

**Sellafield Ltd Report
to the
West Cumbria Sites Stakeholder Group
Thursday 1 October 2009**

This report is issued as part of Sellafield Ltd's commitment to ensuring that information is available to members of the public.

The reports will be distributed on a six monthly basis prior to the West Cumbria Sites Stakeholder Group (WCSSG) main scrutiny meetings and is available on the WCSSG website: www.wcssg.co.uk

Representatives from Sellafield Ltd attend the WCSSG meetings and are happy to field any questions raised.

Introduction

Since 24 November when Nuclear Management Partners (NMP) completed the transfer of shares in Sellafield Ltd its initial transitional plans discussed in the last scrutiny report have been successfully completed to schedule. Achievements include the implementation of a revised management structure in which all 19 executive directors were successfully transitioned into the organisation and aligned to the corresponding revised directorates. The successful implementation of the 100 day plan was completed, maintaining safe operations, engaging with stakeholders, customers and the workforce and building the foundation for efficiency initiatives. In addition, the fundamental ethos of People, Partnering and Performance has successfully permeated all levels of the organisation.

Following on from this success this report now looks at how we have been 'doing what we said we would', working towards/delivering against the key commitments made under People, Partnering and Performance.

People

Cultural Change

In order for the PBO transition to be successful and for Sellafield Ltd to begin to deliver against its commitments, a sustainable change in culture was and still is essential. Recognising that the success of Sellafield rests with the workforce, one of the first actions taken by the new executive team was to ensure early/regular engagement with the trade unions to begin to develop vital relationships. Following executive inductions, a period of restructuring was undertaken ensuring that the top team corporate structure was aligned to deliver the requirements of the business. In addition, leadership team engagement and executive visibility was ramped up across the site.

Following this came the achievement of a revised pay deal in record time, this was achieved through bringing partnering principles and an open and honest approach to the discussions with the Unions. Specifically both the management team and the unions had a clear and aligned understanding of the key business drivers, the worsening economic climate and each others proposals from the outset.

We also achieved the successful implementation of strategically linked Performance Management Agreements for every member of the workforce, ensuring that each employee

understands how their attainment targets contribute to the delivery of the Sellafield mission – accelerated high hazard reduction.

More recently we have rolled out the new/focused leadership briefing process, which aims to actively engage all members of the workforce in discussing/contributing to the challenges the site faces. To complement this process, “brown bag” lunches (face-to-face discussions between directors and small groups of employees) were conducted to further engage the workforce/listen to/act upon suggestions for improvements. All of the initiatives discussed facilitate a shift in culture to an output delivery environment which is where the site is transitioning to currently.

Partnering

Active Support for Local Communities

At a strategic level, Sellafield Ltd has developed a Socio-economic Plan for 2009/10 which serves as a strategic framework for defining how the Lifetime Plan (which includes provision of community funding) will support delivery of the Energy Coast programme priorities. In addition socio-economic considerations are being built into the strategic decision making processes of other directorates.

Sellafield Ltd, along with NMP and the NDA, is partnering with West Cumbria Vision with the aim of aligning respective socio-economic investment plans and community investment activities. Places for each stakeholder on the West Cumbria Vision Board, coupled with the adoption of a structured project grant system, will provide the necessary governance to make this possible.

Effective delivery of the Energy Coast programme will require enhanced capacity in the West Cumbria Vision delivery partnership and supporting programme office, local government, businesses support and third sector organisations. Sellafield Ltd is actively supporting this requirement via a number of staff secondments, including staff to support the West Cumbria Vision programme office and Whitehaven Rugby League Football Club.

In order to ensure the local supply chain has the opportunity to fairly compete and take advantage from the scope of work required to deliver the Sellafield mission, Sellafield is looking to move away from short-term transactional arrangements to (where appropriate), integrated project teams, longer-term partnering contracts and earlier supplier engagement at the design phase. These initiatives will foster robust strategic relationships and collaborative working practices.

