

## **DOUNREAY STAKEHOLDER GROUP**

### **NOTE FOR RECORD OF DISCUSSIONS WITH BABCOCK INTERNATIONAL**

Present:	Bob Earnshaw	DSG Vice-chair
	Derrick Milnes	Wick and Thurso Trade Union Council
	John Deighan	Dounreay Unions
	Eann Sinclair	CNSRP Programme Manager
	Fiona MacPherson	CNSRP Inward Investment Manager
	Trudy Morris	Caithness Chamber of Commerce
	Gordon Jenkins	North Highland College
	Rosemary Thompson	North Highland College
	Anne-marie Monteforte	Highlands and Islands Enterprise
	June Love	DSRL/DSG Secretariat
	Norman Harrison	Chief Executive Officer of UKAEA Ltd
	Simon Middlemas	DSRL Managing Director
	Kevin Thomas	Babcock International
	Paul Barrett	Babcock International

### **BACKGROUND**

DSG members had invited representatives from Babcock International to meet with them, following the sale of UKAEA Ltd.

Bob Earnshaw, DSG vice-chairman welcomed everyone to the meeting and thanked the representatives of Babcock International for agreeing to meet with the group.

### **QUESTIONS AND ANSWERS**

- Bob Earnshaw asked if the group could be given a brief overview of Babcock International's structure.

Kevin Thomas provided the background. He stated that back in the 1890's a company – Babcock and Wilcox – was set up in Perthshire. In the 1990's the Babcock group was in trouble and a new management team was pulled together which grew the business from a £200M business to a company which is turning over £2bn.

Babcock International supports civil nuclear, rail, power transmission, communications, infrastructure, airports, aviation and military support which Kevin Thomas heads up. There is also a marine division under the management of Archie Bethel. Within the civil nuclear Norman Harrison is a key member of that team.

The international part of the business has its biggest presence in South Africa which provides support to ESCOM (equivalent to the old CEGB), powerline transmissions and the maintenance of high capability equipment used in mining.

- John Deighan asked whether they saw opportunities for the DSRL workforce and UKAEA Ltd staff based in Caithness and how they saw the relationship with the Dounreay unions.

Norman Harrison stated that he foresaw no changes whatsoever within the DSRL structure. Personally he had also valued a working relationship with the unions and saw this as a vital particularly on the safety side.

He noted that there was a number of UKAEA Ltd staff based at Forss who have various reporting lines with the majority of the team reporting to John Martin. Those reporting to John Martin would be combined with another part of the Babcock (BNS) and report to Kevin Thomas.

Consideration is presently being given to the roles going forward. There are a number of people (approx 7) in the process that are termed 'at risk'. This means that these posts are being reviewed to see if there is an ongoing post or whether those individuals can be redeployed in another role. Babcock were not looking to release people unnecessarily but if there is a point where there are surplus people volunteers will be sought first.

- Derrick Milnes asked about the future of the Pensions office. He noted that this business was an integral part of the workforce based in Thurso and has the expertise to expand the business.

Kevin Thomas responded that Babcock International saw this as a key part of the business and has been impressed at the plans to grow the business and Babcock's have some ideas of their own that are currently being considered.

He noted that growth in this area would be tough because of the business they are in. It was viewed as quite difficult to win other pensions because changing administrators can be a complicated process. The Pensions Office, however, was regarded as a very important part of the business within Caithness.

Norman Harrison added that he always believed that the Pensions Office provided a quality product and there was a need to support it to allow it to develop.

- Eann Sinclair noted his question was more general, particularly with the competition process about to start. He asked how Babcock International saw socio-economics, either in the context of the competition or in more general terms.

Kevin Thomas said, in the general context, Babcock International had a number of people to keep happy:

- shareholders (pensions or national investment)
- customers, who wish to see more delivery for less money
- workforce – can't deliver the work without the support of the staff.

Simon Middlemas added that he had said many times that he could not decommission the Dounreay site without the support of the staff working there or without supporting the socio-economic activities of the Caithness & North Sutherland Regeneration Partnership. He saw this as vitally important and that was why the site was looking at opportunities for spinning out services on the site to ensure a future beyond Dounreay.

