

Meeting:	NuLeAF Steering Group, 25 January 2012
Agenda Item:	6
Subject:	NDA Draft Business Plan 2012-15
Author:	Fred Barker
Purpose:	To propose a response to the NDA's draft Business Plan

Introduction

The NDA's draft Business Plan 2012-15 was published on 12 December with a deadline for comments of 3 February. This report seeks approval for submission of comments on the draft Business Plan.

Recommendation

That the Steering Group approves the proposed response to the NDA's draft Business Plan.

Contribution to Achieving Strategic Objectives

The subject of this report relates to the following NuLeAF objectives:

- Encourage NDA to fully explain to stakeholders how the Value Framework is used to inform decisions about priorities for spending.
- Encourage NDA and SLCs to engage early and effectively with the relevant local authorities when considering options for centralised and multi-site approaches and only move forward with such approaches where they are supporting by the affected local authorities in the light of the overall balance of benefits and disadvantages.
- Seek to ensure that proposals for new projects that may be simpler, faster or cheaper than current practices can be convincingly demonstrated to be the best practicable, taking into account a full range of life cycle, safety, environmental and socio-economic factors, and stakeholder views.

Consultation on the Draft Business Plan 2012-2015

The draft Business Plan was published on 12 December with a deadline for comments of 3 February. Copies are available on the NDA website at [NDA publishes draft Business Plan for consultation](#).

NDA states that the draft Business Plan reflects the NDA Strategy published last March and sets out its key objectives and plans for delivering its priorities over the next three years.

Tony Fountain, NDA Chief Executive said: "Our Business Plan for 2012/2015 sees us entering into the second year of funding allocated in the last Spending Review. This allows for an average expenditure of almost £3 billion a year in real terms over a four-year period. The focus of this year's Business Plan remains unchanged from last year, with the emphasis on delivery of commitments."

Key aspects of the draft plan are:

- The highest priority remains delivering and accelerating the work on the Legacy Ponds and Silos at Sellafield. The proportion of expenditure on these programmes has risen considerably and there is a greater sense of urgency and progress on site.
- The new optimised route to Care and Maintenance across the Magnox fleet that was outlined last year has been turned into firm plans which are being taken forward. A similar approach is now being adopted at Harwell and Winfrith to secure a better outcome across the two sites.
- NDA is targeting further reductions in support and overhead costs in order to maximise funds towards front line activity.
- Total planned expenditure for 2012/2013 is £3 billion, of which £2.3 billion will be funded by UK Government and £0.7 billion by income from commercial operations. Planned expenditure on site programmes will be £2.8 billion, while non-site expenditure is expected to be £0.2 billion. Non-site expenditure includes skills development, socio-economic support to local communities, research and development, insurance and pensions costs, fees to SLCs, implementing geological disposal and NDA operating costs.
- The draft plan sets out key deliverables expected in 2012-2013 under each of the strategic themes of site restoration, spent fuels, nuclear materials, integrated waste management, business optimisation and the critical enablers that support them. The plan also explains what is expected of each of the Site Licence Companies and the sites they manage. The £2.8 billion spend on site programmes is identified by SLC and on a site by site basis (see Planned Income and Expenditure Summary on p11-12 of the draft plan).
- A new feature of the draft plan is a high level 20-year view of important activities intended to provide greater context for the shorter-term activities highlighted in the plan (see 20 Year Overview Figures at p17-18).

Subject to approval by both the UK and Scottish Governments, NDA expects the final version of the Business Plan to be published by the end of March 2012.

There is much to welcome about the draft business plan, including the sustained prioritisation of urgent work on the Legacy Ponds and Silos at Sellafield and the firming up of the optimised programme of work in the Magnox estate. In terms of format, the draft plan is largely clear and well structured, although at times lacking in detail and overly brief. The new high level 20 year is also useful in helping to place shorter term activities in context.

Four sets of comments, intended to provide clarification and promote further transparency, are:

- *Planned Income and Expenditure Summary 2012-13*: whilst welcoming publication of the summary table, it would aid wider understanding of NDA's spending plans if short explanations were included where expenditure at specific sites or on specific activities for 2012-13 will be significantly different to expenditure in 2011-12. For example, there is a £50m increase in Sellafield running costs and a £37m increase in nuclear transport costs, but the reader is left to surmise the reasons for such changes.
- *Spending on Socio Economics, Skills, R&D and Knowledge Management*: this rises from £21m in 2011/12 to £26.4m in FY2012/13. In past years this figure has been disaggregated to show the levels of expenditure against each activity, but this information is not available this year. It would be helpful if NDA could revert to the practice of disaggregating this figure.
- *LLW Strategy Implementation*: the draft plan refers to a commitment to 'maintain the momentum of the supply chain investment in waste treatment arrangements.' As explained in our response to the NDA's draft IWM Strategy Development Programme, we remain concerned about reliance on the supply chain to come forward with proposals for landfill disposal of VLLW and lower activity LLW. In accordance with NDA's commitment to monitor strategy implementation and, when appropriate, review strategic positions, we would suggest that it would be timely to reconsider the approach to securing VLLW and low hazard LLW disposal routes.
- *Explaining Key Strategy Developments*: the draft plan rightly focuses on key activities which have been agreed and which will be delivered in the timeframe of the business plan. It would also be useful, however, to provide a clear explanation of strategy development activities which are on a trajectory towards gaining the necessary approvals for delivery. There are very brief indications of key strategy development activities, for example, p15 refers to "establish the ILW programme and co-location of materials" and "optimise the higher activity waste programme" (and slightly different formulations are used on p45). Opportunity could be taken to use the draft business plan to provide a clear, concise, and accessible explanation of the status of key strategy development activities (perhaps in the section on NDA activity on p45).

It is recommended that the Steering Group submits these comments in response to the NDA's draft Business Plan.