These initiatives are already yielding tangible results, for example if during a tender exercise a vendor makes a pledge to contribute to the socio-economic environment and they subsequently are awarded this contract, West Cumbria Vision in partnership with Sellafield Ltd will take on the role as the socio-economic referee, ensuring that all commitments made are upheld. Benefits to this process will be three fold:

- 1 *Sellafield is using a local supply chain resource, purpose-built to carry out these assessments*
- 2 *This approach supports Sellafield's partnering policy to the supply chain*
- 3 *It ensures that the local economy benefits from the schemes proposed in tender bids.*

In addition, this concept of delivery against socio-economic promises will be positively reinforced at the Supplier Forum (to be held in November). At this event we will be praising/celebrating the achievements of some sub contractors in the field of socio-economics with a view to inspiring other organisations to making the same steps forward.

Finally NMP have guaranteed £4m p/a whilst Sellafield Ltd continues to donate £3.1m p/a to support delivery structures in Cumbria. In addition a number of organisations have benefited from transitional donations including:

Cause	Investment
West Cumbria Development Fund	£1.5m
Invest in Cumbria	£100k
GEN II	£330k
Furness Enterprise	£25k
Whitehaven Festival	£20k
Rosehill Theatre	£10k
North Country Leisure	£12k
Maryport Blues Festival	£20k
Haig Pit Museum	£25k
Crime & Disorder Reduction Partnership Awards	£7k
Egremont Crab Fair	£5k

Approximately £450k has been put aside to support further Energy Coast projects.

Sellafield continues to support skills development of both our current workforce, and the workforce of the future. Our investment of £330k to GEN II in 2009 will ensure a new cohort of 80 young apprentices are suitably skilled to meet the needs of the business.

Regulator Interface

Since share transfer, the Sellafield executive has invested significant time and effort in order to actively engage with regulators, with a view to building upon working relationships. Activities have included the initiation of valuable face-to-face introductory and collaborative working meetings. While these meetings provided the opportunity for relationships to be established, they also allowed for the establishment of basic engagement principles (e.g. increased open reporting and responsiveness is a priority).

Over time, the focus of these meetings has moved from relationship building to real problem solving, which has been manifested in the development of a High Hazard Steering Group. This group includes senior leadership from regulators (NII, EA, DfT, and OCNS), Sellafield Ltd, NDA and at least one independent. The Steering Group will provide an overview of, and input to, the strategies and tactics for implementing critical hazard reduction programmes. Participation at the senior leadership level will be critical as an important function of the Group is to identify and resolve impediments to the successful implementation and acceleration of key programmes.

Performance

Conduct of Operations

Initial assessments conducted by the executive directors were supported by the findings of the PAIS reviews conducted (Partner, Assess, Innovate, and Sustain) which concluded that Conduct of Operations was a potential area for improvement across the Sellafield Site. A lack of a clear conduct of operations manual meant that inconsistent practices were applied site wide, introducing unwanted risk into the process. Differing practices and procedures were also reducing workforce mobility which would ultimately impact on the delivery of accelerated high hazard reduction.

In order to address this issue, a clear site wide programme was initiated in December 2008 which saw the appointment of a programme lead to drive the programme of work. An additional PAIS review was conducted, and thorough gap analysis assessing Sellafield Ltd, IAEA (International Atomic Energy Agency), WANO (World Association of Nuclear Operations) and Savannah River procedures was conducted enabling the development of the most complete conduct of operations manual in the world. In addition an appropriate implementation strategy was developed ensuring that the next phase of best practice implementation across the entire workforce through a comprehensive programme of training and coaching is achieved.

Asset Care

Following share transfer a number of due diligence exercises were initiated in parallel with the PAIS review to look at the position of asset care. Results from these reviews supported the conclusions of the executive directors and indicated that the inherited asset care position was in a worse than anticipated position due to a significant lack of historic investment.

