

BNFL

National Stakeholder Dialogue

Main Group Meeting

08 & 09 July 2003

Summary Report

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The process was designed and facilitated by Richard Harris of RJH Associates for The Environment Council and by Helen Ashley and Rhuari Bennett of The Environment Council.

The role of the convenor

The convenor of the BNFL National Stakeholder dialogue is The Environment Council, an independent UK charity. The Environment Council is responsible for designing and facilitating each stage in the dialogue, and provides relevant support, like issuing invitations and booking venues.

The Environment Council is not responsible for any issue discussed in the dialogue, and holds no formal position on any of the substantive issues that are or might be considered. It is for the participants to decide what issues are raised, how they might be addressed and how any observations, conclusions and recommendations might be recorded and communicated.

The website of The Environment Council, www.the-environment-council.org.uk displays a full history and evolution of the Dialogue, as well as all of the reports that have been produced from the process.

Contact Rhuari Bennett for more information on 020 7632 0134 or email rhuarib@envcouncil.org.uk

1 – Introduction & History

The BNFL National Dialogue involves a wide range of organisations and individuals interested in or concerned about nuclear issues. Its aim is:

“to inform BNFL's decision-making process about the improvement of their environmental performance in the context of their overall development”

The dialogue is open to national organisations and regional groups as well as well as expert and specialist concerns. If you believe you are affected by the issues, think you can contribute or wish to participate (or if you know of anyone else who should be involved) then please contact The Environment Council on 020 7632 0118.

A process map showing the history of the BNFL National Stakeholder Dialogue can be found overleaf.

On 08 & 09 November 2003 the Main Group of the BNFL National Stakeholder Dialogue met in Manchester. This was the eighth Main Group Meeting since the start of the dialogue.

A list of organisations & individuals attending this meeting is given in **Appendix 1**.

Main Group meetings have been held every eight to twelve months to review the work since the previous Main Group and to plan and agree a future work programme.

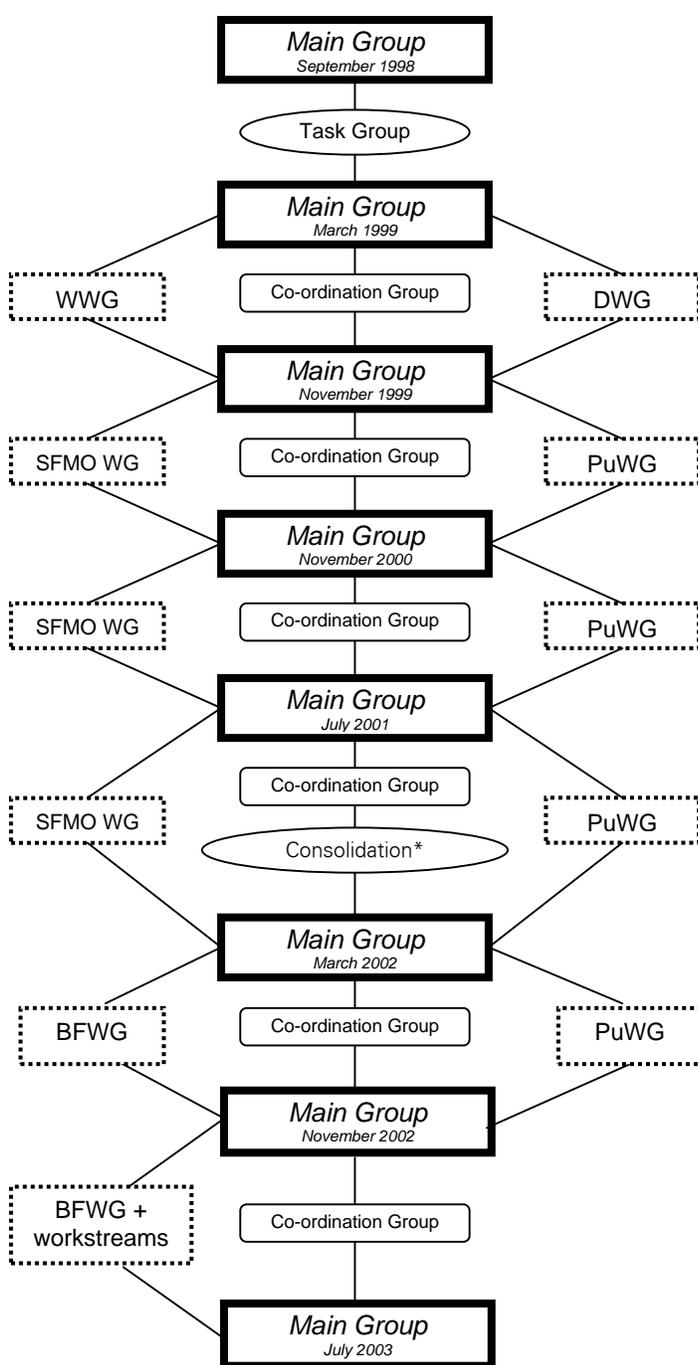
In stakeholder dialogue meetings it is important that participants should have the opportunity to influence the agenda and means of working, make recommendations both for the meeting itself and the way forward, and as far as possible take ownership of the process and results. To ensure the meeting was interactive, rather than a closed 'lecture', a variety of working styles were employed to encourage opportunities for feedback including browsing, discussion groups and plenary sessions.

Any text highlighted within a box in this report denotes an agreement by the Main Group stakeholders.

This report provides a summary of the discussions held during both days of the meeting. All attendees also received a photoreport of the complete contemporaneous written record

History of the BNFL National Stakeholder Dialogue

The diagram below outlines the inception and evolution of the BNFL National Stakeholder Dialogue process. A more detailed history and explanation of each of the groups, together with the reports produced and lists of group members is available at www.the-environment-council.org.uk



Key:

WWG	Waste Working Group
DWG	Discharges Working Group
PuWG	Plutonium Working Group
SFMO WG	Spent Fuel Management Options Working Group
BFWG	Business Futures Working Group

* **Consolidation:** this was a phase of work including:

- Reconvening of:
 - Magnox Task Group
 - WWG & DWG
 - Transport Task Group
- LLR Task Group
- BFWG start-up
- Evidence gathering

Notes:

- The Coordination Group is responsible for providing guidance on linkages and continuity between groups, as well as identifying problems and “potential wobbles.”
- “Socio-Economic” and “Transport” issues were discussed throughout the process
- Contact Rhuari Bennett for more information on 020 7632 0134, rhuarib@envcouncil.org.uk

2 – Welcome & Updates

Mike King, new Chief Executive of The Environment Council, opened the meeting with a welcoming statement and gave an update on Steve Robinson, who stepped down from the CEO role in November 2002. The facilitator, Richard Harris, went through groundrules and the agenda for the meeting. These were agreed.

A newsletter updating what has happened since the last Main Group (MG) had been circulated in advance of the meeting. Questions and additions were taken on items circulated where there were any.

CoRWM (Committee of Radioactive Waste Management)

They are hoping to announce the name of the new Chair next week, in time for the Parliamentary break. The chair will then help to pick the rest of the committee over the summer.

CERRIE (Committee Examining the Radiation Risks of Internal Emitters)

The point was made that neither the Dialogue or RWMAC¹ have had any luck in getting engaged with CERRIE².

PuWG (Plutonium Working Group)

Concern was raised over the process around the presentation to the Strategy Unit at Number 10 Downing Street, specifically that there had been a company representative as part of the team and that the Working Group had not agreed this. In reply, The Environment Council commented that the presentation had not been anticipated and time was short. They had managed the presentation together with the drafting group (which the wider working group had already nominated to do such presentations) as they thought best. TEC felt the presenters were still a good representation of the Working Group. It was agreed that there were lessons to be learnt and suggested that in future more time should be allowed for ongoing media and communications work of Working Groups.

Those who attended the meeting said it was a productive meeting, with Number 10 acknowledging that Government needs to start thinking seriously about plutonium management.

Other processes

Engagement around nuclear issues is an increasingly crowded field. A map of other processes had been produced and was open for comment. The only immediate comment made was that PASCALEA was less than satisfactory in terms of both stakeholder representation and content.

¹ RWMAC: Radioactive Waste Management Advisory Committee.

² Since the meeting, one member of the BFWG of the Dialogue has been asked to attend CERRIE's workshop in July. An offer from CERRIE for an update to the BFWG has also been received

3 – Company Viewpoint

David Bonsor, Director of BNFL ALFA, gave a welcome from the company. He also passed on the apologies of Norman Askew, BNFL Chief Executive, who was unable to attend. His presentation centred on what has been going on in BNFL since the last Main Group meeting, in particular at Sellafield and in the Dialogue. He made the point that this Dialogue is scheduled to end around Autumn 2004, but the Company is considering what sort of stakeholder engagement will be needed beyond this. See **Appendix 2** for presentation slides in full.

Since November (last Main Group)

- Norman Askew has announced his retirement. Mike Parker is coming in, from Dow Chemicals, to replace him.
- The draft Bill to set up the NDA (Nuclear Decommissioning Authority) has been published, pretty much on time. In fact, in general the NDA timetable is on track.
- The Energy White Paper was published. There was a mix of good and bad news from the Company perspective. The emphasis on carbon free generation was very positive, as was the focus on renewables, though they believe it should be nuclear and renewables. However, the Company feel that it lost out by concentrating on electricity production, which is only 20% of energy production. Transport, space heating, etc. all form important parts.
- Secretary of State for Trade and Industry Patricia Hewitt made a written statement on BNFL (**Appendix 11**). This said three things:
 - It welcomed Mike Parker
 - Announced a joint (BNFL/DTI) strategy review to be completed by Autumn 2003
 - Said that flotation of BNFL is off the table for the moment.

There followed a discussion about Patricia Hewitt's announcement. Issues discussed included: reconciling openness and transparency with a single line in the statement about the joint review; whether not being privatised would affect BNFL's ability to become a supplier of choice to the NDA and whether the Bridge mechanism¹ should have been invoked; whether DTI have learnt any lessons on engagement from the Dialogue, and generally what impact the announcement/strategy review might have on the context of the Dialogue.

A suggestion was made by the Company that they put a briefing note together to inform the BFWG about the strategy review. The Company will also look for and use any output from the Group in considering their input to the strategy review. The Company also suggested that they could copy any BFWG reports produced in response to the Government

- David voiced the opinion that there is a real opportunity for the Dialogue to input into shaping the future of BNFL. However, the Government timetable is far shorter than that of the

¹ Bridge Mechanism: an informal agreement between BNFL and 'green' stakeholders that, if possible, green stakeholders are informed of any upcoming announcements prior to them becoming public knowledge.

Business Futures Working Group (BFWG), so there is a need to consider how the Dialogue can tie its thinking and timetable to best influence. It was agreed that BFWG should:

1. Take account of the announcement at their forthcoming meeting
2. Consider making a response to the Company
3. Update the Main Group accordingly.

