

**DOUNREAY STAKEHOLDER GROUP
SITE OPERATIONS SUB GROUP**

DSG/SOSG(2009)M002

Minutes of DSG site operations sub group meeting held on Monday 27th April 2009 at 1900 hours in the Pentland Hotel, Thurso.

Present: Alastair MacDonald DSG Chair
Trudy Morris Caithness Chamber of Commerce
Alan Scott Caithness Contractors Consortium
Anne Chard Caithness West Community Council
John Deighan Dounreay Trade Unions
Ian Webster Buldoo Residents Group

In addition: June Love DSG Secretary
Stuart Chalmers NDA
Simon Middlemas DSRL
Nigel Canty Vulcan
Lyn Bevington NII
Roger Wilson SEPA
Graeme Rankin NDA Competition Team
David Hughes NDA Competition Team

MINUTES

1. WELCOME AND INTRODUCTIONS

Alastair MacDonald welcomed everyone to the meeting. The sub group chair, Tim O'Brien was unavailable and the sub group meeting was chaired by Alastair.

2. APOLOGIES

Apologies were received from Tim O'Brien, Caithness Contractors Consortium (sub group chair).

3. MINUTES OF LAST MEETING

The minutes were approved by Anne Chard and seconded by John Deighan.

4. ACTIONS ARISING

M001/A013: DSG to write to Highland council requesting a DSG representative attend emergency planning meetings.

The Secretary noted that a discussion on representation at emergency planning meetings had previously been discussed at the site operations sub group and Anne Chard had been nominated as the DSG representative. Since then the secretary has spoken with Donald Norrie (Highland Council Emergency Arrangements) who has indicated he will attend the next DSG meeting in June. DSG members can then explore the best way of being kept informed on information relating to emergency procedures for both Dounreay and Vulcan.

No further actions are outstanding.

5. NDA COMPETITION

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

See appendix 1 for the presentation provided.

Graeme Rankin opened the discussion by thanking the sub group for taking the time to discuss the competition process with them. He considered this very much an opening discussion to provide a sense of why the NDA was undertaking competition, the process which they will follow and a vehicle for questions or issues to be raised. He added that they had met with the Socio economic sub group and a group of Caithness Councillors that afternoon.

David Hughes stated that the NDA had two contracts in relation to Dounreay. One was with the existing Parent Body organisation (PBO), UKAEA Ltd, and the other with DSRL for the Management and Operations (M&O) contract. The competition was for the PBO who would take ownership of the sub contractor, DSRL.

Continuity was important for the NDA. DSRL employs the workforce on the site, employs the sub contractors and holds the regulatory authorisations necessary to perform its mission and this will not change.

The competition is to appoint a new PBO who will optimise performance to DSRL. At present UKAEA Ltd provide this with Simon Middlemas and his leadership team and these are the people who drive the performance. With competition NDA were hoping to get some big international companies involved and would expect them to use their expertise to drive performance up. To ensure performance the PBO has to do that within the SLC and therefore the PBO would provide resources to come in to help and provide advice and guidance and then step out. This is to ensure that the SLC does not become dependent on the PBO and if, for any reason, the PBO contract had to be terminated DSRL would continue to deliver the programme.

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.

The contract transition agreement allows the process to begin to insert people into the SLC. This allows the PBO to understand and justify the liabilities they are taking on.

Also allows period of engagement with the SSGs and regulators although this will probably be done earlier in the process.

Throughout the process there will be a number of Governance submissions required at each stage to ensure buy-in from the NDA Board, DECC, Scottish Government and UK Government.

Alan Scott noted the process as outlined. He asked if the bidder's plans would align to the aspirations of the community and whether bidders are formally asked to provide a presentation for the community. Graeme Rankin responded that NDA would facilitate discussions. He said that what they had found in Sellafield was that it was better if NDA was not in attendance.

John Deighan asked what notice NDA would take of the stakeholder group and community representative if they had serious objections to one of the bidders. Graeme Rankin responded that while they would take full account of SSG's views it was ultimately an NDA decision.

Alan Scott asked whether there would be a formal requirement for bidders to talk to the community. NDA responded that they would be surprised if bidders did not want to talk to the community and it was likely that communities would want to know what bidders were prepared to do in line with NDA's socio economic policy and beyond.

Ian Webster noted that the community had embraced a consultation culture but recognised that with the competition there would be confidentiality issues surrounding discussion on the bids. Graeme Rankin agreed indicating that the formal dialogue would in fact be confidential to allow the three bidders an opportunity to develop their ideas.

Anne Chard asked where the competition would be run from and whether there would be a local office to allow companies to visit the area. Graeme Rankin responded that the competition would be run out of Cumbria where the competition team is based. There would be offices in London mainly for the legal team interactions.