Immediately, re-structuring of the infrastructure directorate began and a site maintenance manager was appointed. Following this appointment a set of asset management principles was developed and agreed between Sellafield Ltd, NDA and the regulators which allowed a change programme for maintenance engineering and asset care to be initiated. In addition, to ensure a consistent standard of maintenance is achieved across the site, a conduct of maintenance manual is being developed.

Goals for maintenance re-engineering include:

- Delivery of efficient and cost effective asset care and maintenance for the site
- Implementation of a consistent planning/scheduling approach
- Standardisation of the use of tools and techniques for maintenance.

As asset care has been classified as an NDA priority, Sellafield Ltd is currently evaluating all asset care projects for priority and acceleration.

Integrated Change Programme

As proposed in the tender for the Sellafield operations, a PAIS review of the site operations and key support functions was conducted from late January through to March 2009. The findings and outcome of the PAIS (Partner, Assess, Innovate, and Sustain) was reported in April 2009.

There were 14 initial focus areas that the PAIS report identified and recommended to take forward. The outline plan for taking this forward was detailed in the Change Plan 2009/2010 that was submitted to the NDA at the end of May 2009.

A wider review of existing improvement programmes across the business along with these 14 initial focus areas has resulted in 17 programmes of work being established. Work on these 17 programmes has been continuous to define and detail the scope of work, identify the perceived benefits to be realised, identifying the relationships and interactions between the different programmes, all of which has focused upon further integration of the programmes into the one Integrated Change Programme.

At the end of July 2009 the Integrated Change Programme 2000/2010 was submitted to the NDA and this summarised how all of the 69 PAIS recommendations are being addressed during 2009/2010 and beyond, along with consolidating the 17 programmes of work.

As we move forward, elements of the integrated change programme have emerged that provide the core model to achieve six4five (six years' work in five). This illustrates how the Integrated Change Programme will deliver the Six4Five. A prioritisation process is now being applied to ensure we are taking the right improvements forward for the right reasons. This will provide the fundamentals of the next significant milestone, which is to define the full scope of the Integrated Change Programme by the end of October 2009. This will provide a clear defined Integrated Change Programme that Sellafield Ltd is committed to delivering to achieve the joint Sellafield and NDA vision for the Sellafield site.

Integrated Change Programme

Work to develop Life Time Plan 2010 (LTP10) began in April 2009. This is being done in close partnership with NDA who have provided Sellafield Ltd with a formal Strategic Specification upon which LTP 10 will be based.

The build and review process for LTP 10 has considered 'deliverability' as a key criteria, looking at demands on resources, supply chain capacity, logistics of project programmes etc.

Previous LTPs have resulted in 'pressurised' plans being produced where the workscope being proposed has exceeded the allocated costs and overall delivery capabilities.

This LTP will prioritise high hazard clean-up, which will result in lower priority work being suspended or rescheduled with people and financial resources being diverted to higher priority programmes.

The aim is to have LTP 10 available in Spring of 2010.

Operational Performance

SMP

The performance of the Sellafield MOX Plant remains under continuous review by NDA. As previously reported Sellafield Ltd continues to make new MOX nuclear fuel in the Sellafield Mox Plant and we are committed to fulfilling the contracts with customers. The details of these contracts are commercially confidential however it is a matter of public record that MOX fuel is due to be transported to a German customer in FY 2009/10. It would not be appropriate for security reasons to give further details of the delivery schedule. We can confirm that SMP has manufactured sufficient MOX fuel for the next planned shipment to Germany.

Good progress is being made although the plant does continue to display some availability problems in specific areas.

The strong safety performance of the team in SMP also continues. The team has now passed 1.2m man hours without a lost time accident.

Waste and Effluent Disposition

The period since April has been very active in Waste areas. A key event was completion of the 5000th canister of vitrified high active waste, representing the reprocessing of over 40,000tesU at Sellafield. Vitrifying the reprocessing waste into canisters puts the waste in an immobile form, safe for long term storage. Additionally, work force teams emptied a tank of historic, alpha-bearing waste, and transferred the waste into a more modern tank, ready for further processing into a final waste form for long-term storage. Plant operations supported all site missions as required.