Other changes in BNFL since the last Main Group:

- There is a new Government Services Group CEO – Lawrie Haynes.
- Lifecycle baselines have been done on sites, and on time, for the LMU.
- Westinghouse has won a fuel contract to supply Electricite de France; this is the first big contract in France.
- The SFMOWG (Spent Fuel Management Options Working Group) report has had a lot of impact internally and contingencies are now being developed around the B205 plant. See ***Appendix 3*** for update on B205 production up to 31 May 2003.
- British Energy contract has been revised.
- The Company's first CSR (Corporate Social Responsibility) report is due to be issued, in August. This will talk about economic, environmental and social impacts of BNFL's business. It will also discuss the big issues that stakeholders have with the Company, on which they have tried to show the views of both sides. There will also be some performance measures in the report.
- The vitrification plant had its best ever year last year. This is very important for Sellafield in terms of managing the most hazardous material.
- Work has started on emptying the B41 Solid Waste Storage Silo. It contains lots of solid dry waste and there are no good records of what was put in there since the 50s. The Company have looked at the hazards and are now dealing with them in a series of phases. There is a lot of impatience, particularly from Government, who just want the waste moved, but much work has to be done to deal with the risks.
- BNFL ALFA has been set up within the Company; it is operating as pretend NDA. So far there has been a very good performance, but the main conclusion is that the approach of contracts does get people's attention.
- Interim safe storage is being progressed; the Company is working with regulators: NIREX and Dounreay.

On the Dialogue side:

- Mike King has arrived, welcome to him.

- Plutonium WG report¹ has been considered widely in BNFL. A team has also presented to the Company Executive, the Company Board, and to Number 10. The report has made a big impact.
- As mentioned, this dialogue is scheduled to come to an end around October 2004. The Company are considering the scope and method of future stakeholder engagement.
- The evaluation project on the Dialogue is occurring (see below – 5 – *CAG Evaluation*).

There followed a short question and answer session. Topics discussed included information provision post 9/11; dealing with the vitrification backlog and maintaining the UK's IPR (Intellectual Property Rights).

¹ Plutonium Working Group Final Report, March 2003. Available at www.the-environment-council.org.uk

4 – Co-ordination Group (CG)

Peter Addison (NII) gave a presentation on behalf of the Coordination Group (see **Appendix 4** for presentation slides in full). The point was stressed that the Coordination Group works on behalf of all stakeholders and is here to oversee aspects of the Dialogue to ensure smooth running and deal with process management issues that come up from time to time. The group asked for volunteers to offer themselves as prospective new members.

Key updates:

- The Environment Council has drawn up a nuclear stakeholder process map, which was available for comments during the meeting
- The Coordination Group has formed a view that the Dialogue will come to a planned conclusion in Autumn 2004. However, future engagement will be needed to input to the Company and the NDA.
- Communications strategy – the Communications Sub-Group are redeveloping the existing communications strategy, including how to raise awareness of the Dialogue more widely.
- Magnox Decommissioning Dialogue – this is an important dialogue for BFWG to stay in touch with; a provisional link has been established.
- A proposal has been received regarding the making of a film about the BNFL National Stakeholder Dialogue. The Environment Council and the Communications Sub-Group have seen the proposals, and have asked for more information if this is to be pursued further.
- The Coordination Group has done some work in response to a Main Group request to review the Groundrule regarding costs and information giving (Groundrule number 5).

CG Recommendation 1 - The Co-ordination Group requests Main Group endorsement for the amendment to the groundrules in Appendix 2 [*“Information Provision and Costs” in the BNFL Dialogue*]. [Co-ordination Group Report to Main Group July'03.]

The following redrafted Groundrule was accepted by the Main Group:

5: Participants are expected to make available information needed by the group. The needs of the group will be determined on a collective rather than an individual basis. The group will also determine where the information should be sourced and how it should be used subject to the appropriate ground rules on confidentiality (particularly ground rules 24 and 26).

Any participant who feels that they cannot supply information requested by the group should be willing to explain their reasons. With respect to commercially confidential information, the group expects as much collaboration from participants as possible. Where information is felt to be too sensitive to release, for example where costs and other information are either not provided or given only as assertions, participants should provide as much supporting data as possible (such as assumptions, conditions and projections) to facilitate scrutiny by the group. Other group members must respect explanations for the non-provision of data subject to the foregoing conditions. Any feelings of discomfort around discussions and requests for information should be shared with the group.

Other CG Recommendations

The Main Group agreed to the following CG recommendations:

CG Recommendation 2 - The Co-ordination Group asks Main Group stakeholders to make every effort to complete the [*evaluation questionnaire*] forms promptly and to accommodate the CAG team proposals as far as is possible over a busy two day meeting.

CG Recommendation 3 - The Co-ordination Group recommends that the Main Group approve the establishing of a separate working Group to be known as the Safeguards and Security Working Group (SSWG) which is mandated to undertake its work programme as detailed in the SSW terms of reference [*Appendix 3 in BFWG draft second interim report - SSW Background and Draft Terms of Reference*], [*see also BFWG Recommendation 3*].

CG Recommendation 5 - The Co-ordination Group commends this [*BFWG draft second interim*] report to the Main Group and endorses BFWG's request to be allowed to pursue its future work programme as outlined in its second interim report.

5 – CAG Evaluation

Emma Cranidge, CAG, gave a presentation on the evaluation project (see **Appendix 5** for *presentation slides in full*). Key points were:

- She outlined why evaluation is carried out. The key points being to share knowledge, measure changes, clarify outputs and outcomes, promote impacts and trace strengths and weaknesses.
- The objectives agreed by the Coordination Group were: i) an assessment of the Dialogue and ii) producing a report. This report should be available for the next Main Group meeting.
- CAG want to involve stakeholders, sponsors and the convening/facilitation team in all stages, from design and development to delivery, and from analysis and interpretation to reporting.
- It will focus on drawing out the learning from the Dialogue, in the light of the effectiveness (or otherwise) of the process
- The stages of the evaluation will be:
 - Scoping
 - Collaborative consideration of the Dialogue
 - Collation and interpretation of the results
 - Reporting
- All participants will be invited to participate in activities as much as they wish; they can also sign up to proofread or comment on reports, or get involved in other activities.
- A short questionnaire was passed around for immediate completion after this presentation.

6 – Business Futures Working Group (BFWG)

There was a summary presentation on the work that the BFWG have done since the last Main Group (see **Appendix 6** for presentation slides in full). Specific presentations on aspects of their work followed.

Review of previous Working Group reports

There is an appendix in the BFWG report¹ with a table compiled by the company detailing its responses (BFWG report – App. 1). BFWG will review this over the months ahead, but notes positive progress in contingency plans and in the way forward for continued discussion over Pu.

The Main Group accepted the following recommendation:

BFWG Recommendation 1 - The Main Group notes this ongoing work outlined in Appendix 1 [BNFL Updates: Progress on Recommendations].

NDA

This has taken up a lot of Working Group time. The Group will be reviewing the draft bill² and associated documents, and how they match the Principles³ developed by the Group.

Review of Company strategy

The group has done a SWOT analysis on BNFL's current position and developed Key Strategic Issues for the two main streams of new BFNL – Government Services and Utilities. These can be found in App. 4 of the BFWG report.

The Main Group commended the following recommendation:

BFWG Recommendation 5 - The Main Group commends these KSIs [Key Strategic Issues, as assessed by SWOT analysis] to BNFL, and asks the company to review the development of its strategy in the context of these KSIs and report back to BFWG.

There followed presentations on particular aspects of the BFWG's work

Diversification presentation (report and recommendations BFWG report App. 5)

A task group was set up to look at this, with Company input from their Corporate Development Director. There are a number of reasons why BNFL is not actively looking into non-nuclear diversification, primary among them is the immediate pressure to realign the structure and business to deliver against site management opportunities. There was anxiety to ensure that the

¹ Business Futures Working Group Draft Second Interim Report. Available at www.the-environment-council.org.uk

² Draft Nuclear Sites and Radioactive Substances Bill. Available from www.dti.gov.uk/nuclearcleanup/nws

³ Principles for Liability Management. Submitted to DTI in December 2002 from the Main Group. Available from The Environment Council.

potential for technological spin-offs, to mitigate socio-economic effect of decommissioning, were explored, perhaps through joint fact finding.

The Main Group commended the following recommendation:

BFWG Recommendation 6 - The Main Group authorise BFWG to ask ERM, in the context of its socio-economic review, to give guidance on what a study with the aims and outline terms of reference in Appendix 5 [*Diversification Task Group Report and Recommendations*] would cover and on its potential resource implications, and that subject to Main Group approval and available resources, the BFWG initiate and steer the JFF study, reporting to a future Main Group meeting.

Contractorisation presentation (report and recommendations BFWG report App. 2)

Outlined the Principles for Contractorisation¹ developed by the group as well as the further work on policy, resource, continuity of employment and skills base and research and technology done by the group. Worries were expressed over existing models being unable to meet the laudable objectives of the White Paper², over whether the LMU have taken any heed of the work of the BFWG and over their level of engagement with the group. See **Appendix 7** for presentation slides in full.

There followed a short plenary discussion. Topics discussed included: the view that the principles aren't being delivered either in the legislation or currently on the ground; whether BFWG should consider the merits of decommissioning being done in the public sector; who will define what is meant by a good environment, safety and ethical record, and the lack of engagement with the Dialogue of the LMU.

The Main Group commended the following recommendation:

BFWG Recommendation 2 - BFWG invites the Main Group to endorse the [*contractorisation*] report [*Appendix 2 – Developing a New Contractorisation Model*], and the actions taken, and invite a response from the LMU.

Socio-economic report update

An updated version of the socio-economic report was presented. The key difference from the previous report was not in the overall number of jobs lost, which was similar, but in the fact that these were now lost over a much shorter timescale, which, though starting later would lead to severe socio-economic pressures in West Cumbria. The report also looked towards future job creation through regeneration. See **Appendix 8** for presentation slides in full.

¹ Principles for Liability Management, Section F pp 9-10

² Managing the Nuclear Legacy: a Strategy for Action (04/07/02) Available from www.dti.gov.uk/publications

The Main Group commended the following recommendation:

BFWG Recommendation 4 - The Main Group endorses the ERM [*update*] report for publication, noting its links to other BFWG work including contractorisation.

Security and safeguards (report and recommendations BFWG report App 2)

A sub-group has worked on identifying the issues and on defining the Terms of Reference. The Group felt it did not have the competence to deal with safety as an issue in itself, so will only look at it where relevant to security or safeguards. The company highlighted the fact that it was keen to achieve a more open and mature debate than the standard government line that security and safeguards could not be discussed. At present the Company is caught between a desire for openness and transparency and a legal obligation for secrecy.

The SSWG will look to maintain links with the BFWG.

The Main Group commended the following recommendation:

BFWG Recommendation 3 - The Main Group establish an SSWG as indicated in Appendix 3 [*SSW Background and Draft Terms of Reference*], subject to compliance with the Ground Rules for Working Groups. [*See also Co-ord. Gp. Recommendation 3.*]

7 – DTI Presentations

See **Appendix 9** for presentation slides in full.

