

Meeting:	NuLeAF Steering Group, 29 January 2008
Agenda Item:	7
Subject:	Comments on NDA Draft Business Plan
Author:	Fred Barker
Purpose:	To propose a response to the NDA Draft Business Plan

Introduction

The NDA published its draft Business Plan for comment on 7 November 2008, with a closing date for comments on 31 January 2008. The draft is available at:

<http://www.nda.gov.uk/documents/loader.cfm?url=/commonspot/security/getfile.cfm&pageid=15799>

Following review of comments, the NDA will submit its Business Plan to Government for approval by 31 March 2008. The draft Business Plan sets out the NDA's planned activities for the period 2008/9-2010/11.

Proposed comments on the draft Business Plan are attached. These cover:

- NDA funding arrangements
- Process for prioritisation of funding
- Strategic challenges and the Strategy review
- MRWS implementation
- Demonstration decommissioning of a Magnox station
- Magnox reprocessing
- Socio-economic support and development

Comments have taken into account discussion at previous meetings of the SG, comments from member authorities and discussion at the meeting of the National Stakeholder Group in November 07.

Recommendation

It is recommended that the Steering Group approve the proposed comments for submission to the NDA.

DRAFT COMMENTS ON NDA BUSINESS PLAN

1 NDA Funding Arrangements

NuLeAF notes with concern that, although the NDA's overall budget for the next three years represents an increase of £671 million compared with its first three years, decisions are having to be taken that will lead to significant delays in existing programmes of waste management, decommissioning and clean up at some sites, and a loss of confidence on the part of local stakeholders.

In order to drive forward effective programmes of work that build and maintain stakeholder confidence it is necessary for the NDA to have access to adequate and reliable funding. NuLeAF is concerned that current funding arrangements fall short in this respect, particularly against a backdrop of rising liability cost estimates, an expanding NDA remit, and uncertain and declining income from commercial operations.

It therefore suggests that it would be timely for Government to review whether current funding arrangements for the NDA meet the objectives set out in the 2002 White Paper, 'Managing the Nuclear Legacy' (para 6.8), namely that those arrangements should:

- Underline Government commitment to clean up and help build public confidence in the new management arrangements;
- Give the NDA the greater flexibility required to drive forward the clean-up process effectively; and
- Encourage competition for clean up contracts by giving companies confidence that funding will be available to support substantial work programmes over a period of years.

NuLeAF considers that recent developments cast major doubt on the ability of current funding arrangements to meet these objectives. As such, it may be timely for Government to reconsider alternative arrangements as, for example, proposed in the 2002 White Paper.

2 Process for Prioritisation of Funding

NuLeAF welcomes the principle of a three year rolling Business Plan that sets out how NDA strategy is to be delivered. It also acknowledges the importance of ensuring that sufficient funds are allocated to deal with high hazard legacy facilities at Sellafield and Dounreay. However, it is concerned that the process for reaching decisions about the prioritisation of funding, and the reasons for those decisions, are not transparent. In particular, it is important for stakeholder confidence that a convincing explanation is available about how the reprioritization of funding on high hazard facilities will bring benefits in hazard reduction that justify reduced funding at other sites and the resulting impacts, including in some cases job losses.

NuLeAF would suggest that increased effort be put into developing a robust and transparent process for informing decisions about prioritization of spending across sites. It will be important that stakeholders are able to understand this process, and be

able to see how it is being applied in practice. There are also likely to be benefits in involving stakeholders in the process, particularly where it involves value judgements on the relative importance to accord to different criteria such as hazard reduction and jobs. The benefits of stakeholder participation can include increased stakeholder confidence in the process and outcome, and more robust decision-making about priorities.

NuLeAF recognizes that work to develop a process to inform decision-making on priorities (the 'value framework') has been initiated and looks forward to contributing to its development.

3 Strategic Challenges and the Strategy Review

NuLeAF recognizes the strategic challenges facing the NDA and welcomes the commitment to review its strategy in the light of those challenges.