In terms of competitive dialogue this would be run from Glasgow or Edinburgh which took account of feedback from bidders following the Sellafield competition on issues of ease of travel for bidders.

Anne Chard queried what involvement would happen in the area – she questioned whether it was likely that the bidders would parachute in, do a quick presentation and leave. Graeme Rankin responded that they expected local engagement would take place. David Hughes added that he believed the quality of bids would be influenced by local circumstances and was in no doubt that any companies interested in the competition would want to be engaged. It was also worth noting that a number of bidders established local office bases when the competition started to get involved in the community.

Anne Chard questioned what would happen if a company wins the bid and they have a socio economic plan but does not deliver it after the award of the contract. Graeme Rankin responded that companies may submit a plan which would not be part of the contract and therefore the company could not be penalised on non-delivery. However one of the things that will be a contractual obligation is to continue to support the NDA

programme through DSRL and this already has established socio economic activity. The new PBO at Sellafield have committed £20M to the community which was an element of the bid which helped their scoring but it was not a formal obligation to do this.

Trudy Morris re-iterated concerns already raised regarding the Industry Day. She believed that this should be held in Caithness and that the wrong message would be sent out if this took place in Glasgow or Edinburgh.

NDA responded that they had received clear messages from previous discussions from a range of stakeholders and would consider these very carefully before coming to a final decision.

It was agreed that the NDA competition team would feed back to the stakeholder group their final process after taking account of everything that had been discussed.

Action: DSG/SOSG(2009)M002/A001: NDA competition team to evaluate the possibility of holding the industry day in Caithness and to feedback to the DSG its decision by 22nd May 2009.

6. VULCAN UPDATE

Nigel Canty provided a verbal update. Of note:

- Plant currently shutdown for maintenance.
- Maintenance will continue until June 2009.
- Reactor operations likely to commence in the summer.
- DNSR Regulator, Commodore MacFarlane visited site.
- NRPA Captain Coulthard visited focusing on STF reactor, safety case and progress.
- No significant changes to staff numbers and expect this to remain fairly constant during period 2012-14.

There were no written reports available from DNSR or NII.

7. DOUNREAY UPDATE

DSG(2009)P008 and P011 refers. Simon Middlemas provided a verbal update. Of note:

- 4 lost time accidents had been reported during the financial year 2008-09. These were mostly down to everyday injuries rather than industrial injury, ie hand jammed in a door.
 - To keep safety uppermost in everyone's minds the site held a 'Stop work' session on electrical work and are looking to hold other similar sessions in May working with the safety reps.
 - Safety is generally good on the heavy industrial areas.
- Planning was now confirmed for the low level waste facility with the addition of the condition for the community development fund.

Ian Webster noted there was quite a lot of work being done in the vicinity where the low level waste facility would be. He asked if the Buldoo residents could get a brief update on what activity was likely to happen over the next couple of months.

Simon Middlemas said that the local liaison group should cover issues such as this and that letters had now been written inviting local groups to consider representation. Alan Coghill, the Estates Manager would be the main point of contact and chair the liaison group. It was hoped that the first meeting would be held in June.

Action: DSG/SOSG(2009)M002/A002: Alan Coghill to write to Buldoo residents outlining what activities is likely to be undertaken over the next 2-3 months to ensure there is no void of information while the liaison group is being set up.

Ian Webster also noted that the design for the new construction building for cementing waste appeared to have changed. Simon Middlemas confirmed this was the case, following a review the project had been optimised to change the footprint.

- UKAEA Ltd sale had been announced. No detail was available but it was stressed it would not impact on the delivery of the decommissioning programme. The sale would not include Fusion which is based at Culham.

Anne Chard asked what the market would be buying. Simon Middlemas said in reality it was the name, contracts that existing now at Harwell, Winfrith and Dounreay. The buyer would also inherit some existing Tier 1-2 work, some engineering design/assessment activity and some very clever consultancy work as well as some small contracts abroad. Simon confirmed that the Pensions office was included in this.

- Three of the seven national awards came to Caithness, (Vulcan and Dounreay) at the recent skills awards run by the National Skills Academy, Nuclear.
- Various visits to the site have taken place with everyone commenting on how the skyline has changed. Of note, a contract awarded to JGC Engineering had been completed to time and under cost. This has been a major contract and showed that local companies were capable of competing with the larger national companies.
- The UKAEA's IT services had now been outsourced to CSC.
- A project board meeting has now been established looking at potential services that could be transitioned in the supply chain either as stand-alone businesses, through partnership working or other vehicles. Good progress was being made with the relocation of the non-nuclear laboratories and the business case was currently being considered.
- Decommissioning generally continues to make good progress. In the last financial year over 31,500 airline suit entries were carried out between DSRL and contractor staff.
- A presentation had been given to Shetland Island Council on the progress of the decommissioning of the site. Of particular interest was the waste and fuel strategies. Rick Nickerson had been complementary on the openness of the site to consult and engage with interested people. Shetland Councillors had made it very clear that they would oppose any fuel shipments (rail was a better alternative) and an incinerator for dealing with the active solvents and oils. Local media were present

and interviewed following the presentation.