Waste areas have been brought together in a new directorate, Waste and Effluent Disposition. The new directorate will centralise all waste programmes under a single executive member, resulting in clearer direction and enforcement of waste hierarchy methodology to minimise and, where possible eliminate, waste generation. The new directorate will also focus more attention on final disposition of the waste held at Sellafield sites.

Thorp

This year to date, 165 tonnes of fuel have been reprocessed, against a target of 200 tonnes. Further shearing operations are now held pending the HALES evaporator C inspection, which is the subject of Regulatory scrutiny. The HALES evaporators are a key downstream effluent management plant, concentrating the Thorp HAAR (Highly Active Aqueous Raffinate) and MA (Medium Active) effluent prior to Vitrification, and are intrinsically linked to Thorp operations. The Chemical Separation plant has almost completed the processing of the sheared fuel, with the last tank being fed through the Plutonium Finishing Line within the next few weeks. Most areas of Thorp have started a planned engineering outage, which will be completed in phases in preparation for restart of reprocessing operations (subject to successful completion of evaporator C inspections).

In addition to the outage work, some of the teams have been diverted onto Long Term Periodic Review safety case work within the plant and several personnel have also been mobilised across the site to support some of the high-risk work streams.

Decommissioning

Teams across the Decommissioning Directorate have continued to progress work on the portfolio, achieving a number of successes, including:

- The new decommissioning structure has been finalised subject to approval by the Sellafield Management of Change process. The structure has six Heads of Delivery and six Heads of Programme Support reporting to director Russ Mellor. All six Heads of Programme Delivery are identified and in place, as are four of Heads of Programme Support. Two new positions - Head of Engineering and Maintenance and Head of Technical - still remain to be filled.
- A “Grey Beard Review” was recently conducted in the Decommissioning Directorate. This consisted of a review by industry experts with many years of experience in the nuclear industry and focussed on directorate strategy by taking them a level further and addressing individual facility strategies and technology.
- The “skunk works”, or advanced development programme team, follows on from the Grey Beard Review. The skunk works, a term first introduced in World War II by engineers at Lockheed Martin Corporation, is a small group of people who work on projects in an unconventional way, using out-of-the-box thinking to develop solutions quickly with minimal management constraints. These solutions are then further developed according to usual business processes. Led by Harvey Handfinger, the team has been formed to look at the Decommissioning Directorate priorities and assess alternative strategies to be implemented to support these priorities. The skunk works team currently comprises 8 members from our parent companies (AMEC, URS Washington, Areva) as well as team members from Sellafield. The team will develop as opportunities are identified.

B30 – Redundant Magnox Storage Pond

- The B30 projectisation pilot structure is now fully established. One of two areas on site to be piloting the new projectised structure (the other being High Level Waste Plants), the findings from the pilot will be rolled out across the remainder of the Decommissioning Directorate by the end of this financial year.
- Silos Direct Encapsulation Plant reaching 1,000,000 man hours and six years without a Riddor reportable accident, and Sludge Packing Plant 1 and the Magnox Swarf Storage facility achieved five and four years respectively without a single lost time accident.
- The final isolation of the Redundant Sludge Settling Tanks from the Magnox Storage Pond and Decanning Facility was completed on 8 September with completion of all three line isolations. This is a significant risk reduction achievement. The redundant Effluent and Sludge Pipework System (RESPS) linked the pond and wet bays to the redundant settling tank.
- A Sludge Packing Plant 1 milestone to have an ‘Integrated Letter of Compliance Strategy Available’ was achieved a day early. The milestone acts as interim approval

allowing disposal of waste that complies with the relevant conditions for acceptance to the NDA's Radioactive Waste Management Directorate repository. This is a key enabler for the disposal of encapsulated waste from the Sludge Packaging Plant.

