about the material in the LLW site in the trenches 1-7. He had heard some troubling stories about what it is intended to do with the LLW site and he didn't think what was being suggested was practical.

A: Richard Mrowicki: Felt that it would be useful for Mr Hardiman to talk to representatives from the NDA and the LLW site.

Q: Richard Hardiman: commented that anyone was welcome to contact him at any time for any information they want or any background.

Q: David Moore: added that there is support within the communities of West Cumbria to see some sort of monument that can be left to show the history of the site. It had been hoped to do something with the Calder Hall reactor, but that no longer looked likely to happen, there were hopes that some parts of Calder could still be retained and perhaps linked to the visitors centre. There is certainly a will in the community to put something here to recognise the work and the history of the Sellafield site, we don't want to see it lost and we will be ensuring that we are working with the industry as well as the communities to try and get something here for lasting memory of the work that has been done on the site and those people that worked there.

Q: Martin Forwood: asked for confirmation on the draft business plan, on the first slide it said it was going to replace the annual plan, he asked if that was actually the case? Next year we will get another 3 year draft plan. Mr Forwood took issue of what was said in the opening sentence that the plan was full of detail. He thought there was no detail in it at all, which made it extremely difficult for consultants to put forward any kind of reasoned response when there is so little detail and he thought that any future annual plan is going to have as little information as this one is really a retrograde step because at least the annual plan had a bit more detail in it.

A: Richard Mrowicki: emphasised again that it was the NDA's business plan, the individual site plans the near term work plans form the basis of the detailed activities carried out on each of the sites. The business plan next year will be a three year plan rolled forward by a year consulted on in the same way as this one is. What this document does is set out the NDA's plan, so it is at a higher level. It sits between the NDA strategy and the NDA's site plans, they are site plans produced by the site licence companies so this really takes an overview of the whole of the NDA's estate at a medium level. If you are looking for real detail in terms of the individual sites activities then NDA does publish the life time plan summaries and does make available the individual sites and life time plans on CD roms. If people are looking for further detail it is in different documents, the business plan is not intended to cover the detail of every site that the NDA has responsibility for.

Q: Stuart Kemp: On a separate matter of radioactive waste management the process is moving forward, government policy is moving forward, we can expect some announcements at the time of the publication of the government white paper probably towards the end of April and an invitation from government can be expected and will be issued to all communities to enter into exploratory discussions about the future siting process. It is clearly very difficult for West Cumbria to be outside of that frame simply because of the facts on the grounds. Richard made reference to the intention of the NDA to engage in public and stakeholder

engagement around the managing radioactive waste safely process and my appeal here is to the NDA and to Richard to ensure that there is some prior discussion with the relevant local authorities before commencing any public and stakeholder engagement just to ensure that the approach between the different parties can be dove tailed together and hopefully there will be a way of moving forward with one voice.

A: Richard Mrowicki, fully endorsed Mr Kemps comment.

Q: Joe Clarke: asked a question regarding the NDA socio economic policy. The NDA is suggesting in the plan that there will be 10 million available subject to planned efficiency savings. That 10 million will then be divided between West Cumbria, Cathness and North Sutherland, Anglesey and North Wales and Dumfries and Galloway. 10 million split between 4 areas to do a lot of things according to the policy but it seems to be a very small amount of money to deliver what NDA claim to be able to deliver other than being a benevolent society handing out cheques. How much of the PBO profits or how much of the PBO business model is going to be devoted to guaranteeing some of their money actually stays in the areas that they are responsible for. Say West Cumbria for example, whoever becomes the PBO for Sellafield, is there a commitment in the contract that they will invest money into the local economy, we are already seeing money being taken away from the economy is that going to continue.

A: Richard Mrowicki, The contractual details are a commercial matter between the NDA and the PBO. There is an expectation that any PBO operating on an NDA site takes socio economic responsibility very seriously and every indication that NDA has had so far is that everyone of the prospective PBO's and indeed the preferred bidder for the LLW repository site take those duties very seriously indeed. In terms of the amounts of money that they might make available to the community, that is a matter for the PBO and not a matter for the NDA.