DSG(2009)P010 refers to NII report for Dounreay. Lyn Bevington updated. Of note:

- NII had worked with SEPA to restart the commissioning activities for the NaK Disposal Plant at DFR. Transfer of radioactive liquor from one facility to another is important to enabling decommissioning activities and this is a significant step forward.
- SEPA, Highland Council and NII had been briefed on the contaminated land strategy.
- No change in the progress of the licensing of the low level waste facility. Discussions were still ongoing.
- NII would meet with Highland Council to discuss the emergency plan and the proposed reduction of the planning zone. There is no requirement for NII to consult the public over changes to the offsite emergency plan for Dounreay. *[Secretary's note – Donald Norrie of Highland Council will be attending the next DSG in June 2009].*
- Agreed with Simon Middlemas about activity throughput during the financial year. Performance has improved and a lot of difficult jobs undertaken.
- This week NII will be looking into a couple of regulatory compliance issues which had been flagged up by DSRL. More detail of this will be available for the June meeting.
- NII will shortly move out of the main stream of HSE and into a statutory corporation. The subject of new nuclear build has prompted this change. A review was undertaken to look at the nuclear regulatory process and one of the recommendations was that NII moved out of mainstream HSE to allow more flexibility in meeting its business needs. It was undecided what the new name of this department would be.

Members encouraged Lyn to feedback they would prefer if a name change did not happen. NII was a recognisable name and it was felt a change of name would lead to confusion.

8. NDA UPDATE

Stuart Chalmers provided a verbal report. Of note:

- Agreement on the reduction of the consultation process for the NDA business plan to six weeks was agreed.
- Funding for the year had been confirmed at £156M.
- The site had had a good year for delivery with a lot of the 'too difficult' issues being tackled.

- The lifetime plan submission was made in March by the site. NDA have had a look and the site is currently making some adjustments to the data. Discussions are ongoing but there were no major issues.

Alan Scott asked what value of contracts had been deferred on site over the last year. Stuart Chalmers responded that anything deferred had been approved by NDA and most of the work which had been deferred was in the early part of the year associated with the overpressure of budgets.

Simon Middlemas responded that he had received a letter from the Caithness Contractors Consortium and this would be responded to appropriately.

9. ANY OTHER BUSINESS

The following correspondence was circulated to members in advance for noting:

- DSG(2009)C020: NDA draft business case – summary of public submissions
- DSG(2009)C029: NDA update for National Stakeholder Group
- DSG(2009)C031: CoRWM Interim storage – executive summary
- DSG(2009)C001: Notes of Scottish sites meeting held on 30th Oct 2008

Alan Scott noted that looking at DSRL manning and the NDA plan the numbers of DSRL staff should be reducing. However it appears that DSRL staff have increased and there has been a decrease in contractors. He asked if this was going to be a trend.

He also requested that the numbers of DSRL and contractor staff be reported uniformly. At present it appears that DSRL are based on full time equivalents while contractors are based on number of gate held passes. He suggested that by using the nominal role a more accurate picture of number of contractors on site would be established.

Simon Middlemas stated that as long as the collection of data was not too time consuming he would consider this request. On the increase of DSRL staff a number of vacancies had been filled recently but there was a bigger issue than this which would be discussed at the site interface meeting (the meeting between site and contractors).

Action: DSG/SOSG(2009)M002/A003: DSRL Communications Department to consider if there is a more uniformed way of reporting DSRL and contractors working on site.

There being no further business the meeting closed.

Alastair MacDonald
DSG Chairman
29th April 2009

ACTIONS ARISING FROM THIS MEETING (April 2009)

DSG/SOSG(2009)M002/A001: NDA competition team to evaluate the possibility of holding the industry day in Caithness and to feedback to the DSG its decision by 22nd May 2009..

DSG/SOSG(2009)M002/A002: Alan Coghill to write to Buldoo residents outlining what activities is likely to be undertaken over the next 2-3 months to ensure there is no void of information while the liaison group is being set up.

DSG/SOSG(2009)M002/A003: DSRL Communications Department to consider if there is a more uniformed way of reporting DSRL and contractors working on site.

ACTIONS ONGOING FROM PREVIOUS MEETINGS

M001/A013: DSG to write to Highland council requesting a DSG representative attend emergency planning meetings.

APPENDIX 1 – NDA COMPETITION PRESENTATION

To be added.