Legislation Team

- The Draft Bill¹ has been published. This is open for consultation between now and 16th September 2003. A management statement will set out the relationship between the NDA and Government but this is at an early stage so is not very detailed. Also published was a Memorandum of Understanding between the Government and the regulators.
- The presentation set out how the Team believe the Principles developed by BFWG have been met, both in the draft Bill and in the review of decommissioning policy, which is due to be published in September/October, having consulted with various parties.
- The Team's ideas on stakeholder engagement were outlined, and how these met the Principles. The Legislation Team is aiming to set new standards in this area and want to start out with engagement as the norm. The key deliverable in this area will be a draft stakeholder engagement framework for the NDA. This is being developed with stakeholders, through both workshops and commissioned research. The Team are looking to gauge the level and breadth of engagement sought, as well as when dialogue is needed and when transparency is needed.
- It was pointed out that there are many outstanding issues still being worked on and in many areas no firm conclusions. This included areas such as performance measures and how to hold to account; how to promote research and development; many employment and supply chain issues, and a detailed financial strategy.
- The role of the BNFL National Dialogue was seen as providing input, experience and knowledge, as well as flagging up when mistakes were made. Collective responses to consultations were seen as very useful.

There followed a short question and answer session. Topics discussed included: the need to hold an open forum in West Cumbria (to which DTI promised to go); the need to include the Irish and Isle of Man Governments in stakeholder forums; the fact that while the Regional Development Authority might have a duty to deliver regeneration, its budget was set by Government; and whether any response on the consultation should be purely from BFWG.

The Main Group decided that any response on the consultation (see above) should be from BFWG due to the tight timetable.

LMU

- The LMU's remit is to prepare the ground for the NDA. It is not creating the NDA; this sits with the legislation team.

¹ Draft Nuclear Sites and Radioactive Substances Bill. Available from www.dti.gov.uk/nuclearcleanup/nws

- In the last couple of months the LMU have added stakeholder engagement to the remit as they realise the need to be proactive. Mostly have not done so yet, as very busy. Richard Mrowicki has taken on external affairs, which is where engagement will be focussed.
- LMU is aiming to achieve an NDA with a management structure to drive work forward by contracts, while achieving a common purpose with the regulators, leading to a Golden Triangle of the NDA, regulators and operators in an agreed framework.
- Work so far has included a master catalogue of assets and liabilities, drafted with site operators; preparing draft NDA procedures; looking at estimating risk and contingency; a near term work plan, i.e. detail on next two or three years that will form the basis of early contracts; and a draft contract strategy, on which LMU would like to consult with BFWG
- All twenty sites being passed over to the NDA have been assessed to learn about processes and systems; what facilities there are and how they link. All sites have delivered baselines to the LMU on time.
- There have been issues of tension over the Bechtel presence in the LMU. Bechtel were engaged as partner contractor by DTI following a competitive tender. The contract is for a two-year period subject to extension and when terminated Bechtel will not be able to bid for two years.
- Work in the future will include evaluating baseline plans; reviewing gaps and emissions, and creating a national baseline (the first in world), which will cover whole scope of work that needs to be done, it is likely that total costs will go up. Other areas: draft procedures on project management and contracts that need to be finalised, continued training, resolving technical issues and supporting DTI on structure and engagement
- The assumption being worked to is a second reading of the Bill in December, allowing a Chair and Chief Executive to be appointed. Overall, the NDA will employ around 200 people.
- Key messages are
 - The Government intend to make this work, though they recognise the need for more engagement from the LMU
 - Safety and environment are crucial in all of this
 - Need high quality skills
 - Need to maintain relations with communities, workforce and stakeholders.
- See website dti.gov.uk/nuclearcleanup

There followed a short plenary discussion. Topics discussed included: the view that LMU was supporting stakeholder engagement without actually doing it; whether fact-finding should include wider work done by the greens; that though baseline plans and liability estimates are 'draft' they are likely to be adopted by the NDA; how to formalise the relationship between the BFWG and LMU as well as linking to any post-Dialogue engagement, and the role of the NDA in dealing with Plutonium if it is defined as waste.

8 – The Way Forward

- Main Group Summary Report will be out end of July, photoreport by 18 July
- Next meeting will be in early to mid March 2004
- A list of actions was agreed and can be found below:

<u>ACTION</u>	<u>WHO</u>	<u>WHEN</u>
Any comments on other processes – add to graffiti wall or engagement map	All	NOW
Review impact of PH's statement on work of BFWG + the dialogue	BFWG	16 July 2003
Feedback to Main Grp outcome of above discussion + provide MG with opp. to input if necessary	BFWG	End July 2003
Review name of WG	BFWG	16 July 2003
Check record for process actions → carry forward	TEC/Co-ord Grp	23 Sept 2003
Note on strategy review for BFWG to consider, including guidance on time scales	David B + Grace	16 July 2003
Include output from BFWG in BNFL's review of strategy (link to above action)	BNFL	Autumn 2003
Add copies of DB's slides to photoreport	TEC	24 July 2003
If you have views or questions about Mariposa's proposal ask Neil McCann or Co-ord Gp, or send to The Environment Council	All	Ongoing
Consider whether to submit BFWG report to TI Select Committee	BFWG	Next meeting
Consider definition of "safety" at first meeting of SSWG, taking on board discussion at MG (including sub group)	SSWG	1 st meeting
Liase with steering group to identify any specific target audiences for ERM report	TEC	16 July 2003
Consider changing "Key Survival Issues" to "Key Strategic Issues", in BFWG work in progress	BFWG	16 July 2003
Suggestions for BFWG report on graffiti wall to assist drafters	All	Today (9 July 2003)
Draft Interim BFWG report goes on website	TEC	18 July 2003
Any outstanding concerns regarding the principles – please write in with proposed amendments to BFWG & they will consider	Main Group	End July 2003
Put BFWG + CG reports on TEC website	TEC	18 July 2003
DTI will come + speak to communities in Cumbria if local authorities set up meeting	Peter K to liase with Fergus	End July 2003
DTI to consider proactively contacting Isle of Man Govt	Liase with Mike	Ongoing
Any input to the bill from BFWG should be clearly from the BFWG only, can make ref to MG docs	BFWG	16 Sept 2003
Comment on draft bill within the timetable with reference to material already agreed	BFWG	16 Sept 2003

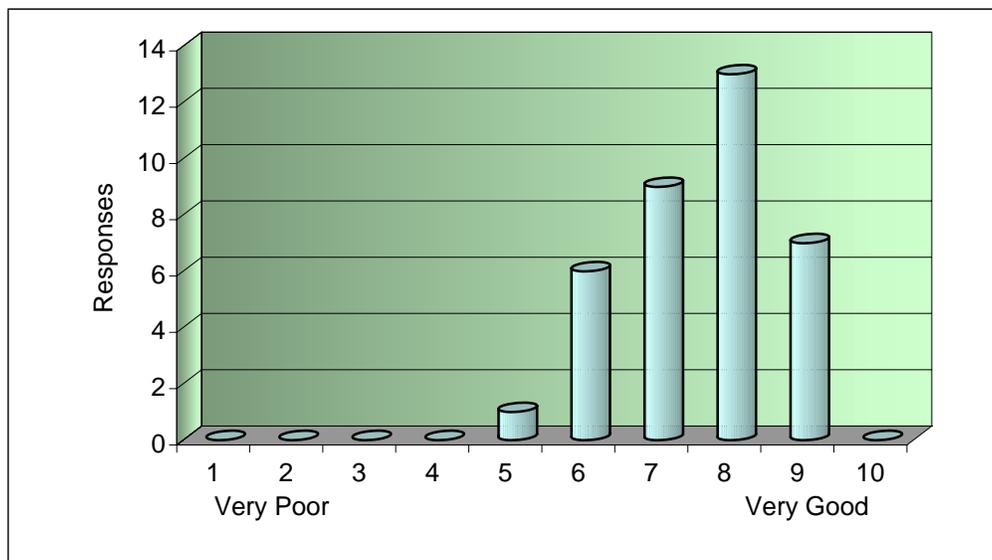
Tell DTI/LMU of specific sources for “fact finding” if you’re concerned that DTI/LMU doesn’t know about them, e.g. via graffiti wall	All	Today + later + ongoing
LMU to explore how to achieve close interaction with BFWG	Richard M (LMU) via Richard Griffin	16/17 July 2003
CSR report go to all Main Gp	BNFL	Early August 2003
Way forward suggestions to be taken on board by Co-ord Gp, BFWG + SSWG in their work	BFWG, SSWG + CG	Future meetings → Main Gp
Photoreport + copies of presentations	TEC	18 July 2003
Written report	Anthony Perret	End July 2003
Version of photoreport for BFWG meeting	TEC	16 July 2003
Written report – any comments back to TEC	Main group	As directed by TEC
CG will amend written report as appropriate	CG	End July 2003
Written report to website	TEC	End Sept 2003 or as soon as can
Go back to Greenpeace + FoE re dialogue	Rachel Western	Ongoing
Take David’s strategy doc to BFWG	Grace	16 July 2003
Any typos etc. on ERM report send to Rhuari	All	15 July 2003
9.30 start for Soc/Ec group to meet	Socio/Econ Gp	16 July 2003
Tell TEC about nuclear clashes with proposed early/mid March’04 MG meeting	All	ASAP

Key: CG – Coordination Group; TEC – The Environment Council; BFWG – Business Futures Working Group; SSWG – Security and Safeguards Working Group.

9 – Evaluation

- In addition to an interim evaluation of progress made at the end of Day 1, participants were also invited to evaluate progress using feedback forms, at the end of Day 2.
- The charts and comments below show all the feedback from attendees:

1. How do you rate the value of the Dialogue over the past 8 months (since the last Main Group meeting)?



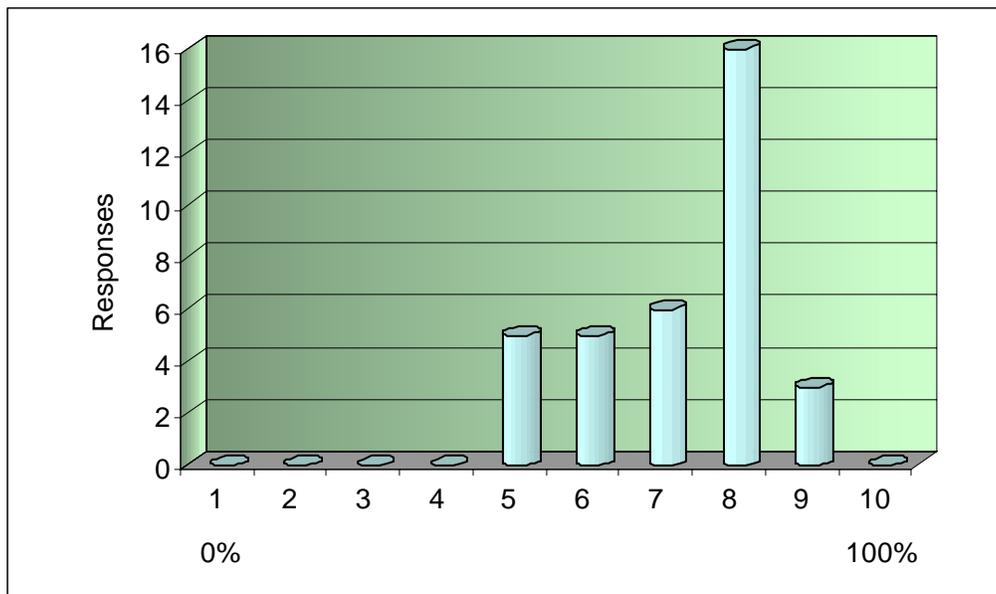
37 questionnaires returned
1 did not give rank for Q1
NB All half-marks are rounded down to nearest whole number

Comments:

- Even though I'm on the BFG, I was surprised how much useful work had been done when the report was pulled together.
- Being quite new to the dialogue its been a real eye opener.
- Plenty of enthusiasm and debate. People appear very commitment.
- It's improved as we enter the final lap. Work rate has increased & external events (NDA etc) have focussed thoughts & forward planning.
- Continues to deliver quality output.
- The anticipated arrival of the NDA has sharpened up the dialogue on all sides.
- Has managed to 'follow' the changing BNFL situation.
- Plut Working Group Report a highlight.
- Can't comment in too much detail, as not involved. However: - Pu report good, Futures Report lazy & unfocussed, Main Group (July 03) very good.

