

**DOUNREAY STAKEHOLDER GROUP
SOCIO ECONOMIC SUB GROUP**

DSG/SESG(2009)M002

Minutes of DSG socio economic sub group meeting held on Monday 27th April 2009 at 1330 hours in the Pentland Hotel, Thurso.

Present: Derrick Milnes Wick & Thurso Trade Union Council (Chair)
Alastair MacDonald DSG Chair
Ronnie Johnstone Church of Scotland
Trudy Morris Caithness Chamber of Commerce
David Flear Highland Council
David Sutherland Highland Council
Eann Sinclair CNS Regeneration Partnership
Fiona MacPherson Inward Investment, CNS Regeneration Partnership
Annemarie Monteforte HIE

In addition: June Love DSG Secretary
Stuart Chalmers NDA
Anna MacConnell NDA
Marie Mackay DSRL (for item 6 only)
Graeme Rankin NDA Competition Team
David Hughes NDA Competition Team
Roger Wilson SEPA

MINUTES

1. WELCOME AND INTRODUCTIONS

Derrick Milnes welcomed everyone to the meeting. He noted the sad loss of George Bruce paying tribute to him as a had been much loved and respected gentleman who had worked so hard for the community for many years. Condolences had been sent to his family.

2. APOLOGIES RECEIVED

Apologies had been received from Ken Nicol (DSRL), Rosemary Thompson (North Highland College), Roy Kirk (HIE) and Pat Gallagher (Rolls Royce).

3. MINUTES OF LAST MEETING

DSG/SESG(2009)M001 refers. The minutes were circulated to members in advance inviting comment. Alastair MacDonald proposed the minutes and Ronnie Johnstone seconded.

4. PROGRESS ON ACTIONS

Only one outstanding action remained.

DSG(2009)M001/A023: Rosemary Thompson to see what accommodation was being offered at Ormlie Lodge (as part of discussion on Viewfirth redevelopment project) and report back to next meeting.

Derrick noted that Rosemary had tendered her apologies and therefore the action still stands. He asked that the secretary progress the action with Rosemary. In addition he noted that it had been about 3 months since the Viewfirth group had held a meeting in public. He felt it timely to approach them with a view to getting an update on progress.

Action: DSG/SESG(2009)M002/A001: June Love to ask David Brookfield for a brief on progress of Viewfirth redevelopment.

5. NDA COMPETITION

David Hughes and Graeme Rankin attended the socio economic sub group to provide an update on the competition process for the Dounreay site.

See appendix 1 for the presentation given at the sub group.

Graeme Rankin thanked the group for meeting with them and asked them to consider how often they would like to meet with the competition team for updates.

He stated that the competition was to appoint a new Parent Body Organisation (PBO) and emphasised that DSRL would stay constant. DSRL places all of the sub contracts on behalf of the supply chain. The PBO would take on the responsibility for the existing SLC, all DSRL employees and sub-contracts to allow continuity. The role of the PBO would be to try to engender ideas for working smarter to drive in strategy improvement performance.

NDA has a Management & Operations (M&O) contract with DSRL and this will continue. Some revision may be required and will be addressed to some degree but the idea of the new PBO is not to unpick current arrangements.

Competition would not impact on the delivery of the current lifetime plan and the NDA competition team was well aware of the importance attached to the socio economics in the area. They had had a number of discussions with local people who had indicated the importance of this and the message had been received.

David Hughes outlined the planned competitive dialogue procedure. Key points are that bidders will be shortlisted at the pre-qualification stage, and a preferred bidder will be identified following tender evaluation. In both cases, NDA must meet its legal obligations as a public contracting authority. Under the competitive dialogue procedure, the NDA intends to use a prequalification process to shortlist three bidders to go into the dialogue stage, during which all three would be invited to come to discuss in detail what the NDA is looking to achieve in this contract. After completion of dialogue, tenders will be invited from all 3 bidders.

On receipt of the tenders, the NDA will evaluate them strictly in accordance with the established evaluation criteria, and appoint a preferred bidder. It is important to note that once tenders are received, the applicable legal obligations forbid any negotiation with bidders. A transition contract will be awarded to the preferred bidder to allow the new PBO to transition in and the old PBO to transition out.