Kevin Thomas said that Babcock International have been in this position before in other areas where they have supported people who had indicated they wished to set up their own business and the company had been able to provide them with a one

year contract to assist with the start up. However, he pointed out, that in the case of Caithness, this needed to be a two-way dialogue.

John Deighan asked whether the younger people could be given an opportunity to transfer to another location to give them the experience they will require for their future.

Kevin Thomas noted that this is something that could be considered. There was a requirement for skilled staff at Rosyth and provided people were mobile they could potentially benefit from this.

Rosemary Thompson said that North Highland College would like to be part of this process to allow skills to be retained in the area. However, there were a number of constraints on student numbers and the number of student grants. She believed there may be huge opportunities in engineering however they were finding it difficult to attract students into this field.

Kevin Thomas responded that they had recruited a number of very good graduates with a number of them coming from the Caithness area. The issue was that the work available is in particular areas however he was willing to consider if there was anything that could be done and that he was happy to start a dialogue with the college to explore this.

- Trudy Morris stated that she was representing Caithness Chamber of Commerce which includes representation from the supply chain associated with DSRL. At present they were currently exploring with DSRL how best to maximise opportunities for the local supply chain, taking into account how to best provide value for money for DSRL. She noted there was an ongoing dialogue with DSRL and wished to be assured that this would continue even if there was a change of management on the site.

Kevin Thomas said he had every confidence in the management team based at Dounreay and if there was anything which Babcock International could do they would be looking to improve the ideas coming forward rather than detracting from them.

Paul Barrett added that a good example of this was that JGC Engineering has been working with BNS for a while and as a result had been able to provide evidence of quality and accreditation such that they were looking at other opportunities. He noted that this was a good model which could be replicated so that supply chain companies can add benefit.

Trudy Morris agreed noting that the Chamber would be looking to make sure there that other supply chain companies could also benefit from partnership working, to allow these companies to develop a track record to get into new market areas.

- Fiona MacPherson asked whether Babcock International saw any opportunities in the area that they would get involved in and how could the agencies help.

Kevin Thomas said they were not a company that would come into an area and build a factory which would create jobs. He believed the best route was to support local suppliers to see whether they could help them either by the provision of advice or support in areas where they needed to gain expertise.

- John Deighan asked how Babcock International could incentivise the workforce who are basically working themselves out of a job.

Kevin Thomas responded that they needed to recognise the fact that the NDA are likely to let a closure contract for the management of the Dounreay site. Apart from the importance of treating people properly there was recognition that the workforce would need to be incentivised.

Rosemary Thompson said that she believed that Babcock International's political influence would be valuable. There are a great number of opportunities within the energy sector and by using their influence to get Government funding to increase the rate of development would give people on the site opportunities for the future.

Kevin Thomas said it may well be that they could have an influencing voice and they would consider how this could be developed to benefit the renewable sector in Caithness.

Simon Middlemas added that the group should not under-estimate the influence the community has in the political arena. It was essential that the community pulled together to add their influence to the future developments of the area.

Bob Earnshaw noted that West Cumbria appeared to have a huge influence within government and that Caithness should be looking to emulate this.

Kevin Thomas emphasised that they would look for opportunities to support this adding that if they indicated they would do something they would deliver that promise. However, he re-iterated Simon's comment that the community should not under-estimate their powers of influence and by working together there was an opportunity to strength the message being delivered to Government.

John Deighan noted that most people in the area was proud of where they live and that there was a political influence already established but it needed everyone to play their part and there must be an united effort.

Norman Harrison noted that the competition programme was now gearing up and that Pentland Alliance (Babcock International, Amec and CH2MHILL) would be competing to the contract to manage the Dounreay site. He believed that Babcock International would add value to Pentland Alliances' experience.

## **CLOSE**

Bob Earnshaw thanked everyone for attending and extended thanks, on behalf of Dounreay Stakeholder Group, to Norman Harrison, Kevin Thomas and Paul Barrett for travelling up to Caithness specifically for this meeting. He looked forward to continued dialogue over the coming months to explore areas identified above and to maintain and grow a working relationship with the DSG and Babcock International.