- A very important part of dialogue work is clarification of the issues. Even if we don't resolve them we do clarify the situation and that is progress, making it easier to ultimately resolve the problems.
- Lots of good work in the BFWG – shame about DTI! And we got the good work through the main group.
- Good process. Only issue from my perspective is the range of work being covered by Business Futures Working Group – very wide, so sometimes difficult to keep track of everything.
- Although dialogue has been very productive and many constituencies have been softened by exchanges of ideas it seems that there are some who still totally distrust the company.
- Very much focussed around the subset of those involved in BFG. Others of us are loosely connected.
- As main group member I have received reports in the post. I have not communicated with any members with my questions.
- It depends on value to whom? As a PuWG member, the output of the report was – and will continue to be – useful to BNFL to focus their attention (although the media reportage was disappointing due to the report being exclusively given to wrong journalists).
- A lot has been achieved – key ideas in engaging with NDA issues.
- Excellent dialogue. Minimum confrontation.
- Didn't come to the last meeting.
- Been an excellent opportunity to identify and challenge issues in a "safe" environment, particularly in the area of contracting.

2. How confident are you that the Dialogue will proceed effectively?



37 questionnaires returned
 2 did not give rank for Q2
 NB All half-marks are rounded down to nearest whole number.

Comments:

- I think after 2005 the dialogue will not be at the same level. It could be more local around the main areas. Also there will be an issue with funding.
- But we need to define an end point.
- Main doubt is the amount of work potentially to do through Business Futures & Securities & achieving satisfactory closure.
- Good foundation for challenging times ahead. Lots of uncertainties tho'.
- I would like to believe that some form of dialogue continues but I am not sure it would be the same process, probably more localised.
- The commitment from stakeholders is very evident.
- The less green involvement I observe at meetings the less positive I feel about the validity of the dialogue.
- Challenge – keeping focussed until end of dialogue next year.
- Transition period approaches & it's important to get it right & ensure lessons of past 5 yrs are passed on to 'new' BNFL + NDA engagement processes.
- Continues to be positively supported.
- It needed to finish but has had a good programme defined and will finish in good order.
- Following Patricia Hewitt announcement last week + programme towards NDA, needs to decide what the objective is. I don't sign up to Norman Askew's view.
- 'Cos it has to otherwise I've wasted 5 years.
- Uncertainty about transition into New BNFL/NDA arrangements need to be resolved as a priority.
- For the most part it seems that the dialogue process has brought about much better understanding on both sides of the fence. Further dialogue can only help this.
- This comment relates not to the final stage of the BNFL-based dialogue, but to whether the baton will be successfully passed to the NDA.
- Generally the Dialogue appears to work, knowing that it has been operating for 5 years. I have only been to 2 meetings.
- Effectively for whom? It has been a significant strain on NGO participants due to the time commitment required – this is a continuous dynamic tension.
- Vast amount left arising from this main group & ongoing work – can it be done?
- Bodes well for the future.
- Not sure what the end process will look like (not a criticism). This will influence what if anything will continue.
- Need to pull together the result of the discussion groups in future programme – quickly – to inform BFWG etc. Don't wait to next Main Group.

3. General Comments:

- I think after 2005 the dialogue will not be at the same level. It could be more local around the main areas. Also there will be an issue with funding. It will be a shame because of all the good work, and all the support across all parties in dealing with this issue.
- Still believe the main drivers for change are external to the dialogue. However, the flux created by external events creates opportunities to influence future policy. That is positive – as is the dialogue as a forum for one to one engagement + building trust + recognition of each other as frail human beings struggling to make sense of the world in which we live.
- More variety in lunches please!
- It would be a shame if no dialogue continued and build on the excellent work, by all of the stakeholders involved.
- If it weren't for Fred Barker and Pete Wilkinson I would view this dialogue as purely between the D.T.I. LMU and BNFL + associated colleagues.
- Well organised event which was good for networking.
- Am staggered by the willingness of BNFL to listen + talk to people after years of autocratic behaviour...
- We're entering a crucial period. Unless the LMU/NDA get it right, any loss of s/h confidence could have profound negative impacts on (particularly) green attitudes.
- Sets a very important standard for future engagement processes.
- This main group has been much more productive than the last – a) Clearer statements of the issues for MG presented by working groups; b) Good work between; c) DTI 'active' input + responses.
- July'03 main group provided opportunity to meet socially with key players and share common ground. However The Futures report does not reflect this and present no vision for how public health plus the Cumbrian community will be protected in the future. The Government is willing to inject taxpayers' money to achieve these objectives, but the quality of thinking presently coming from the Dialogue on this is very low.
- In this time of transition for the nuclear industry the activities of the dialogue are even more relevant than ever and the dialogues capacity to influence BNFL is also at a correspondingly high level. A time of opportunity!
- Don't like the food in the Crowne Plaza. Do like the Britons Protection.
- Need to strongly support DTI attempts to grapple with the issues of overcoming barriers to engagement.
- Some form of Dialogue must exist beyond the end of this one.
- This comment relates not to the final stage of the BNFL-based dialogue, but to whether the baton will be successfully passed to the NDA.
- The organisation of the process has been consistently v. good by TEC. The course of the dialogue has been patchy. It is clear from the company response to PuWG final report that not all significant senior management at BNFL has bought into the dialogue and its merits.
- Good Main Group – lots of input. Useful milestone – but ongoing.
- BZ Environment Council. The facilitator is the key to good dialogue.
- A rewarding experience although the demands in time required is at times demanding.

Appendices

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Appendix 1: List of Attendees

Please note this is a list of attendees only. The appearance of any organisation or individual on this list is not an indication of any endorsement of either this process or the Company itself. Similarly, attendance or not at the workshop should not be taken as indicating any supportive or negative views of the Company or this process.

BNFL National Stakeholder Dialogue
Main Group Workshop, 08-09 July 2003
List of Attendees

Name		Organisation
Rachel	Western	Aldermaston Women's Peace Camp
William	Waddington	AMICUS AEEU
David	Bonser	BNFL
Roger	Coates	BNFL
Phil	Hallington	BNFL
Roger	Howsley	BNFL
Robbie	Huston	BNFL
John	Kane	BNFL
Peter	Maher	BNFL
Bryen	Martin	BNFL
Richard	Mayson	BNFL
Grace	McGlynn	BNFL
Arthur	Roberts	BNFL
Rex	Strong	BNFL
Paul	Thomas	BNFL
Valerie	Mainwood	BRARE (Bradwell for Renewable Energy)
Tony	Free	British Energy
Sue	Wilkinson	British Energy
Fergus	McMorrow	Copeland Borough Council
John	Hetherington	Cumbria County Council
Adam	Scott	DEFRA
Helen	Costa	Department of Trade and Industry
Clive	Williams	Environment Agency
Richard	Evans	Ethics etc
Stuart	Conney	Food Standards Agency
David	Lowry	Freelance Environmental Policy & Research Consultant
John	Charters	General & Municipal Boiler Makers Union
Peter	Kane	General & Municipal Boiler Makers Union
Frank	Duffy	Government Office for the North West
Derek	Ockenden	Independent Consultant
Rick	Lockwood	Institute of Nuclear Engineers

BNFL National Stakeholder Dialogue
 Main Group Workshop, 08-09 July 2003
 List of Attendees (contd.)

Name		Organisation
Mike	Clark	Irish Sea Nuclear Free Flotilla
Richard	Mrowicki	Liabilities Management Unit
Pam	Vassie	NAG (formerly Nuclear Awareness Group)
Stephanie	Haywood	National Radiological Protection Board
John	Knox	Northwest Development Agency
Neil	McCann	Nuclear Free Future campaigner
Stewart	Kemp	Nuclear Free Local Authorities
Peter	Addison	Nuclear Installations Inspectorate
Janet	Wilson	Nuclear Installations Inspectorate
Fred	Barker	Nuclear Policy Analyst
Frank	Barnaby	Oxford Research Group
Dai	Hudd	Prospect
David	Tomlin	Redcar and Cleveland Borough Council
Rita	Holmes	Scottish Radiation Monitoring Groups
David	Camwell	Transport & General Workers Union
Stewart	Conroy	Transport & General Workers Union
Gregg	Butler	University of Manchester/Westlakes Research Institute
Steve	Jones	Westlakes Scientific Consulting
Pete	Wilkinson	Wilkinson Environmental Consulting
Consultants for Evaluation work		
Emma	Cranidge	CAG
David	Stone	CAG
Mary	Anderson	CAG
Tim	Maiden	CAG
Consultants for Socio-Economic study		
Jon	Samuel	ERM

Total Number = 55

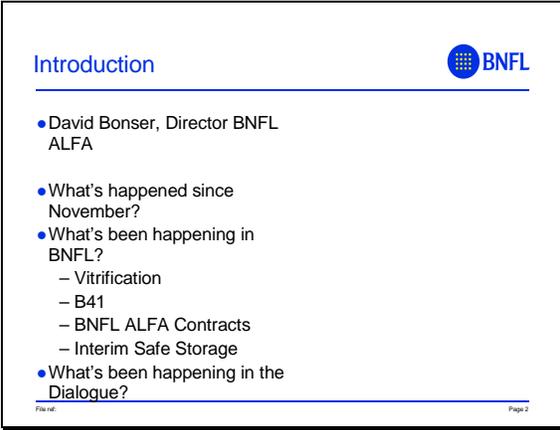
Appendix 2: Presentation from David Bonser, BNFL ALFA

1



BNFL
Stakeholder Dialogue
David Bonser
8 July 2003

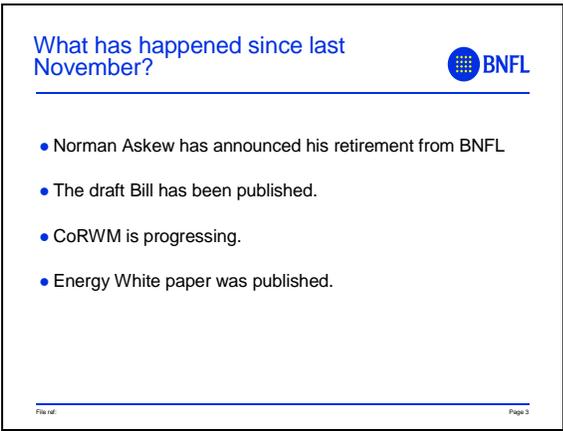
2



Introduction

- David Bonser, Director BNFL ALFA
- What's happened since November?
- What's been happening in BNFL?
 - Vitrification
 - B41
 - BNFL ALFA Contracts
 - Interim Safe Storage
- What's been happening in the Dialogue?