With regards to the NDA's policy, the four areas that have been identified are priority areas and the money available in the budget is earmarked and is funded and subject to efficiency savings, that is the requirement placed on NDA by the Act. The allocations is not just restricted to those four areas there is no reason why any part of the UK or any community surrounding the NDA sites cant come forward and make a request or a proposal to the NDA for socio economic support. Mr Mrowicki added that the socio economic duty that NDA has is not a prime duty it is a secondary duty. It is a duty that requires NDA to work with other organisations that have economic development as their prime responsibility. So the NDA is not going to come in and take over responsibility from local authorities or any of the North West Development Agencies for economic development, but will work with those organisations to deliver on the remit that it has.

Mr Mrowicki highlighted that since its arrival in this part of the world the NDA has enabled a huge amount of development on the economic front in terms of supporting cottage hospitals, whilst the health care review was undertaken, university of Cumbria, the nuclear academy, and NDA is working to try and bring economic development and supporting things like the master plan which will support the future of West Cumbria for decades to come, so NDA don't take these duties lightly but treat them very very seriously.

Q: Peter Kane: The plan looks as though its based on the government's current policy, that policy may change as early as next week because it is all based on decommissioning and clean up and nothing else. There is a bullet point on your third slide that says maximise commercial value, is that plan B or is there no plan B do we wait for next year for plan B to come out.

A: Richard Mrowicki: The NDA's plan is based on current policy, it has to be absolutely compliant with government policy we have no option but to be fully compliant. In terms of maximising commercial value, that comes from the Energy Act where NDA is required to maximise the value of the assets that it has.

Q: Peter Kane: It seems strange that we are going through this consultation period which will end on 31st January and by the middle of January you could be changing policy.

A: Richard Mrowicki, Yes but the government's policy is set out in the Energy Act and the policy in respect of decommissioning and clean up is set out in the Energy Act. Any other changes in government policy will be on other matters.

Q: Peter Kane: What I'm looking at Richard is that any PBO coming in will look at what it can do commercially to earn more money, so the commercial aspects will affect the funding?

A: Richard Mrowicki: The PBO as far as the NDA is concerned is required to maximise the return from commercial activities and they will be required under the contract to operate in accordance with NDA requirements but they only relate to the NDA's portfolio of business. Any other government policy changes that sit outside of that are a matter for government and will not necessarily impact directly on the NDA, they will have an influence on the NDA's activities going forward but there is no plan B, the NDA plan is to decommission and clean up which is what the Energy Act requires NDA to do.

Q: Gordon Brown: What does MOP 8 mean?

A: Richard Mrowicki: MOP 8 – Magnox Operating Plan.

Q: Gordon Brown: You have just made reference to PBO, what is that?

A: Richard Mrowicki: Parent Body Organisation, it is the organisation with which the NDA has a contract.

The Chairman thanked everyone and felt that the NDA draft business plan is a big issue facing us in the future. It had been discussed at the National Stakeholder Group where all the site stakeholder groups agreed that wherever the opportunity arose it would lobby government and local MP's to try and increase funding for sites. They were uncomfortable with some of the things that were happening on some of the other sites and although the NDA felt they had had a good settlement from government not everyone agreed with that and would lobby at every opportunity to try and get a better settlement for the sites that we represent.

The Chairman commented that all the comments that had been made would be fed back through to the NDA process. He also encouraged individuals and organisations to feed into the process. He felt that the community needed to see from the NDA that the comments that come from these sorts of meetings and the feedback are actually taken into account in the final document.

One of the concerns seen at the National stakeholder group was people feeling what value they get unless they can actually influence some change and the Chairman would be looking for that when the finalised document comes out.

The Chairman thank Richard Mrowicki and his colleagues for the presentation and fielding the questions. He encouraged members to visit the 5 stands that were available in the main hall for an update on the NDA socio economic plan, site ends states consultation, Windscale transition, Sellafield and Windscale Decommissioning progress and the WCSSG restructure.