



**Local stakeholder feedback from facilitated sessions with PBO Bid Teams on
24th February 2011**

Background:

The NDA facilitated a second set of meetings with the two bidders for the PBO contract at Dounreay. A team from Thurso & Wick Trades Union Council and a team drawn from local stakeholders (chaired by John Thurso MP) met with each of the two competing bid teams from Babcock Dounreay Partnership and Caithness Solutions.

These meetings were a follow-up to a first set of meetings held in November last year, at the start of the formal dialogue phase of the Competition. At the first set of meetings both local teams set out the area's aspirations and the agreed priority areas to help mitigate the economic and socio-economic impacts of decommissioning the Dounreay site. The second set of meetings offered the two bid teams the chance to feed back on how their plans had developed in the intervening period, whilst recognising that some more detailed views were not appropriate at this stage of a competitive process.

This paper summarises the issues arising from those meetings, as agreed by the Union and stakeholder teams. The paper is intended to give constructive feedback to the two bid teams, and to the NDA, as the dialogue phase reaches its conclusion.

General Comments/ feedback

All local participants (see appendix 1 for list of all those present) welcomed the opportunity facilitated by the NDA through Anna MacConnell. The willingness of the two bid teams to discuss views was also welcomed, even though the competitive process meant that there were key areas of discussion where detailed comment was not possible.

The provision of more detail on the make-up of the prospective management teams was welcome, as was the discussion on the emerging approach of the two teams with regard to the socio-economic impacts of the "closure contract" being competed.

Issues arising

It was clear to both local teams that the nature of the contract being competed is likely to lead to a foreshortening of the Interim End State date for the site (perhaps 2025 or even earlier). Attention therefore continues to focus upon the impacts this will have on both the directly-employed DSRL workforce and on locally-based supply chain companies.

For example, one credible scenario might be that the current directly-employed DSRL workforce is utilised to deliver a greater proportion of the remaining programme. If this happens, the staffing profile for DSRL would substantially change from current

projections, with a more stable staffing level over the next 5-10 years, and a more pronounced fall-off in the latter years of the programme. This model would imply a need for retraining of workers to take on new tasks once current tasks have been completed. Will the workforce still be able to take advantage of the “Make the Right Connections” skills transition programme just launched for the area, which is aimed not at retraining within the site programme, but skilling up for future employment opportunities in industries such as renewable energy? How will the incoming PBO engage with workforce transition issues? If a major opportunity arises to transition workers into new employment, how will this be dealt with by SLC/ PBO and NDA? Will there be any flexibility to re-examine the programme’s milestone dates? The implied effect of this scenario on the Dounreay supply chain will also be significant. If greater use is made of the directly-employed workforce, how will the PBO/ NDA help mitigate the economic and socio-economic impacts of declining supply-chain opportunities?

The local participants welcomed the opportunities potentially brought by the global capabilities of the partner companies that make up the two bidding consortia. One potential economic benefit to the directly-employed workforce might be seen as deployment within other business units of one or more partners – however, the two local teams agreed that the focus of the efforts being directed through the Caithness & North Sutherland Regeneration Partnership is to find transition opportunities that lead to locally-based alternative employment.

Conclusions

Once a preferred bidder has been selected, a key task for the preferred bidder will be to undertake detailed work on its Socio-economic Plan. However, the issues highlighted above are those which the two local teams have agreed that they would expect to be addressed in detail within the final tenders submitted to the NDA.

In the view of the two local teams the key remaining issues both for the Bid Teams and for the NDA Competition Team are therefore:

- If greater utilisation of the existing DSRL workforce is forwarded as a means of accelerating delivery within target cost programme, what will the implications be for:
 - DSRL staffing profile over time?
 - Retraining of staff within the decommissioning programme?
 - DSRL staff access to (and participation in) the “Make the Right Connections” skills transition programme?
 - PBO and DSRL support for the “Make the Right Connections” skills transition programme?
 - DSRL spin-out business opportunities?
 - Supply chain opportunities on site?
- A consequence of any decisions to utilise existing DSRL workforce to deliver more of the remaining programme might be that opportunities for locally-based supply chain companies decline. How will the PBO help mitigate the economic and socio-economic effect of this?
- The national and international corporate “reach-back” within the partner companies involved is significant. The priority for Caithness & North

Facilitated meetings with PBO bidders: area feedback

Sutherland remains the identification and delivery of locally-based alternative employment opportunities.

Eann Sinclair
CNSRP Programme Manager

Appendix 1: List of attendees

Local Stakeholder team:

John Thurso (chair)

Bob Earnshaw (DSG)

Cllr David Flear (Highland Council/ DSG)

Ian Hargrave (Highland Council)

Trudy Morris (Caithness Chamber)

Eann Sinclair (CNSRP)

Roy Kirk (HIE)

Trade Unions team:

David Alexander

John Deighan

Thelma Mackenzie

Ian Clark

William Swanson