3



What has happened since last November?

- Norman Askew has announced his retirement from BNFL
- The draft Bill has been published.
- CoRWM is progressing.
- Energy White paper was published.

4



What's been happening in BNFL?

- Lawrie Haynes appointed the new CEO of Government Services
- Lifecycle Baselines for Sellafield, Drigg and Magnox Sites issued to LMU on the 28 June 2003.
- Westinghouse signed a fuel contract with EdF.
- Response to SFWG - Developing Contingency Plans for B205
- The contract with BE has been revised.
- BNFL's first CSR report due to be issued.

5

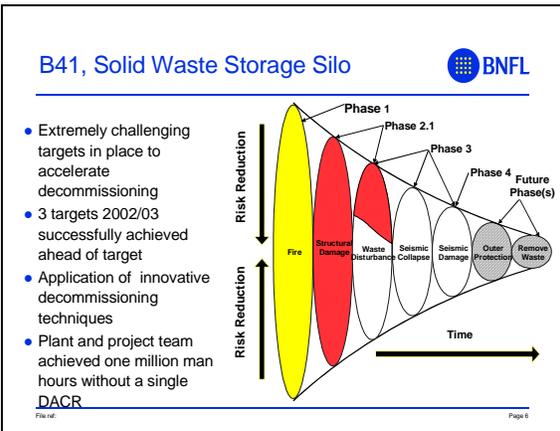


B355, Windscale Vitrification Plant

- 2763 containers produced to date
- 333 containers to store (against BNFL ALFA target of 250)
- Highest Throughput to date
- Line 3 active commissioning on target
- 8 melters cut up and 124 bins of waste removed
- Major reduction in risks

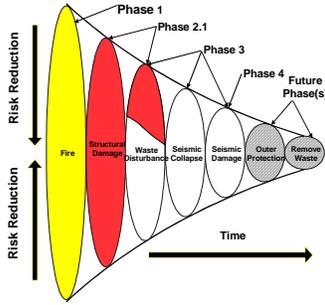


6



B41, Solid Waste Storage Silo

- Extremely challenging targets in place to accelerate decommissioning
- 3 targets 2002/03 successfully achieved ahead of target
- Application of innovative decommissioning techniques
- Plant and project team achieved one million man hours without a single DACR



The graph shows Risk Reduction on the y-axis and Time on the x-axis. A series of overlapping, downward-pointing shapes represent risk levels over time, labeled with phases: Phase 1 (Fire), Phase 2.1 (Structural Damage), Phase 3 (Waste Disturbance, Seismic Collapse, Seismic Damage), Phase 4 (Outer Protection, Remove Waste), and Future Phase(s). The risk level decreases significantly through each phase.

7

Performance Vs ALFA Contracts (2002/03)



- Sellafield & Drigg
 - Met 51 of 54 Targets
 - Excellent EH&S Performance (exception)
 - Integrated Site Plan & First Lifecycle
 - Good progress on legacy clean up enablers
- Environmental Services
 - Met all Targets
 - Received a wide range of highly reputable safety awards
- Magnox Generation
 - Met 10 of 12 Targets
 - Excellent EH&S Performance (improved ISRS/IERS measures)
 - Output = 17.56TWhr (highest for 10 years)

File ref. Page 7

8

Interim Safe Storage



Developing packaging solutions for dealing with the Nuclear Legacy

- Progress is being made with the development of skeleton safety cases.
- Demonstrates a collaborative approach between the Regulators, Nirex, BNFL and Dounreay.
- BNFL applied our Nuclear "Know How" to tackle the new mission for Sellafield, to clean up the legacy of the nuclear and civil nuclear programmes.



File ref. Page 8

9

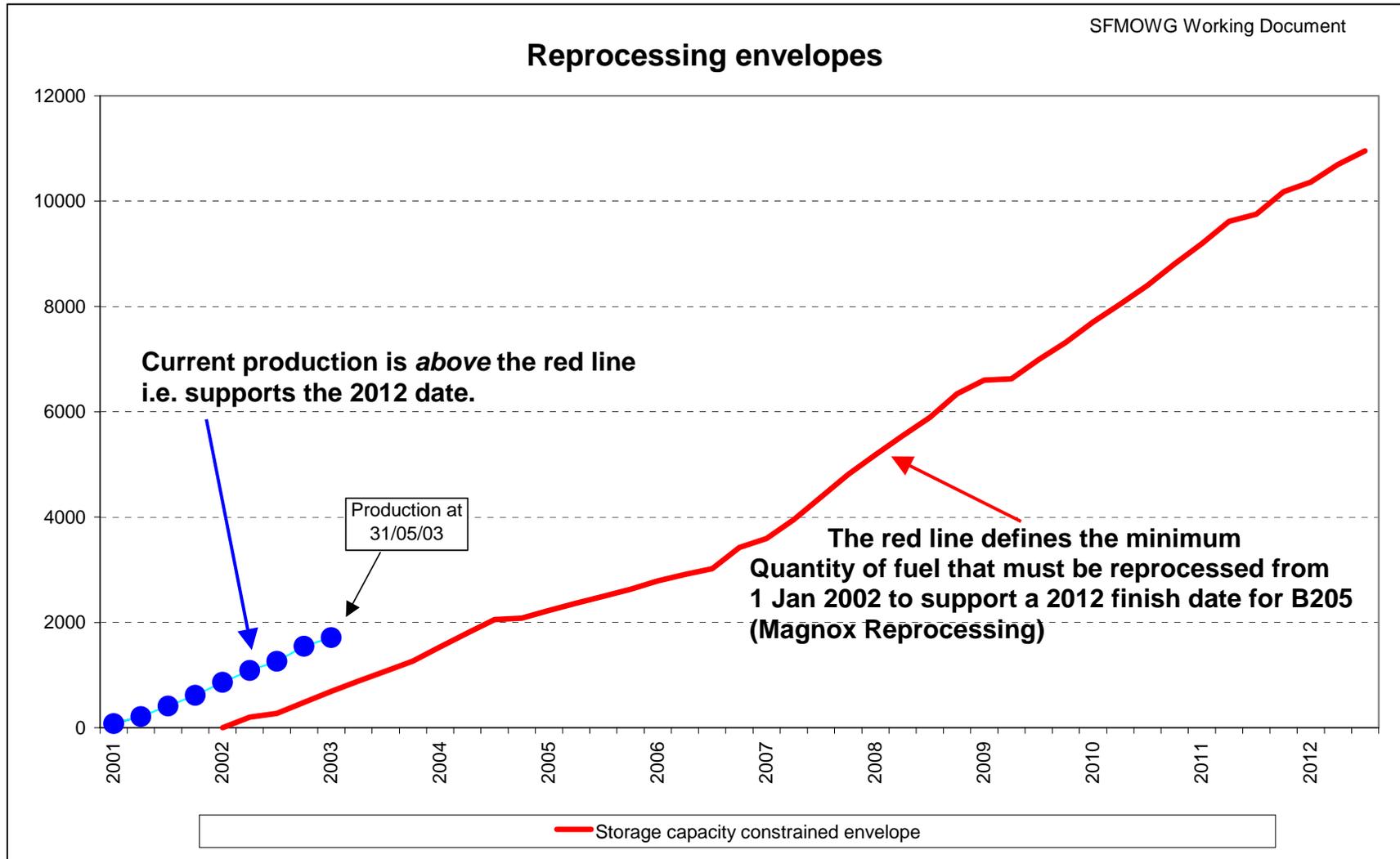
What's been happening in the Dialogue



- Mike King has joined the Environment Council
- PuWG report has been considered widely within BNFL, Government Circles and Number 10.
- BFWG has been considering how "new BNFL" develops.
- Consider what forms of Stakeholder participation are appropriate for the constituency or organisation you represent?
- Evaluation Project
- Busy Agenda over the next two days.....

File ref. Page 9

Appendix 3: Update on B205 Production to 31 May 2003



Appendix 4: Co-ordination Group Presentation

1	2
3	4
5	6
7	

**Co-ordination Group
Progress Report
to Main Group
July 2003**

BNFL NATIONAL STAKEHOLDER DIALOGUE The Environment Council

Introduction

- ◆ The Co-ordination Group exists to oversee the various aspects of the Dialogue to ensure its smooth running and to deal with issues which arise from time to time which have a bearing on the Dialogue.
- ◆ The report explains the activities of the Co-ordination Group over the past nine months since the last Main Group meeting in November 2002 and attempts to put the BNFL National Nuclear Dialogue in perspective.
- ◆ The membership of the Co-ordination Group is appended to the report.

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Updates

- ◆ Engagement Processes
 - » *Stakeholder Engagement Map*
 - Add comments and additional information to the 'Stakeholder Engagement Map' displayed at the meeting, and
 - Discuss with representatives of BNFL and the DTI who are present at the meeting ideas for future engagement mechanisms.
- ◆ Dialogue completion / transition to future engagement
 - » Debate on second day
- ◆ Communications strategy
- ◆ Links to the Magnox Decommissioning Dialogue
- ◆ Mariposa – film proposal

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Groundrule 5 Amendment

- ◆ Participants are expected to make available information needed by the group. **The needs of the group will be determined on a collective rather than an individual basis.** The group will also determine where the information should be sourced and how it should be used subject to the appropriate ground rules on confidentiality (particularly ground rules 24 and 26).
- ◆ Any participant who feels that they cannot supply information requested by the group should be willing to explain their reasons. **With respect to commercially confidential information, the group expects as much collaboration from participants as possible.** Where information is felt to be too sensitive to release, for example where costs and other information are either not provided or given only as assertions, participants should provide as much supporting data as possible (such as assumptions, conditions and projections) to facilitate scrutiny by the group. Other group members must respect explanations for the non-provision of data subject to the foregoing conditions. Any feelings of discomfort around discussions and requests for information should be shared with the group.

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Dialogue Evaluation

- ◆ The team from CAG Consultants have worked closely with the Co-ordination Group over the past few months to construct a programme which we feel will be most capable of properly reviewing the successes and failures the Dialogue has achieved.
- ◆ The exercise is designed to identify the leaning points which arise from the analysis to enable future Dialogues and engagement processes to benefit from the wealth of experience the current BNFL Dialogue has generated and which resides in Main Group and Working Group stakeholders.
- ◆ The Co-ordination Group asks Main Group stakeholders to make every effort to complete the forms promptly and to accommodate the CAG team as far as is possible over a busy two day meeting and during their evaluation.