An outline of the key dates was presented although it was noted that there may be scope to reduce these timescales. One of the key elements of this is the submitted key documents for governance through NDA, DECC and Scottish Government.

Graeme Rankin noted that UKAEA Ltd was currently being offered for sale to the private market. Feedback from the market is that they would like to see that complete so they can understand the implications for the Dounreay PBO Competition. He stated there was no connection between the NDA competition and the sale of UKAEA Ltd.

A question was raised on why a PBO was required? Graeme Rankin responded that the PBO would be there to exercise governance over the SLC to ensure proper

arrangements are in place. The Parent Body Agreement provides a vehicle for insertion of secondees from the PBO into the SLC and should enhance performance of the SLC. PBOs are usually fairly large experienced companies and can draw from their expertise when required. They also are big enough to take on the operating

Graeme Rankin noted that the NDA competition team had been visiting Dounreay and they had found a real buzz about the place with an appetite from the workforce to deliver the programme

David Flear asked what the workforce would think about the process being away from the area. He believed this would not provide them with any comfort for the longer term.

Derrick Milnes noted that at Cumbria a day was set aside for the community to meet with site stakeholder groups and other interested people. NDA responded that the preferred bidders had a strong interaction with local community around Sellafield.

Derrick Milnes asked whether the recently announced £20M from the PBO to the Sellafield community was part of the contract and would the same happen at Dounreay. Graeme Rankin responded that this was part of the winning proposal and it would obviously vary from contract to contract. He noted that it was not something that NDA had mandated and therefore was not a contractual item. What would be mandatory for bidders is how they intend to conform with the NDA socio economic policy. The £20M which was offered in the tender was what the PBO was prepared to fund out of their own fee. All bidders had adopted this approach with varying levels of funding.

David Hughes stated that while the formal process (industry day and dialogue) would take place in Edinburgh or Glasgow they would create an opportunity for the bidders to visit Caithness.

On the issue of Scottish law it was noted that the NDA had within the legal teams working with them an advisor element for Scottish law. For the PBO and competition there is no issue surrounding sale of land, lease arrangements because these are vested in DSRL.

Eann Sinclair noted that while he understood why NDA was going down this route he fundamentally disagreed. Dounreay was a different competition because the site was being fully decommissioned while Sellafield continued with commercial and decommissioning activities. Therefore the socio economic weighting would be different in this area. He felt that if the competition started off on this note it would send out the message that the job could be carried out remotely and thought that this was a really dangerous precedent to set. He agreed with learning lessons from Sellafield but pointed out that this was a different beast.

David Sutherland asked whether the NDA applied any weighting to the £20M funding during the appraisal stage. He also asked if NDA would take any notice if the community felt strongly opposed to any particular bidder. NDA responded that the £20M was taken into account but emphasised it was not a legal requirement. It was part of the selected bidder's management plan. At this point NDA had not thought in too much detail on the criteria and noted that it was likely to be a bit different for Dounreay.

Eann Sinclair asked if the criteria for bidding for Sellafield were made public. NDA responded that it was made available to the bidders.

Ronnie Johnstone stated that he was not re-assured and was still confused. NDA had intimated they had a Sellafield package, which NDA intend running out of London and an Industry Day in Edinburgh or Glasgow with a day trip to Caithness. He thought if the NDA did not listen to what the community were saying they were

playing into the hands of those already opposed. He believed that it was imperative that Caithness had a clear input into the discussion process otherwise the NDA's credibility would be diminished.

NDA responded that they would start with the Sellafield template and modify for Dounreay site. It would probably be a completely different set of criteria and assured the group that they understood that the Sellafield model would need refining for Dounreay.

Eann Sinclair re-iterated that it was the perception of the proposals. He stated that in some way NDA could have an easy win by hosting the Industry Day in Caithness. David Flear agreed and stated that it was essential that Industry Day was based in Caithness. By not doing so it would send out the completely wrong message.

Derrick Milnes closed the discussion. He noted that the NDA had the opportunity to listen to the views of some of the local community and that he thought they had received the message loud and clear. He thanked the NDA for their time.

