

NOTE FOR THE RECORD

NDA UPDATE ON THE PROGRESS OF THE DOUNREAY SITE COMPETITION

Present:	Graeme Rankin	NDA Competition Programme Manager
	Anna MacConnell	NDA Socio Economic Manager
	Bob Earnshaw	DSG Chairman
	Alastair MacDonald	DSG honorary member
	Ronnie Johnstone	Church of Scotland
	Murray Lamont	North Highland Tourism
	Alan Scott	Caithness Contractors Consortium
	Willie Swanson	Dounreay Unions
	June Love	DSG secretariat

NOTES

Graeme Rankin thanked members for attending. The last update on the progress of the competition had been in September 2010 and this meeting was called to ensure DSG members were updated on recent activities.

Graeme reported that the competition process was making good progress. Since September there had been a lot of background work undertaken including:

- the preparation of the Invitation to Participate in Dialogue (ITPD) (information on DSG website)
- bringing the bidding participants up to Dounreay for preparatory work
- Site information gathering.

The bidding participants, while on site, took the opportunity to review site information, including plans and drawings, safety cases, etc. They also had the opportunity to hold discussions with members of DSRL to clarify issues arising from the information gathering. The bidding participants had indicated that they were pleased with progress and impressed by the quality of the workforce they have met and by the obvious pride and passion displayed by the workforce on the site.

Formal dialogue commenced on 10th January 2011 which allowed

- The NDA to express their requirements to the participants and what the NDA would be seeking to achieve.
- The participants to express back to NDA how they could fulfil these expectations, and
- NDA reflecting back to participants whether or not their initial proposals would meet these requirements.

This allows participants to hold pre-tender discussions with the NDA to clarify issues. The NDA will not tell the participants how they can overcome any issues raised but will be able to ensure they are on the right track. This should provide confidence that when the tenders are submitted they are fully compliant with NDA requirements.

The dialogue process is now a third of the way through and is going well. Discussions on risks and assumptions are ongoing in some detail. Dialogue will

extend for a further two weeks beyond April 1st for alignment of governance activities and may extend further beyond that if required. The Governance authority for the site competition meets on the 15th March to ensure that progress is being achieved.

It was noted that facilitated discussions had been organised with the Dounreay Unions and stakeholder group (including DSG members) which would take place with the bidding participants on 24th February.

Questions raised

- Bob Earnshaw questioned if the contract award would come down to cost given that dialogue should ensure that participants were fully compliant on all other aspects of the contract.

Graeme Rankin emphasised that while the tenders would be based on a Target Cost contract both bidding participants needed to be fully compliant with all threshold criteria, including socio economics.

- Ronnie Johnstone asked for some assurance that if risks were transferred to the winning participant how NDA would ensure the company could not shirk this responsibility.

Graeme Rankin responded that any risk that the winning participant was responsible for should be fully costed as part of the target Cost tender submission. As part of the MPRG review of the competition, the NDA will need to provide re-assurance that they can successfully transfer reasonable risk to the private sector.

Graeme further noted that he understood concern in respect of the stability of the £150m per year planned assured funding position in regard to Dounreay. However he confirmed that representatives of HMG and Treasury are part of the Competition governance framework and that he had received no indication of any intent to re-visit PVP at any time since the settlement. He further reflected that a stable funding position was one of the essential enablers to a successful Target Cost arrangement at Dounreay and this was well understood by Governance authorities.

- Alan Scott asked if the participants were obliged to mitigate any risks identified.

Graeme Rankin confirmed this was the case.

- Alastair MacDonald asked how commitments on socio economics from the winning participant would be adhered to.

Graeme Rankin responded that both participants recognised the importance of socio economic activity in the area and both were taking this element very seriously. Anna MacConnell added that there would be contractual arrangements to ensure that the participants delivered what they set out in the tender submission.

- Alan Scott asked how specific the deliverables would be on the socio economic element.

Graeme Rankin responded that this would not be specific in terms of building a community centres or the like but it may be that deliverables would be more specific on (for example) how the winning participant will engage with the local agencies,

how they will support the workforce to transfer into new work, the programme to deliver workforce transition and a resource plan, etc.

Next Steps

• Major Project Review Group meets	9 th March 2011
• Competition Programme Board Meeting	15 th March 2011
• Preparation of ITSFT for Governance Board	April – May 2011
• Approval of ITT issue by NDA Board	25 th May 2011
• Issue ITT (Invitation to Tender)	27 th May 2011
• Tenders submitted	August 2011
• NDA evaluation of tenders	Aug to Nov 2011
• Governance Board approval and announcement of preferred participant	Nov 2011
• Contract finalisation	Dec 11–Mar 2012
• Transition of new PBO	Dec 11–Mar 2012
• New PBO takes over	31 st March/2 nd April 2012

Dounreay Stakeholder Group
16th February 2011

Distribution

DSG members