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Safeguards and Security Workstream

- ◆ The Co-ordination Group recommends that the Main Group approves the establishing of a separate working Group to be known as the Safeguards and Security Working Group (SSWG) which is mandated to undertake its work programme as detailed in the SSW terms of reference.

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BFWG Report ~ Second Draft Interim ~

- ◆ The Co-ordination Group commends this report to the Main Group and endorses BFWG's request to be allowed to pursue its future work programme as outlined in its second interim report.

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Appendix 5: Presentation from Emma Cranidge CAG

1

BNFL Stakeholder Dialogue *EVALUATION*

Emma Cranidge
CAG Consultants

2

Why Evaluate?

- To share knowledge
- Measure changes
- Clarify outputs and outcomes
- Promote impacts
- Trace the strengths and weaknesses

3

Evaluation Objectives

- To *assess* the BNFL National Stakeholder Dialogue process to date, including areas such as: process strengths and weaknesses, use of resources, evidence of impact/change, unexpected consequences, key lessons and future applications.
- To produce a *report(s)* that enables internal and external audiences to access the learning to be derived from the BNFL National Stakeholder Dialogue process.

4

CAG's approach is *participatory*

Who will be participating?	Participating in what?
<ul style="list-style-type: none"> - dialogue participants - convenor - sponsor - facilitation team 	<ul style="list-style-type: none"> - design and development of the evaluation programme - the delivery of the programme - the analysis and interpretation of the evaluation findings - the reporting of the findings

5

CAGs' approach is ...

- Based on reviewing *efficiency* and *effectiveness*
- *Learning* focused

6

Evaluation Stages

- Phase One
 - Scoping
- Phase Two
 - Collaborative consideration of the dialogue
- Phase Three
 - Collation and interpretation of evaluation evidence

7

What now?

- How to get involved
- Questionnaire
- Burning Issues

Appendix 6: BFWG Presentation

1

Business Futures Group Progress Report July 2003

Peter Addison	NII	John Hetherington	Cumbria CC
Ric Baldwin	BNFL ALFA	Dai Hudd	Prospect
Neil Baldwin	BNFL	Steve Jones	Westlakes
Fred Barker	Nuclear Policy Analyst	John Knox	NWDA
Gregg Butler	Westlakes	Grace McGlynn	BNFL
Tom Cawley	TGWU	Fergus McMorro	Copeland BC
Simon Clark	MoD	Fred Mudway	BNFL
Helen Costa	DTI	Andy Munn	UKAEA
David Ferguson	Environment Agency	Martin Quin	GMB
Tony Free	British Energy	Howard Rooms	NCNI
Richard Griffin	DTI	Pete Wilkinson	Wilkinson Consulting
Phil Hallington	BNFL	Clive Williams	Environment Agency
		Janet Wilson	
			NII

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2

Group aims

- ◆ The aims of the Business Futures Working Group as agreed by the Main Group are:
 - » 1. *Providing analysis and advice to the Company on the impact of the development of the LMA, and informing the DTI's LMA development process.*
 - » 2. *Reviewing/monitoring the development of the Company's strategy in respect of providing services to governments and nuclear utilities.*
 - » 3. *Identify other business futures the Company might adopt, including the examination of non-nuclear business futures.*
 - » 4. *Develop guidance to the Company on recommended ways forward, including milestones and targets where appropriate.*

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5

Specific directions from November 2002 Main Group

- ◆ Review previous dialogue working groups' reports to identify conclusions, recommendations and milestones which remain relevant to the Group's aims.
- ◆ Identify important issues relating to contractorisation of nuclear site management and make recommendations as appropriate
- ◆ Consider how best work could be pursued on the conflicts between openness/safety/transparency and the need for robust security and safeguards
- ◆ Review the impact of NDA proposals on the ERM 2001 report on socio-economic impacts in Cumbria

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4

Review of previous Working Group Reports

- ◆ BNFL have provided a review of progress against all previous WG reports (Annex 1 to Second Interim Report)
- ◆ BFWG have yet to review this in detail but will do so over the coming months
- ◆ BFWG notes positive progress in developing contingency plans arising from the SFMOWG Strategic Action Plans
- ◆ BFWG looks forward to the results of discussions with the Company about the implementation of the Plutonium WGs recommendations
- ◆ *BFWG recommends that Main Group note this ongoing work*

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5

Contractorisation

- ◆ A report on contractorisation has been produced (Annex 2 of the Second Interim Report)
- ◆ Presentation of report contents is to follow
- ◆ *BFWG invites the Main Group to endorse the report, and the actions taken, and invite a response from the LMU.*

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6

Security and safeguards - openness/safety/transparency

- ◆ Terms of reference for future work have been developed with interested stakeholders
- ◆ A separate presentation is to follow
- ◆ The status of this workstream is a separate item on the Main Group agenda
- ◆ *The Business Futures endorses the Task Group's recommendation that the Security and Safeguards Group should be established as a Working Group in its own right. Security aspects of contracts and contractor selection should be considered.*

BNFL NATIONAL STAKEHOLDER DIALOGUE The Environment Council

7

Review of socio-economic report

- ◆ A Socio-economic Steering Group was reconvened to oversee the updating of the ERM 2001 report. This work has now been completed and forms a separate report to the Main Group
- ◆ A separate presentation on the report will follow
- ◆ *BFWG recommends that the Main Group endorses the ERM report for publication, noting its links to other BFWG work including contractorisation.*

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8

Analysis and advice on the development of the NDA

- ◆ The draft Bill will be reviewed by BFWG, particularly in relation to the Principles developed by BFWG
- ◆ Regular updates received from, and feedback provided to, DTI
- ◆ Waste Conversion Index
 - » Meeting between BFWG members and BNFL
 - » LMU taking the concept further with industry and regulators. BFWG members are involved and are keeping BFWG updated.
 - » It is accepted that wide stakeholder buy-in is required if the concept is to be credible.
- ◆ BFWG maintain a watching brief on important 'background' items, e.g. BE, MRWS, ICRP/LLR/CERRIE.
- ◆ Site end points will be discussed as the issue develops in LMU/NDA
- ◆ Transition management - BFWG will examine proposals for the restructuring of BNFL's business when these are published by DTI

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9

Review of BNFL strategy in providing services to Governments and Utilities

- ◆ Resources, Innovation, Values: SWOT analysis used to develop Key Survival Issues for BNFL's two main business streams with Governments and Utilities
- ◆ Key Survival Issues are provided as Annex 4 to the Second Interim Report
- ◆ *BFWG recommend that Main Group commend these KSIs to BNFL and asks the company to review the development of its strategy in the context of these KSIs and report back to BFWG*
- ◆ BFWG notes that BNFL will be publishing its first annual CSR report in July 2003.

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10

BNFL business diversification

- ◆ A task group met to discuss and analyse this issue, with input from BNFL staff including their Corporate Development Director
- ◆ The Task Group report is at Annex 5 of the Second Interim Report
- ◆ BFWG recognise that, for a number of reasons, BNFL are not likely to adopt a strategy of non-nuclear diversification in the short term
- ◆ Equally BFWG wish to ensure that the potential for technology spin-offs being used to help mitigate regional economic impacts of employment reduction at BNFL/NDA sites is fully explored, possibly through Joint Fact Finding, and exploited effectively
- ◆ *BFWG recommend that the Main Group give it authority to ask ERM, in the context of its socio-economic review, to give guidance on what a study with the aims and outline terms of reference in Appendix 5 would cover and on its potential resource implications, and that subject to Main Group approval and available resources, the BFWG initiate and steer the JFF study, reporting to a future Main Group meeting.*

BNFL NATIONAL STAKEHOLDER DIALOGUE The Environment Council

Appendix 7: Contractorisation Presentation – Dai Hudd, Prospect

1

CONTRACTORISATION
WORK OF THE BFWG

MAIN GROUP PRESENTATION
8/9 JULY 2003

DAI HUDD
National Secretary

BNFL NATIONAL STAKEHOLDER DIALOGUE The Environment Council

2

BFWG PRINCIPLES (Summary) (as approved by the Main Group)

- Accountability (inc sub contractors)
- Intelligent Customer
- Openness, Transparency 'v' Commercial Confidentiality

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3

BFWG PRINCIPLES (Summary) (as approved by the Main Group)

- Long term 'v' short term contracts
- Open and continued R&T Programme
- Incentive innovation/encourage IPR Development
- Security

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4

BFWG PRINCIPLES (Summary) (as approved by the Main Group)

- Control of funds/excessive profits
- UK and local work opportunities
- Maintenance of current and future skill base
- Incentivised workforce

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5

BFWG INTERIM WORK

- Existing models ie, winner takes all, conflict with some aims of White Paper
- Experience to date eg, US must be examined in context of UK regulatory environment
- Continued development of stakeholder engagement
- Environmental/ethical considerations in contractor selection

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6

CONTRACTING MODELS?

- Interactive phased approach
- Timescales
 - longer – decreases competition benefits
 - shorter – unnecessary competition benefits
- Rolling contracts

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7

CONTRACTING MODELS?

- Defined periods of notice
- Bond Payments
- Continuity of skills/employment
- R&T/Innovation

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8

RECOMMENDATIONS TO LMU

- Adopt Principles for Contractorisation
- Review of Government/worldwide experience of contracting
- Shared and clear policy on sub contracting
- Contracts to reflect commitment to stakeholder engagement

BNFL NATIONAL STAKEHOLDER DIALOGUE The Environment Council

9

RECOMMENDATIONS TO LMU

- Criteria for selection of contractor, eg environmental, safety and ethical record
- Positive incentives in contracts, ie skills development, employment and research/innovation
- Incentivised workforce

BNFL NATIONAL STAKEHOLDER DIALOGUE The Environment Council

Appendix 8: Presentation from Jon Samuel, ERM

1

**Socio-economic Study:
West Cumbria**

2003 Report Update:
Findings (Work in Progress)

BNFL National Stakeholder Dialogue - Business
Futures Working Group
Manchester, Tuesday 7 July 2003

Sustainable solutions for a competitive world

ERM

2

Our presentation

- Recap on objectives
- Key assumptions
- Main findings:
 - On site employment and residential location by scenario
- Visions estimates
 - Levels of employment generated
 - Impacts on base projections for employment, unemployment and population

BNFL National Stakeholder Dialogue

ERM

3

Core objective of study

- To identify the economic and social impacts of five operating scenarios at Sellafield:
 - SF1 – Stop now and prepare for closure (minimum and maximum Pu immobilisation variants)
 - SF2 – Currently approved business plan
 - SF2a – Current plan with accelerated retrievals and decommission (minimum and maximum Pu immobilisation variants)
- Min and Max variants inserted in response to “green expert” peer review