Given the NDA's acknowledgement of the need for "a significant step change in approach" to address these challenges, it will be particularly important to put in place effective and early opportunities for stakeholder involvement in the review and its preparatory work.

We note in particular the commitment to undertake a Strategic Environmental Assessment to inform the strategy review. An early and important step in the SEA will be the identification and development of "realistic alternatives". We consider that it would constitute good practice for stakeholders to be involved in this and subsequent appropriate steps, not least because it would generate realistic expectations about what will be possible, and increased confidence in the processes of SEA and strategy review.

NuLeAF is aware that consideration is currently being given to the timetable for undertaking the SEA and strategy review and hopes that this will allow opportunity for the early involvement proposed above.

4 MRWS Implementation

The NDA's role in implementation of the MRWS programme is a critically important part of its expanded remit. It will be essential to the success of that programme that it is adequately financed and not subject to budget cuts as a result of cost increases or loss of income in other areas of NDA work.

As NuLeAF argued in its comments on the draft implementation framework (29 October 07):

Government should ensure that the siting process is not jeopardised through an inability to maintain adequate funding. Financial cutbacks during the course of the process would have damaging impacts on stakeholder confidence and trust in that programme.

The draft Business Plan refers to the continuing R&D requirement for the MRWS programme. There is a strong case for this to be given a higher profile and

prioritization during the course of the next three years. As recommended by CoRWM, this is needed to reduce uncertainties and ensure confidence in development of the repository safety case.

5 Demonstration Decommissioning of a Magnox Station

The draft Business Plan states that it would particularly welcome stakeholder views on the possibility of identifying a 'lead site' to demonstrate in practice that final site clearance is technically achievable. At the NSG in November, it was explained that it would be necessary to first draw up a short-list of possible sites where defueling had taken place.

NuLeAF considers that there would be merit in undertaking decommissioning at a 'lead site', to demonstrate technical achievability, gain valuable learning, and maintain employment at that site. It wishes to highlight the importance of putting in place a robust, transparent and participative process of assessment to identify the preferred site for this project. A form of assessment that involves joint participation from local stakeholders from candidate sites at key stages within the assessment would be highly desirable. This participation should include the relevant local authorities.

NuLeAF notes the argument in the draft Business Plan that in the absence of a solution for the disposition of activated graphite, it is not yet possible to make a business case for accelerated decommissioning across the Magnox sites. NuLeAF would welcome the publication of further information about how the issue of activated graphite is being addressed and what the implications will be if a solution is not identified in the near term.

6 Magnox Reprocessing

The draft Business Plan makes reference to 'logistical issues' at Sellafield and the likely resultant need to extend the Magnox reprocessing campaign by four years to 2016. NuLeAF considers that it would be helpful if the NDA could provide further explanation of the nature of the 'logistical issues' and how the challenge will be met of maintaining the Government commitment under OSPAR to reduce the impact of discharges to near background levels by 2020.

7 Socio-Economic Support and Development

NuLeAF is concerned about the relatively modest amount of money (£10 million per year) that will be provided for socio-economic support, and that it is subject to planned efficiency savings being achieved in practice. As argued in our comments on draft NDA socio-economic policy:

There is considerable concern about the proposal that the NDA budget for socio-economic support and development will rely exclusively on efficiency savings achieved at sites. Member authorities point out that the scale of efficiency savings is unpredictable and that uncertainty in funding levels militates against effective project planning. It has been argued, for example, that guaranteed funding for the duration of project implementation is often

required to secure funding from partner organisations. Some authorities therefore suggest that a ring-fenced minimum level of funding for socio-economic support should be provided, with opportunity for top-up from efficiency savings.

NuLeAF also considers that consideration should be given to developing and extending NDA policy on socio-economic support so that it provides a framework for the provision of community benefits packages in association with the development of site-based facilities for managing LLW in the long-term. NuLeAF considers that a national framework is necessary so that a consistent and proportionate approach is taken to the development of such packages across NDA sites. NuLeAF would welcome opportunity to discuss this suggestion with the NDA.