6. COMMUNITY FUND REQUESTS

Derrick Milnes noted that DSG(2009)C025 was a summary of the donations endorsed by correspondence during March.

A summary of new requests had been circulated in advance for members to consider. The requests were endorsed without any issues being raised. Interest in two requests were recorded.

7. UPDATE ON SOCIO ECONOMIC ACTIVITIES

DSG(2009)P009 refers. Derrick Milnes noted that he was pleased to see one report covering all the activities of the key agencies. He invited Eann Sinclair to pick out highlights from the report.

Eann noted the following:

- Progress was continuing well with the Pentland Firth project and it was expected that the detail of the eight work packages identified would be available in the next few days. The information should give people a much better understanding of where the project is going. Crown Estates were making good progress.

Action: DSG/SESG(2009)M002/A002: Eann Sinclair to circulate information on the Pentland Firth eight work packages when available.

- A proposal had been put forward for a different format for the Caithness Conference for this year. This would be discussed at the organising committee meeting on the 4th May.

Derrick Milnes asked whether it would be possible to put the main headings upfront in the progress report. Eann said he was happy to do this.

Action: DSG/SESG(2009)M002/A003: Eann Sinclair to reformat CNSRP progress report with the main headings listed at the beginning of the report.

David Flear asked if the DVD screened in Caithness Horizons was available for others to use. Eann Sinclair said he thought that ownership had been established and that he would ensure the DVD was made available for appropriate presentations and other events.

Derrick Milnes invited others round the table to provide any further update:

- Annemarie Monteforte outlined the change of strategy within HIE and the transfer of responsibility business gateway to the Highland Council, managed by Highland Opportunities Ltd. HIE's responsibility now focussed on business growth.
- Fiona MacPherson, Inward Investment Manager, noted that the deadline for the Crown Estate tenders was 15th May. A lot of enquiries had been received in relation to the resources of the local supply chain.
- Trudy Morris, Caithness Chamber of Commerce reported that the Chamber was working away with businesses. The membership had been increased by 30 since January and they were working closely with the CNS Regeneration Partnership.

On 8th May an event was being held to get information out on what financial initiatives were available. The event would be led by John Thurso, and would include Jamie Stone, bankers, HIE and Highland Opportunities Ltd.

The Chamber was also considering other themed events centred around the CNSRP action plan.

8. NATIONAL NUCLEAR ARCHIVE

Stuart Chalmers, NDA updated. As reported at the last DSG meeting the NDA local team had now taken over responsibility for this project and it had now been included in Dounreay's baseline on NDA's behalf.

At the last DSG, it was reported that DSRL was looking to recruit a project manager. They have identified and recruited someone who was expected to take up the post in June.

DSRL were currently preparing change proposals to get the scope and funding into the baseline.

David Flear commented that a lot of work had been done then it appeared to stop. He asked whether there would be a project team and whether Highland Council would be a part of it since they had a stake in the facility to allow the Highland archives to be included.

Stuart Chalmers agreed and said that the project manager would take Highland Council into account. NDA will hold DSRL accountable for delivery.

David Flear asked whether the scope of the project was likely to change. He queried whether it was still going to be a national facility. Stuart Chalmers confirmed that this would be the hub.

Alastair MacDonald asked if the project manager would be based in Caithness. It was confirmed that he would be working at the Dounreay site.

9. ANY OTHER BUSINESS

- **Political conferences.** Derrick Milnes reported that DSG and Wick/Thurso Trade Union Council attended the Labour party political conference and made

contact with various MSPs. Of note an invitation was extended to Jim Murphy to visit the area.

Attendance at the Lib Dem conference resulted in discussions with Liam MacArthur (Orkney) who was encouraged to speak to Jamie Stone about working together to secure employment for both Caithness and Orkney through the Pentland Firth initiatives.

The Trade Union Council had also met with Lewis MacDonald and other members of the Energy, Climate and Tourism Committee when they visited Orkney and Caithness on a fact finding visit.