BNFL National Stakeholder Dialogue

ERM

4

Key assumptions

- 60 percent of capital contractors who lose their jobs will migrate
- 15 percent of BNFL employees who lose their jobs will migrate
- 10 percent of other local employees will migrate
- On average, emigrants will take 2.4 dependents with them
- Of those who lose their jobs and who remain, 70 percent will become unemployed
- The other 30 percent will become economically inactive (retired, return to education, no longer seeking work or become long-term sick)

BNFL National Stakeholder Dialogue

ERM

5

Community level impacts will vary

Community	Employment at Sellafield*	Total Local Employment (BNFL + All Other)	BNFL Sellafield as Percent of Total Employment
Whitehaven	2,484	8,208	30%
Workington	1,257	12,145	10%
Egremont	949	2,087	45%
Cleator Moor	576	1,140	51%
Cockermouth	495	2,547	19%

* Note: excludes contractors

BNFL National Stakeholder Dialogue

ERM

6

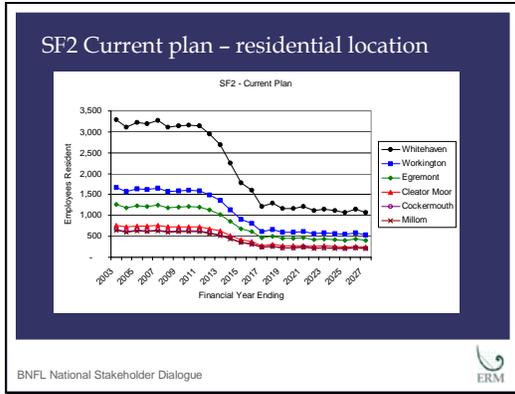
Current plan – site employment levels

Employment decline delayed, but then rapid to about one third of current total

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ERM

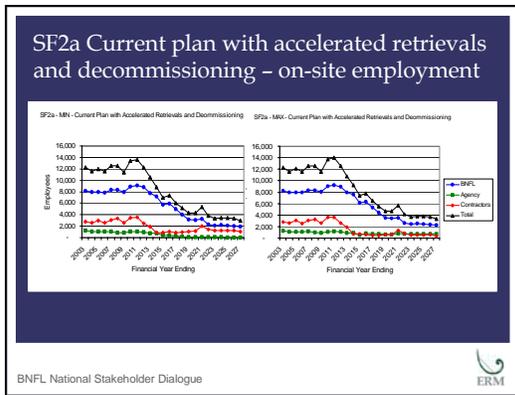
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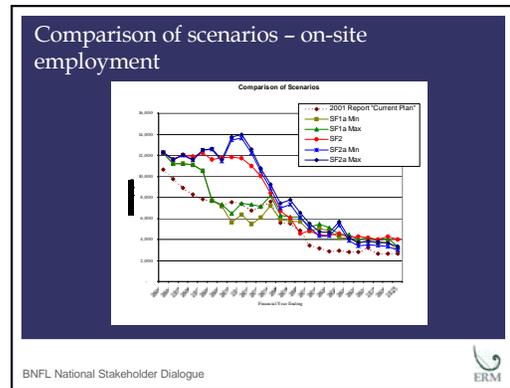
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10



N.B See also enlarged version for clarity on page 35 – Appendix 8a

11

Main reasons for differences: 2001 vs 2003

- 2001 report modelled on winter 2000 data – before impacts of Team Inspection report on staffing fully evident
- Modified Magnox station lifetimes
- Labour requirements of decommissioning now clearer (many 2001 blocks created from scratch for study)
- Long-term asset maintenance plans better developed – has led to revised CAPEX plans

BNFL National Stakeholder Dialogue

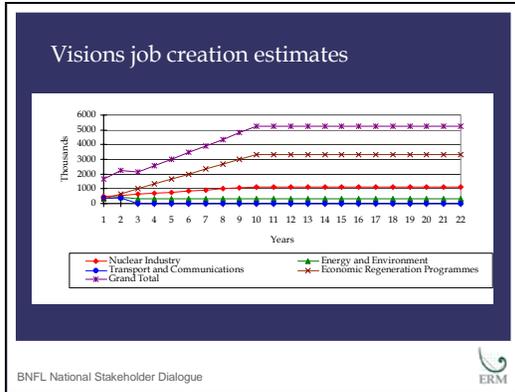
12

Key visions assumptions

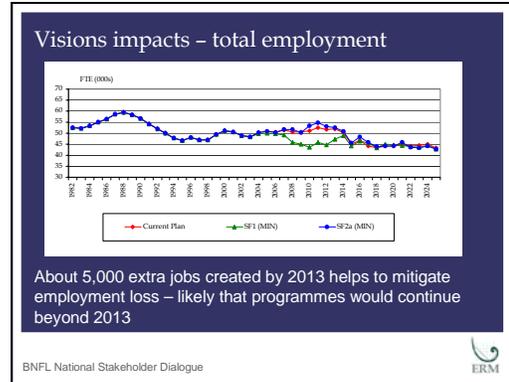
- Multiplier effects for off-site jobs are lower than for on-site jobs – assumed to be 0.1
- Construction spend of £72,000 generates open FTE job for a year
- Regeneration spend of £30,000 generates one permanent job
- Public regeneration spend generates matching private sector investment
- Regeneration spending programmes last 10 years

BNFL National Stakeholder Dialogue

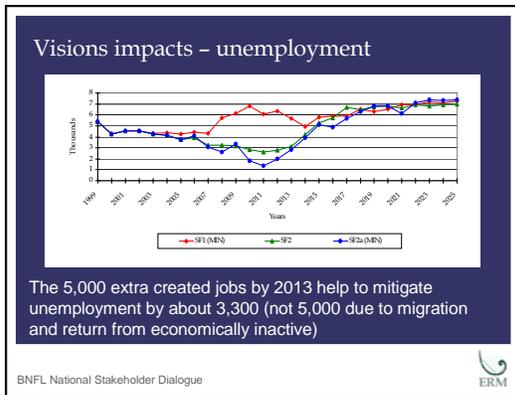
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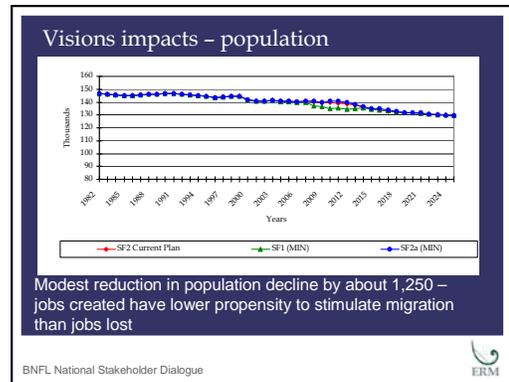
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16



17

Comments

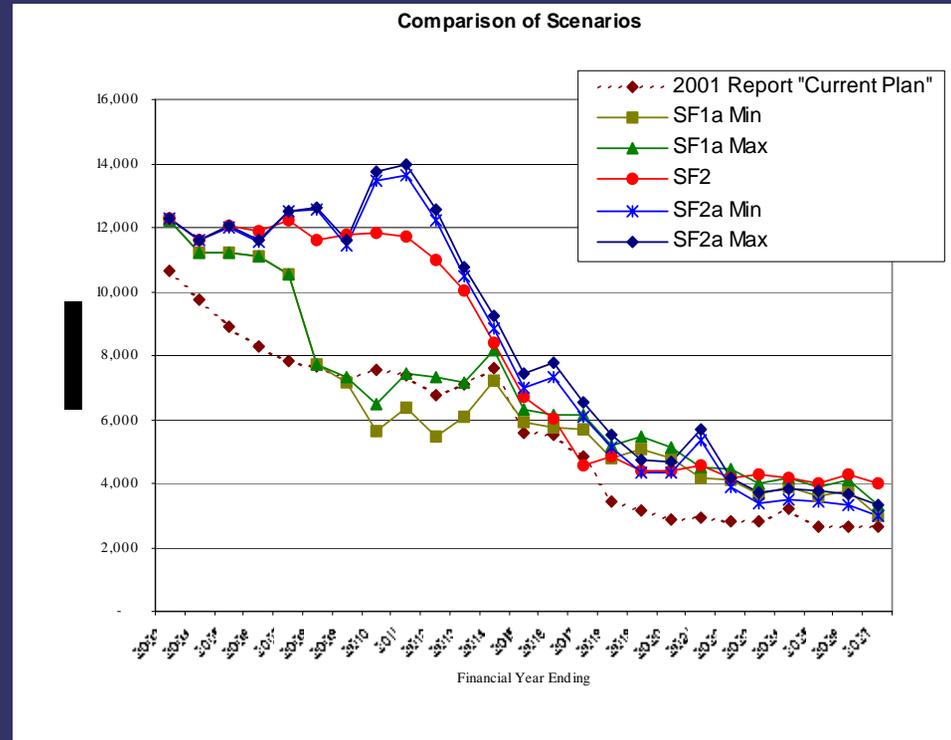
Please send comments to Rhuari, and to me at:

jonathan.samuel@erm.com

BNFL National Stakeholder Dialogue ERM

Appendix 8a: Enlargement of Slide 10

Comparison of scenarios – on-site employment



BNFL National Stakeholder Dialogue



Appendix 9: Presentation from Helen Costa & Richard Mrowicki, DTI

1

dti
Department of Trade and Industry

LMU

Establishing the Nuclear Decommissioning Authority

Progress Report to the BNFL National Stakeholder Dialogue
Main Group 9th July 2003

2

Who's who at DTI ?

Legislation Team	Liabilities Management Unit
<ul style="list-style-type: none">• Policy development – White Paper• Draft Bill and its passage through Parliament• Practical policy issues to resolve in order to implement in the way intended	<ul style="list-style-type: none">• Provide expertise needed to implement• Job is to prepare the ground for the NDA• Private sector, secondees and Bechtel

dti LMU

3

- Legislation and supporting materials
- Decommissioning policy review
- Stakeholder engagement
- Outstanding issues
- BNFL Dialogue
- Q & A

dti LMU

4

Legislation and Supporting Materials

- We are published !
- Draft Bill
- Explanatory notes
- Management Statement
- Memorandum of Understanding with regulators
- 16th September

dti LMU

5

Draft Bill & BFWG Principles

<ul style="list-style-type: none">• Principle 2:<ul style="list-style-type: none">- Recognise importance of local communities- HMG to remedy changes• Principle 6:<ul style="list-style-type: none">- Consistent with rad.waste policy- Transparent assumptions- Value for money- Supply chain and skills development	<ul style="list-style-type: none">• Draft Bill<ul style="list-style-type: none">- Statutory consultees- Function & power to support & fund directly or indirectly- Ministerial assurance• Draft Bill<ul style="list-style-type: none">- Duty to have regard to- Function to distribute information- Duty to secure vfm- Duty to promote & ensure a skilled workforce- Duty to promote effective competition
--	--

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6

Decommissioning Policy – BFWG principle 1

- Cm 2919 needs updating
- Principles remain but clarification of:
 - Coverage of the policy to all facilities;
 - Decommissioning in practice: strategies and operations;
 - Agreed end points through consultation;
 - Funding;
 - Maintaining knowledge base; and
 - Promoting best practice.

dti LMU

7

Stakeholder engagement, openness and transparency for the NDA

- Legislation team aiming to set new standards
- Rationale two fold:
 - Balanced & well informed decision making; and
 - Earn the confidence of our stakeholders.
- In the run up to the NDA and once established
 - **Key deliverable = draft stakeholder engagement framework**



8

How ?