B38 – Magnox Swarf Storage Facility

- Targeted rotational cooling of the 1st Extension compartments has started, a major Nuclear Safety improvement. Before the cooling campaign commenced the highest individual thermocouple reading was 38.4°C. Six weeks later the same thermocouple reading was significantly reduced to 31.4°C. This milestone is a key step toward implementing a continuous routine cooling regime at in the silo.
- Also installed ahead of schedule were 10 Canberra Harwell iCAM/D Beta in Air monitors, the first phase of a three-part milestone to replace a total of 30 Beta in Air Monitors in the plant by December 2009. Achievement of this milestone means that effective monitoring for airborne activity within the plant continues, securing ongoing compliance with Regulation 19 of the Ionising Radiation Regulations 1999 (IRR 99).
- Finally, 175m of redundant CO2 pipework was removed four weeks ahead of schedule. The six inch thick carbon steel pipe was the original inerting gas pipeline for the building, although it has been redundant since 1984, during which time significant of the pipework supports had occurred.

B29 Pile Fuel Storage Pond

- The Pile Fuel Storage Pond successfully met the requirements of a significant milestone within the Decommissioning Directorate and Sellafield site - Commencement of Redundant Fuel Skip Export. Achievement of this is a step forward in the clean up of the pond and the team are now focusing on the removal of a further 15 skips over the course of the year to make space to start pond floor desludging operations.
- Camera surveys of the Pile Fuel Storage Pond Withdrawal Bays 11 and 12 are also now complete and show that Bay 11 and 12 desludging operations are complete, a major achievement for the retrievals project. The desludging process will now be applied to other bays to transfer sludge into the main pond for retrieval and treatment through the Local Sludge Treatment Plant.
- All three Bulk Storage Tanks were installed in the pond's Local Sludge Treatment Plant building, three weeks ahead of schedule. The installation of the tanks is a major step forward for hazard reduction.

B41 Pile Fuel Cladding Silo

- A significant milestone on the Pile Fuel Cladding Silo Retrievals Project has been achieved, with the piling phase of the project successfully completed. This involved the construction of 133 piles, with a large diameter of 830mm, each boring a minimum of 7.5 metres into the ground. The piles form the foundation for the Retrievals Project and are the first major step in the construction of the building that will ultimately retrieve waste from the silo.

Site Remediation and Decommissioning Projects

- The Land Quality Team has completed the site drilling programme. This concludes a large programme of work which commenced in 2007. The information gleaned from this work will be used to calibrate and develop a model of groundwater flow on the Sellafield site which will be used to underpin future land quality programmes of work.
- Radiological and Physical Characterisation of the Shear & Maintenance Cave in the Primary Separation Plant has also been completed ahead of schedule.
- The team working in the Magnox Reprocessing Pilot Plant has achieved a milestone in completing the removal of the last structure in the facility – the plinth. The removal and size reduction of the plinth concludes a 10 year programme to remotely decommission the internal cells and structures of the laboratory.
- The team in the Caesium Extraction Plant have succeeded in fitting three closure plates to seal a hole which enable decommissioning work to recommence. The hole had prevented the team achieving the required levels of ventilation depression for safe operations. The plant was shut down until this work could be completed.
- The Separation Area Ventilation Project (SAV) is progressing well. The enabling project will allow ventilation streams to be diverted from existing stacks to the new facility and stack which will allow the decommissioning of other stacks within the Site's Chemical Separation Area. Construction of the new plant and stack will commence shortly with the sub station being completed this year (2009) the remainder of the construction work will be carried out in 2010.
- The Business Case to store Pile 1 Fuel & Isotope 500-litre drums in the Encapsulation Product Store 3 (EPS3) has been endorsed by the ILW Steering Committee.