Representatives had also attended the STUC conference where a motion laid down on the Caithness & North Sutherland Regeneration Partnership was accepted by congress. Karen Gillen has indicated an interest in the £12M of additional funds promised to the area and would be talking to HIE and other key players to explore where the funding would be directed and offering her assistant if appropriate.

- **IT outsourcing.** At the last meeting Norman Harrison, Chief Executive of UKAEA Ltd, had attended the sub group to discuss the outsourcing of IT services. A preferred bidder has now been selected – CSC Computer Sciences Ltd, is a global business and technical services company with over 49 years' experience, which specialises in consulting, systems integration and outsourcing. Detailed contracts are now being finalised between CSC and its new customers with the contract expected to be placed on 1st May. At this point the ISaT staff, assets and support contracts will transfer to CSC.
- **Sale of UKAEA Ltd.** DSG(2009)C030 refers. Norman Harrison had written to the chairman informing DSG of the sale of UKAEA Ltd.

Derrick Milnes noted that it might be beneficial for the group to invite Norman Harrison or his deputy to the next meeting to discuss the implications of the outsourcing and also to receive updates on the Pensions office and the pending sale of UKAEA Ltd. This was agreed.

Action: DSG/SESG(2009)M002/A004: June Love to write to Norman Harrison to invite him (or deputy) to attend next sub group to provide an update on the activities of UKAEA Ltd.

- **Request for support.** DSG(2009)C033 refers. The organising committee of the MOD had written to DSG asking for a letter of support for a submission for NDA funding.

David Flear noted that contrary to media reports both Inverness and the Caithness Councillors were supportive of holding the MOD in Caithness. Recent statements made in the press had been mis-reported.

Derrick Milnes said he had read the submission and would be happy to support. He believed holding the MOD event in Caithness would help greatly with other tourism initiatives which in turn would help market the area for the future. The funding requested was modest in relation to the returns such an event could bring to the area.

Anna MacConnell noted she had discussed the submission with the originator and had suggested some further detail should be included.

Ronnie Johnstone proposed that DSG support with a letter in principle and leave the detail of the submission to the applicant. This was agreed.

Action: DSG/SESG(2009)M002/A005: June Love to draft, on behalf of the socio economic sub group, a letter of support to accompany funding submission to NDA for the MOD.

David Flear noted that similar types of submission had already been sent to NDA for funding and these had been refused or that funding had been very limited. He was concerned that the NDA socio economic policy did not take into account infrastructure projects and thought this should be reconsidered.

- **Improvements to Far North High Schools.** Following the DSG's letter to The Highland Council in relation to funding for improvements to the high schools in Wick, Thurso and Farr responses had been received. In addition to responses from John Thurso and Peter Peacock (also on behalf of Rhoda Grant and David Stewart) a response from Highland Council had also been received (DSG(2009)C24 refers).

David Sutherland, Highland Council noted that they were currently looking at the 10 year capital programme which would commence in 2012 (to 2022). A number of high schools had been identified for improvements and this included Wick and Thurso.

There being no further business the chairman thanked everyone for their attendance and closed the meeting.

Derrick Milnes
DSG Socio economic sub group, chairman
28th April 2009

ACTIONS

ACTIONS FROM THIS MEETING (April 2009)

DSG/SESG(2009)M002/A001: June Love to ask David Brookfield for a brief on progress of Viewfirth redevelopment.

DSG/SESG(2009)M002/A002: Eann Sinclair to circulate information on the Pentland Firth eight work packages when available.

DSG/SESG(2009)M002/A003: Eann Sinclair to reformat CNSRP progress report with the main headings listed at the beginning of the report.

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DSG/SESG(2009)M002/A005: June Love to draft, on behalf of the socio economic sub group, a letter of support to accompany funding submission to NDA for the MOD.

ACTIONS OUTSTANDING FROM PREVIOUS MEETINGS

DSG(2009)M001/A023: Rosemary Thompson to see what accommodation was being offered at Ormlie Lodge (as part of discussion on Viewfirth redevelopment project) and report back to next meeting.

APPENDIX 1



Dounreay PBO Competition

Briefing for Site Stakeholders 27th April 2009



PURPOSE OF THE PRESENTATION

- TO PROVIDE AN OVERVIEW OF THE DOUNREAY PBO COMPETITION PROCESS.