- Regular contact (trade unions, local authorities, environmental groups, industry)
- Traditional consultation – White Paper, Draft Bill
- Stakeholder forums
 - Round 1 complete
 - Round 2 planned for September
 - Round 3 ?



9

Stakeholder Engagement Framework for the NDA

- Description of who to engage, on what and how
- Tackle early in order to embed into the planning cycle
- Develop with stakeholders
- Combination of traditional consultation and direct engagement:
 - Reviews of best practice
 - Discussion paper issued for written comments on specifics
 - Interactive workshops as the 2nd round of stakeholder forums
 - Continued input through regular contact
 - Combined outputs to inform a first draft
 - Consultation and iteration



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Discussion paper key issues

- Generate a stakeholder database
- Gauge the level and breadth of engagement sought
- Explore the issue of commercial confidentiality
- Look at issues of representation
- Seek views on barriers to engagement
- Evaluation of measures
- Mechanisms to ensure capture national and local views and interaction between
- Role of Local Liaison Committees



11

Outstanding issues – e.g.:

- Performance measures
- Research and development
- Employee issues
- Developing local supply chains
- Treatment of IPR
- Detailed financial arrangements
- Contracting strategy



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BNFL National Dialogue

- Your input is important
 - Experience
 - Knowledge
- Let us know when we get it wrong
- Collective response to consultation is valuable
- Also important to understand views as individual stakeholder groups



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Questions ?

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The Liabilities Management Unit

Progress since November 2002

Richard Mrowicki
Deputy Director LMU
9 July 2003

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Agenda

- Role of the LMU
- Organisation
- Achievements to date
- The NDA future
- Key Messages

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LMU remit

The White paper sets out the remit of the LMU as:-

"Preparing the ground" for the NDA by:-

- Acquiring a detailed knowledge and understanding of BNFL and UKAEA liabilities
- Working with BNFL (and UKAEA), developing KPIs and monitoring performance
- Taking action to promote competition for nuclear clean-up work
- Developing baseline strategies for contracting and procurement
- Establishing common methodologies for estimating the costs of legacy clean up
- Establishing close working relationships with nuclear regulators

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Project Structure

```

graph TD
    A[Head NCLU  
Derek Davis] --> B[Legislation]
    A --> C[LMU]
    A --> D[Business Relations]
    B --> B1[•Bill Instructions]
    B --> B2[•Funding]
    B --> B3[•Commercial Assets]
    B --> B4[•BNFL Restructuring]
    B --> B5[•Regulatory Issues]
    B --> B6[•Stakeholder Relations]
    B --> B7[•Establishing the NDA]
    C --> C1[•Programme Controls]
    C --> C2[•Tech. Programmes]
    C --> C3[•Contracts]
    C --> C4[•Sites Group]
    C --> C5[•Regulatory Issues]
    C --> C6[•Stakeholder Relations]
    D --> D1[•BNFL Governance]
    D --> D2[•UKAEA Governance]
    D --> D3[•International Relations]
    D --> D4[•Waste Management and Decommissioning]
    D --> D5[•State Aids]
    
```

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Implications

- The LMU
 - Not the NDA
 - No authority except through DTI
 - Supports DTI
 - "Preparing the ground"
- The NDA
 - Requires primary legislation
 - An executive NDPB
 - A strategic body
 - Accountable to Government

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What is the UK trying to achieve?

- A new body – the NDA
- A new management structure to drive work forward
- Use of competition to improve performance
- A policy framework that is joined up
- Secure funding to support delivery
- Common Purpose with regulators
- Openness and transparency



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LMU progress to date (1)

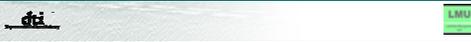
- Master catalogue of Assets and Liabilities
- Draft NDA procedures
 - Developed in conjunction with current licensees
 - Work Breakdown Structure, Baselines, Estimating, Risk & Contingency, Near Term Work Plans
- Workshops and teach-ins for BNFL and UKAEA
- Involved in regional stakeholder meetings
- Draft contract strategy ready for consultation
- Supplier forum held in London



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LMU progress to date (2)

- Site assessments
 - To learn about existing systems and processes
 - To understand UK nuclear liabilities
 - To help develop systems and processes for the NDA
 - To start developing the relationship
 - All 20 now complete
- Involved in performance reviews
- Baselines delivered by sites



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Future work for LMU

- Evaluation of Site Baseline plans
- Creation of UK National Baseline
- Completion of NDA draft procedures
- Continue training
- Supply chain events (next in Sept)
- Technical issues resolution
- Support DTI
 - NDA structure and start-up
 - Stakeholder engagement



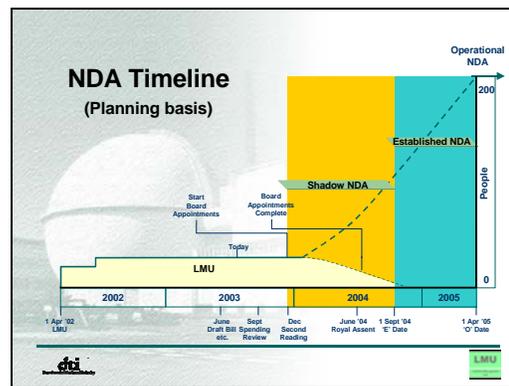
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Engagement of BFWG?

- Consultation on Model Contract
 - Selection criteria
 - Pre-qualification requirements
 - Performance measures
- Technology and skills requirements
- Diversification in the local community



24



25

What will stay the same?

- Responsibilities of Site licensee
- Site licensee relationship with regulators
- Importance of the workforce
 - Critical to safe operation
 - Key to delivering the plan
- The need for good relations with all stakeholders
- Existing sub-contracts



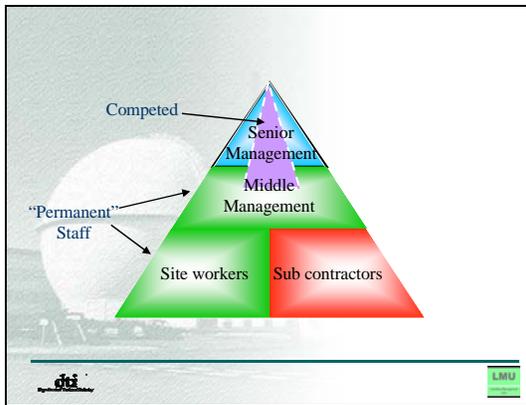

26

What might change?

- Targets and incentives to drive improvement
- After competition - maybe Top Management / other key posts
- Management systems
 - Planning
 - Implementation and monitoring of work
- Openness and transparency at all levels
- Increased drive and capability to deliver
- Programmatic approach to UK strategy




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Key Messages

- Clear Government intent
- Safety and environmental performance crucial
- Need for high quality skills
- Need to maintain
 - Good industrial relations
 - Good relations with all stakeholders




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www.dti.gov.uk/nuclearcleanup




30

Discussion

www.dti.gov.uk/nuclearcleanup




Appendix 10: Group Memberships

Coordination Group

Members as at July 2003:

Brian White	Copeland Borough Council
Fred Barker	Independent Nuclear Analyst
Grace McGlynn	BNFL
Gregg Butler	University of Manchester / Westlakes Research Institute
John Kane	BNFL
Peter Kane	GMB
Pete Wilkinson	Wilkinson Environmental Consulting
Peter Addison	Nuclear Installations Inspectorate
Rupert Wilcox-Baker	BNFL

Socio-Economic Group

This group agreed a research brief and commissioned consultants to conduct research into the socio-economic impacts of BNFLs potential business options in West Cumbria. Members of the group included:

Dave Harrison	Government Office for the North West
Fergus McMorrow	Copeland Borough Council
Frank Duffy	Government Office for the North West
Grace McGlynn	BNFL
Gregg Butler	Westlakes Research Institute
Howard Rooms	NCNI
John Hetherington	Cumbria County Council
John Knox	North West Development Agency
Jon Samuel	ERM
Mark Drulia	DTI
Pete Wilkinson	Wilkinson Environmental Consulting

Business Futures Working Group

This is a list of ‘full time’ group members as of July 2003:

Andy Munn	UKAEA
Clive Williams	Environment Agency
David Ferguson	Environment Agency
Dai Hudd	Prospect
Fergus McMorrow	Copeland Borough Council
Fred Barker	Independent Nuclear Policy Analyst
Fred Mudway	BNFL
Ric Baldwin	BNFL ALFA
Grace McGlynn	BNFL
Gregg Butler	Westlakes Research Institute
Helen Costa	DTI
Richard Griffin	DTI
Howard Rooms	NCNI
Janet Wilson	Nuclear Installations Inspectorate
Peter Addison	Nuclear Installations Inspectorate
John Hetherington	Cumbria County Council
John Knox	North West Development Authority
Martin Quinn	General Municipal Boilers
Neil Baldwin	BNFL
Phil Hallington	BNFL
Pete Wilkinson	Wilkinson Environmental Consulting
Simon Clark	MoD
Steve Jones	Westlakes Scientific Consulting
Tom Cawley	TGWU
Tony Free	British Energy

N.B Shading indicates where two people share a ‘rotating chair’ on the group.

Appendix 11: Written Statement by Patricia Hewitt

Thursday 3 July 2003



WRITTEN STATEMENT

BNFL: Chief Executive and Strategy Review

Written statement by the Secretary of State for Trade and Industry (Ms Hewitt)

I very much welcome BNFL's announcement today of the appointment of Michael Parker as their new Chief Executive. He has a broad range of experience in challenging and senior posts in Dow Chemical. I would also like to pay tribute to Norman Askew, whose contribution to BNFL's progress over the last five years has been immense. He passes on excellent work on which to build a successful future.

I am announcing today that the Government and the BNFL Board have agreed to conduct a joint review of BNFL's future strategy.

There have been significant developments in BNFL's key businesses, the nuclear industry and in the Government's efforts to encourage a competitive clean up market in the UK since 2001. On this basis, the Government has decided that a flotation of the company after the Nuclear Decommissioning Authority has been formed should no longer be an option. The review will evaluate options for alternative strategies. It will be conducted against the framework of the Government's policy objectives set out in the White Paper ("Managing the Nuclear Legacy: a Strategy for Action") and in particular the need to develop a competitive market for nuclear site management which is fair and open.

One of Michael Parker's key early challenges will be to lead the BNFL team working on the review with the Government. The review's output will be recommendations to Ministers on alternative strategies, with the aim of building on the company's progress towards improved performance across its businesses. In the meantime BNFL will continue to give top priority to improving the performance of its clean up and related operations.

I have asked the review team to report to the BNFL Board and to me in the Autumn.

