



**Nuclear
Decommissioning
Authority**

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Roger Saxon
Chair
Dounreay Stakeholder Group

Our Ref: NS-NDA-0241
Your Ref:

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Dear Roger

Re: Dounreay Site

Thank you for your email of 16 October and to you and Derrick for your attendance and contributions at dinner on 9 October. The Caithness Broch Project is a fascinating one of great interest to help promote tourism in the area, and has some very enthusiastic proponents.

With regard to DSG's desire to speak to me separately from other dinner attendees, I will look for future visits to set up something to allow this. I would also encourage you if you have any concerns not to wait for my visits, but raise such concerns at the earliest opportunity with Mark Raffle in person or me via phone or email. I believe you know that my role as NDA Director responsible for Dounreay will be transferred to the new post of Director of Nuclear Operations early in the next financial year, so I only expect to have one or two further visits as Director responsible for Dounreay but will continue to be interested in progress at the site and in the local area in my role as CFO.

We recognise and are pleased to see the short term improvement in some of DSRL's lagging safety indicators, particularly the Total Recordable Incident Rate (TRIR). However, these lagging indicators are not the whole story. DSRL recognises that it has further work to do to achieve a sustained improvement, and there are still some concerns over leading indicators and behaviours. Until these are fully rectified any improvement will not be considered sustained. Stephen Speed (BEIS) joined NDA representatives at a meeting with DSRL and CDP on these topics. NDA will continue to scrutinise DSRL's improvement actions at a senior level, until the sustained improvement is seen. This includes DSRL and CDP attending at our Safety and Security Sub-committee, chaired by Janet Ashdown, on 15 November to provide an update, and we have also invited DSRL Safety Representatives to that meeting to give their view directly.

NDA does not agree that the poor safety performance was necessarily caused by the factors to which you refer. It is accepted that change has the potential to impact on safety performance, but this is well known and means that change must be properly managed to prevent such impacts and cannot be used as a justification for those impacts. DSRL has managed many changes in the past, with many more to come before the Interim End State is achieved – including significant personnel movement between projects and a large



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reduction in the number of employees. CDP is similarly capable of managing large change. Whatever may have been stated in the past, DSRL does not now use the factors you mention as justification for reduced safety performance. It is perhaps not helpful to dwell on the past, so let me be clear on NDA's expectations for the future. NDA expects DSRL as the Site Licence Company, supported as required by CDP, to manage any necessary changes without detriment to Health, Safety, Security, Safeguards or Environmental (HSSSE) performance. It is anticipated that DSRL's "Professionalism" approach, when fully implemented, will assist in this. This outcome, which we all desire, cannot be assumed to be achieved only by seeking stability without further change.

NDA has no current plans to change the form of contract at Dounreay. However, I am sure you will appreciate that we need to keep under review whether the best overall value for money is being delivered by the current arrangements. The reasons for changing the arrangements at Sellafield and Magnox have been previously explained and do not apply to Dounreay.

Regular direct contact by NDA with the DSRL workforce is maintained by participation in DSRL's quarterly staff talks, with future funding being amongst the topics covered. With the Site Facing Team based on site they are also easily available, if desired, for discussion with employees or their representatives.

The current changes to the lifetime plan cost and schedule were prompted by the request of HM Government to prioritise movement of the unirradiated exotic fuels off site. The series of direct changes to achieve this are currently being incorporated into the programme as each one is generated and approved by NDA, with the last one recently received from DSRL. A further change to address the indirect impact of this work on the rest of the site programme was generated by DSRL and underwent initial review by NDA. In the interests of achieving greater certainty in the long term, it was decided that further consideration of this indirect change should be suspended until the true impact of the exotics work was better known. It is intended to resume generation and assessment of the indirect change in 2018. This is a complex change and it is not expected to be fully approved and implemented into the lifetime plan until around late summer 2018. However, we are confident that as a result of this change the Interim End State date will remain within the 2030 – 2033 range that has been given for some time. There is already an anticipated programme based on work so far. Although this will need to be refined as work on the change progresses it must be recognised that there will never be complete certainty – we anticipate further changes in the future. In this regard it must be noted that DSRL itself is entitled, should it wish, to re-order and re-schedule activities within the programme in order to optimise the work, while maintaining the Interim End State date.

With regard to funding, you are aware that NDA has provided significant additional funding over the last few years to reduce the impact of the exotics work on the rest of the site programme. This includes around £25M extra last year, around £40M this year and with a possibility of further additional funding in the 2018/19 financial year. Once the unirradiated exotics work is complete, we anticipate that the funding will return to the "Planned Assured Funding" - the levels specified in the contract, currently around £176M/year but subject to inflation increases. The best value for money is obtained by continuing as full a programme as possible until the Interim End State is reached, rather than slowing or suspending parts. NDA absolutely recognises the difficulties in reducing funding and suspending work before this point is reached, then restarting it again later. This case was made strongly and



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successfully to HM Government by NDA at the last Spending Review, with a good outcome for Dounreay funding, and NDA's view remains unchanged from that time. You are aware that the funding cannot be guaranteed, which explains the use of "Planned Assured Funding". This may be affected by future HM Government spending reviews or unexpected requirements to prioritise elsewhere in the NDA estate, but none of this changes our long term intent for Dounreay funding.

NDA has received much positive feedback from various visitors about the progress on site and professionalism of the staff. We try to pass such comments back to DSRL and did so directly at the last staff talks. NDA and its subsidiary INS will continue to work with HM Government to draw to the attention of other relevant nations the experience and expertise at Dounreay with a view to the potential benefits available to the Dounreay supply chain and wider UK industry. As an example recent Japanese government and technical visitors have been interested in lessons to be learned for decommissioning of the Monju Fast Reactor, Tokai Reprocessing Plant and continuing work at Fukushima.

There is a theme running through your email, desiring more stability and less change in the Dounreay programme. NDA only seeks change where there are sound reasons to do so. Changes may also originate from other sources. Some further change is considered almost inevitable in the 13-16 years remaining of the programme and clearly the programme itself aims to achieve major changes to the site and its levels of employment. In change can often be found opportunity – for example people moving to a different project gain greater experience and perhaps enhance their skills, both making them more employable beyond Dounreay. I would encourage you not to make the assumption that any change is automatically bad. Any programme changes will be considered through the appropriate DSRL and NDA governance processes.

Thank you for your positive comments on NDA and DSRL contributions to the socioeconomic mission we all share through participation in the Caithness and North Sutherland Regeneration Partnership. We will continue to support that. I hope you find the current NDA site-based team – all themselves long-term residents of the area – supportive of our objectives.

I would be happy to discuss the matters in this response with you if desired.

Yours sincerely

A handwritten signature in blue ink that reads 'David Batters'.

David Batters
Chief Financial Officer & Estate Programme Director

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