

Meeting:	NuLeAF Steering Group, 15 July 2009
Agenda Item:	7
Subject:	NDA Strategy Review and Developments
Author:	Fred Barker
Purpose:	To report on progress with the NDA strategy review and other NDA-related developments

Introduction

This report provides an overview of progress with the Nuclear Decommissioning Authority (NDA) strategy review and other NDA-related developments. It covers:

- The NDA response to NuLeAF's request that it consider ways of increasing stakeholder understanding of, and confidence in, the Value Framework.
- The discussion at the National Stakeholder Group on 17-18 June, including the strategy review.
- The appointment of the NDA's new CEO.

Recommendation

It is recommended that the Steering Group agree:

1. the preparation of a Briefing Paper on opportunities for socio-economic support from the NDA; and
2. to consider a report at its next meeting on the NDA's approach to the concentration of waste management at a smaller number of sites.

Contribution to Achieving Strategic Objectives

The activities described in this report promote the following NuLeAF objectives:

- To encourage development of a robust, transparent and participative process for informing NDA decisions about prioritisation of spending across sites.
- To encourage 'regional' approaches to nuclear legacy management where such approaches are supported by the affected local authorities in the light of the overall balance of benefits and disadvantages.

1 Value Framework (VF)

The SG will recall that the VF is a 'toolkit' that NDA use for assessing the value and impact of different strategies, funding scenarios and options. It consists of a set of attributes that represent key aspects of the NDA's mission, which have been sub-divided into individual measures with national valuations. The NDA uses the VF as part of wider decision making processes.

The NDA's aspiration is to develop a consistent approach to "measuring value" that is broadly acceptable to stakeholders and allows decision to be made on a national basis. At its last meeting, however, the SG was advised that insufficient information has been made publicly available to allow stakeholders to judge whether the VF approach provides a robust input to decision-making.

The SG therefore agreed to write to the NDA to request that it consider ways of increasing stakeholder understanding of, and confidence in, the Value Framework, for example, through commissioning and publishing an independent review of its development and use.

In response to the NuLeAF request, the NDA set up a teleconference with the Executive Director (ED). During the course of the discussion, Richard Waite, the then Acting CEO (see below), stressed the importance of presenting and talking to stakeholders about the NDA's decision processes, and use of the VF within them. In particular, he proposed that this be a major agenda item at the November NSG, so that NDA can explain the role that use of the VF will have in preparing NDA's bid to the next Government spending review, and how it has been used in other worked examples eg in assessing business cases for specific proposals.

The NDA also accepted an invitation from the ED to provide an afternoon speaker on these topics at the NuLeAF SG/AGM on 15 October in London. NDA also referred to the possibility of publishing an explanatory document on the VF after the Nov NSG.

2 Discussion at the NSG

The NSG that took place on 17-18 June was attended by the ED, Councillor Tim Knowles and Stewart Kemp on behalf of NuLeAF.

The first day included updates on key developments and on the Strategy Management System and break-out groups on the strategy review, socio-economic support, the siting of a Geological Disposal Facility, oxide fuels management and plutonium. The second day included presentations and at-table discussion of key elements of waste management strategy.

Key points to note are:

Strategy Review

Formal consultation on the draft strategy will take place between July and September 2010. The topics where there is still "opportunity for influence" are: land quality management, plutonium, uranium, exotic fuels, non-radioactive and hazardous wastes, asset optimisation, R&D, information and knowledge and transport and logistics. The NDA was urged to develop stakeholder engagement plans for these topics.

Decommissioning and Clean-Up

On this topic, it was reported that the methodology for “prioritisation is being refined to allow development of a coherent strategy that aligns with Government policy and is deliverable within the constraint of affordability”. This is an issue where the VF outlined above is being applied.

It was also stated that a list of around 20 major decommissioning and waste management projects have been identified that require capital expenditure and could be funded from the contingency reserve of £387million raised from the recent sale of land. It is likely that the VF will also be used to help identify priorities within this list of projects.

Socio-Economic Support

The NDA provides socio-economic support to communities affected by decommissioning and clean-up activities in accordance with the provisions of the 2004 Energy Act and its Socio-Economic Policy (NDA SE Policy).

The policy identifies four priority areas:

- West Cumbria
- Caithness and North Sutherland
- Anglesey and Meirionnydd, and
- The Gretna-Lockerbie-Annan corridor

The NDA has prepared ‘Priority Area Plans’ for each of these areas, to ensure alignment between the NDA’s socio-economic activities and the socio economic priorities for each area.

It was reported in the socio-economic break out session at the NSG that over 30 applications out of 109 have been successful in securing funding. Grants have been made in support of sustainable job creation, skills and educational development programmes, economic and social infrastructure projects and diversification initiatives. A list of the successful applications has been published on the NDA website.