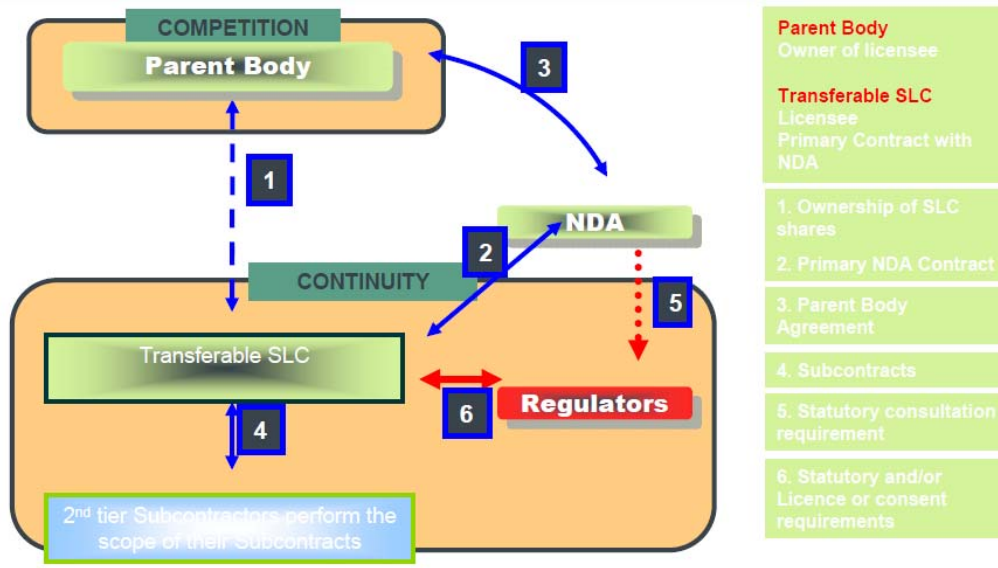
PRESENTATION CONTENT

- Context – the Dounreay contract
- Key objectives and success criteria for the competition
- Competition process overview
- Question & Answers

CONTEXT – GENERAL BACKGROUND

- Complex site with an ongoing clean-up mission
- High hazard facilities – often poorly characterised
- Existing contract cost reimbursable with PBI Fee arrangements
- Public sector incumbent – changes imminent
- Annual spend c.£150 million

Dounreay PBO Competition – Contract Model



NDA

KEY OBJECTIVES AND SUCCESS CRITERIA

- Competition process to comply with legal obligations (Public Contracts Regulations 2006 & EU Procurement Directives).
- Parent Body to be selected with the aim of developing a long term partnering relationship with NDA.
- Competed contract structure to support optimal attainment of the site interim end state.
- Selection to focus upon Parent Body rather than SLC attributes.
- Mandatory requirement for selected Parent Body alignment to NDA's published socio-economic strategy.

COMPETITION PROCESS – BACKGROUND

- NDA is legally obliged to comply with UK Public Contracts Regulations (PCR) and EU directives.
- PCR incorporate several variant procurement procedures.
- However PCR effectively prescribe Competitive Dialogue for “particularly complex” contracts – and is the only sensible choice for Dounreay.

COMPETITION DIALOGUE PROCESS

- **Contract Notice**
- **Prequalification**
- **Issue of Invitation to participate in dialogue (ITPD)**
- **Dialogue phase**
- **Invitation to submit final tenders (ITSFT).**
- **Evaluation**
- **Appointment of “preferred bidder” Contract finalisation**
- **Award of contract**

KEY DATES

- | | | |
|--|---|-----------------------|
| • Issue of Prior Information Notice | - | August 2009 |
| • Industry Day | - | December 2009 |
| • Contract Notice Published | - | January 2010 |
| • Pre-qualification complete | - | May 2010 |
| • Competitive Dialogue | - | September 2010 |
| • Invitation to Tender issued | - | October 2010 |
| • Preferred Bidder announced | - | April 2011 |
| • Share Transfer | - | September 2011 |