Windscale

- Pile 1 Fuel & Isotope Removal Equipment trials for the Burst Slug Scanning Gear (BSSG) shear prototype have been successfully completed at the Moresby Parks facility. Stakeholders were invited to witness the trials being undertaken.
- Pile 2 has successfully removed the roof protection system. Approximately 6,000 timber batons have been removed which are now being stored prior to disposal.
- LLWR approval has been obtained for consignment of Windscale Advance Gas-cooled Reactor pressure vessel steels in pre-grouted blocks within ISO containers. This will significantly reduce the volumes of LLW consigned to LLWR.

List of Acronyms:

AFO - Authorised fire arms officers
AGR - Advanced Gas Cooled Reactor
ASW - Agency Supplied Worker
BERR - Business Enterprise and Regulatory Reform
BOC - Bottom Outer Coil
CAGR - Civil Advanced Gas Reactor
CHPP - Combined Heat and Power Plant
COBRA - Cabinet Office Briefing Room 'A'
COGEMA - French government owned nuclear group
CNC - Civil Nuclear Constabulary
CSW - Contractor Supplied Worker
DACR - Days Away Case Rate
DTI - Department of Trade and Industry
EAC - Endorsement for Active Commissioning
EARP - Enhanced Actinide Removal Plant
E&EP - Effluent and Encapsulation Plant
EHS&Q - Environmental Health, Safety and Quality
EPS - Encapsulation Plant Store
EPS2 - Encapsulation Plant Store 2
FCRT - Fuel Channel Retrieval Tool
FHP - Fuel Handling Plant
HA - Highly Active
HAL - High Active Liquor
HANO - Highly Active North Cell
HLWP - High Level Waste Plant
HMIC - Her Majesty's Inspectorate of Constabulary
HSE - Health & Safety Executive
ILW - Intermediate Level Waste
INES - International Nuclear Event Scale
INS - International Nuclear Services
LLW - Low Level Waste
LLWR - Low Level Waste Repository
LRQA - Lloyds Register Quality Assurance
LTA - Lost Time Accident
LTP - Life Time Plan
MA - Medium Active
MAC - Medium Active Concentrate
MER - Magnox East River
MBGWS - Miscellaneous Beta Gamma Waste Store
MOX - Mixed Oxide
NDA - Nuclear Decommissioning Authority
ND&MPG - Nuclear Decommissioning and Major Project Group
NII - Nuclear Installations Inspectorate
NOK - Nordostschweizerische Kraftwerke AG - Swedish Utility
NM - Nuclear Material
OCNS - Office of Civil Nuclear Security
ORM - Other Radioactive Material
OSHA - Occupational Safety & Health Administration
PACSR - Pre-Active Commissioning Safety Report
PCM - Plutonium Contaminated Material
PF&S - Plutonium Finishing and Storage

REF - Residues Export Facility
RIDDOR - Reporting of Injuries, Diseases & Dangerous Occurrences Regulations
QA - Quality Assurance
ROV - Remotely Operated Vehicle
SAV - Separation Area Ventilation
SDP - Silos Direct Encapsulation Plant
S&DNSC - Sellafield and Drigg Nuclear Safety Committee
SMP - Sellafield Mox Plant
SOCPA - Serious Organised Crime and Police Act
SPP1 - Sludge Packaging Plant 1
SPRS - Sellafield Products Residues Store
THORP - Thermal Oxide Reprocessing Plant
TPFL - Thorp Plutonium Finishing Line
TRC - Technical and Residues sub committee
UKAEA - United Kingdom Atomic Energy Authority
UKSO - UK Safeguards Office
VIT - Vitrification
VPS - Vitrification Product Store
WANO - World Association of Nuclear Operators
WCDA - West Cumbria Development Agency
WCDF - West Cumbria Development Fund
WCSSG - West Cumbria Sites Stakeholder Group
WEP - Waste Encapsulation Plant
WPEP - Waste Packaging and Encapsulation Plant
WTC - Waste Treatment Complex
WVP - Waste Vitrification Plant