It was also reported that the process for handling applications has been significantly improved and NDA is looking to assist communities develop their bids.

As reported at the last SG, the secretariat has a Case Study under preparation on the NDA’s support for two projects around Chapel Cross in Scotland (an Industrial Park and a Business Incubation Centre). The secretariat is also in discussion with the NDA about making further information available about successful funding applications. Subject to this information being made available, it is suggested that a Briefing Paper be prepared to inform member authorities of how the NDA’s approach to socio-economic support has developed over the last two years. This might provide encouragement for more member authorities with NDA sites to identify proposals that could form the basis for successful bids.

Waste Strategy Discussions

The presentations and at-table discussions on day 2 of the NSG focussed on three aspects of waste strategy:

- Proposed LLW Strategy
- The interim storage of higher activity wastes
- The optimisation of the treatment of higher activity wastes

During discussion of the proposed LLW strategy opportunity was taken to highlight some of the key points set out in the report for item 4 of the SG agenda.

The discussion on interim storage focused on the following questions:

1. Should NDA consider all storage infrastructure across the NDA estate as an integrated NDA asset, which would operate a flexible approach to the movement of wastes between sites?
2. Under what circumstances could this approach be extended to other waste producers in the UK eg British Energy and MoD?
3. What are the benefits and disadvantages to more flexible waste storage and transfer arrangements?
4. How could the NDA begin to address any barriers?

Similar questions were discussed on the optimisation of treatment of higher activity wastes.

The discussion raised some familiar themes, covering the pros and cons of regional approaches, including attitudes to 'waste imports' from other areas, the application of the proximity principle and the case for community funds for 'regional centres'. The issue of whether waste management facilities should be concentrated at sites with a nuclear future, allowing other sites to be cleaned up and de-licensed, was also discussed.

It is worth recalling that a strategic objective relevant to these discussions was adopted at last year's AGM:

"To encourage 'regional' approaches to nuclear legacy management where such approaches are supported by the affected local authorities in the light of the overall balance of benefits and disadvantages."

It is not clear yet whether the focus of discussion at the NSG signals the start of new emphasis within NDA on 'optimisation' of the treatment and storage of higher activity wastes at a smaller number of sites. It is proposed that the SG take a more detailed report on this issue at its next meeting, taking into account the written report of the NSG and the NDA's response.

3 Appointment of New CEO

At the start of the NSG it was announced that Tony Fountain had been appointed as the NDA's new CEO. The NDA's press release about the appointment is appended to this report.

The ED has written to the NDA to seek a meeting with the new CEO to explain the role of NuLeAF, the importance of engagement with local authorities, and NuLeAF views on key legacy management issues, including GDF siting and LLW strategy.

Annex: NDA Press Release re Appointment of New CEO

NDA Announces New CEO

17 June 2009

We have today announced the appointment of Tony Fountain as our new Chief Executive Officer.

Mr Fountain, who will take up his new position in October, joins the NDA from BP where he was Chief Operating Officer (COO) of BP's Fuels Value Chains business.

NDA Chairman Stephen Henwood said:

"The Board is delighted to have found someone of Tony's calibre and experience to lead the organisation into the next phase of its journey. Our task moving forward is to focus on delivery and performance in what will clearly be a very challenging environment. Tony's experience and leadership will be crucial to our future success."

"The Board is extremely grateful to Richard Waite who, as Acting Chief Executive, has led the NDA team that has delivered strong results for the NDA over the last 12 months – including the successful conclusion of the Sellafield PBO competition and the sale of land around some of our sites. Richard's experience as acting CEO and his strong nuclear background and track record make him a key member of the senior team and we will be working with him to develop and grow his future role."

Tony Fountain said:

"The NDA is undertaking a critical role on behalf of the UK and I feel privileged to be asked to lead the organisation and very excited about the opportunity. The NDA has much to be proud about in its achievements so far, but all will agree there is much still to be done. I look forward to building on the important relationships with our key stakeholders who have such an important role in our future success."

Tony Fountain Biography

Tony Fountain joins the NDA from BP following an extensive international career over the last 25 years including several postings to the US. In his most recent position as Chief Operating Office (COO) for BP's Fuels Value Chains business he was responsible for the strategic and operational leadership of BP's integrated businesses in the Eastern Hemisphere, with a multi-billion income stream and 15,000 staff across Europe, Australasia and Africa. He also had functional leadership for Global Fuels Marketing and Supply. Prior to that, Tony had Group responsibility for BP's Strategy, Planning and Performance Management. Tony is an economist, gaining a BSc from Warwick and an MPhil from Oxford.