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Mr Roger Saxon
Chair, Dounreay Stakeholder Group
c/o DSG Secretariat
Dounreay.com
Thurso.

Our Ref: 0227
Your Ref:

9 June 2017

Dear Roger

Re: DSG response to NDA Draft Business Plan

Thank you for responding to the NDA Draft Business Plan. I hope the key points you raised are covered in our response below:

The NDA's response to the UK exit from the EU and the European Atomic Energy Community (Euratom) is to work to understand the perceived risks, issues and opportunities to the NDA mission and estate. We recognise that most of the risks associated with withdrawal from Euratom are outside our control and we will continue to engage with government to ensure operational and commercial continuity of the NDA estate and continued UK compliance with international obligations. The NDA objective for this ongoing work is to ensure operational and commercial continuity within the NDA estate and continued UK compliance with international obligations. At the last DSG meeting an action was taken by DSRL to provide a short document comparing Euratom to IAEA to help understanding of the remit of each organisation.

Regarding the budget for Dounreay we note your comments about increases/decreases in funding from the draft plan to the approved one. Funding allocation to our sites is kept under continual review and is reallocated if required across the NDA estate to make optimum use of the total funding available. If a site has underspent during the year, the excess funding can be reallocated elsewhere within the NDA estate. The £198m allocated to Dounreay as published in the Draft Business Plan is significantly more than the expected planned assured funding (£176M in 2016/2017). This increase in allocation is intended to limit the impact of the Exotics Programme on the rest of DSRL's decommissioning work. Following completion of transfer of the unirradiated exotic fuel the NDA's current intent is

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that Dounreay funding will return to the planned assured funding level as above, plus annual indexation each following year of the contract.

Changes to the Dounreay programme have been largely as a result of a significant scope increase to meet government requirements. The Dounreay Exotics Programme and security enhancements at Dounreay have resulted in a requirement for increased funding. With regards to the Exotics Programme the priority has been to ensure that the programme does not slip and to limit the impact on other work. To that end additional funding was recently awarded to DSRL. The NDA continues to provide an appropriate level of challenge, seeking value for money for the government and the taxpayer

We note the points made on changes in scope and programme and your view that there has been diminished clarity on the Dounreay decommissioning programme. It is of course a government priority to defuel the Dounreay site and, despite this focus, other decommissioning work has continued. Over the last 5 years significant decommissioning achievements have been made by the DSRL workforce including NaK destruction, and these successes have possibly been overshadowed by press and public interest in materials movements from the site. Dounreay achievements since the current contract was implemented in 2012 have been highlighted in a DSRL video which I understand will be shown to the DSG at the next meeting.

Regardless of programme changes, health, safety, security and environmental compliance remains the highest priority for the NDA. The NDA does not accept that the programme changes necessarily led to a deteriorating safety performance. Change cannot be used as justification for poor safety performance, rather it should be a prompt for enhanced attention to safety management. The objective of the decommissioning programme is to bring about very significant changes and this will continue to require considerable attention from DSRL, in turn held accountable by the NDA.

We note the DSG's positive comments on the NDA's socio economic contribution working within the Caithness & North Sutherland Regeneration Partnership and thank you for recognising our efforts. The NDA is also very much aware that the full impact of decommissioning Dounreay, and its sister site Vulcan, will not be fully felt for some years. Understanding that worthwhile economic development initiatives can take some time to bear fruit, since the NDA's inception we have steadily invested in projects likely to have lasting and growing impact such as the local harbours, North Highland College and several skills/business development programmes. It is pleasing to see that some of the organisations with which we have had a long-term relationship with (eg. Scrabster Harbour Trust, Wick Harbour Authority and Caithness Chamber of Commerce) have gone from strength to strength, each playing a significant role in bringing new jobs to the area and driving diversification of the economy away from Dounreay.

Work is ongoing to gain more alignment between the NDA sites/business units to bring them closer together. This will include practices employed when carrying out socio economic activity. The NDA will hold a national event for stakeholders in September which will include



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a focus on socio economics. The event will showcase some of the projects and programmes the NDA has supported over the years and provide an opportunity to share best practice and ideas across the estate. A healthy proportion of the best practice and good ideas originates from organisations based in the Dounreay area. I very much welcome you and your colleagues input to this event and really look forward to discussing it with members in more detail at a socio economic sub group meeting.

With kind regards

Yours sincerely

A handwritten signature in cursive script that reads 'Anna MacConnell'.

Anna MacConnell

STAKEHOLDER RELATIONS & SOCIO ECONOMIC MANAGER

