



# Public Accounts Committee

## Oral evidence: Decommissioning Sellafield, HC 363

[Thursday 20 March 2025](#)

Ordered by the House of Commons to be published on 20 March 2025.

Watch the meeting

Members present: Sir Geoffrey Clifton-Brown (Chair); Mr Clive Betts; Mr Luke Charters; Anna Dixon; Peter Fortune; Rachel Gilmour; Sarah Hall; Chris Kane; Sarah Olney.

Energy Security and Net Zero Committee member also present: Bill Esterton.

Gareth Davies, Comptroller and Auditor General, NAO, Charles Nancarrow, Director, NAO, and David Fairbrother, Treasury Officer of Accounts, HM Treasury, were in attendance.

Questions 1 - 116

### Witnesses

I: Clive Maxwell CB CBE, Second Permanent Secretary, Department for Energy Security and Net Zero; Lee McDonough, Director General, Net Zero, Nuclear and International, Department for Energy Security and Net Zero; David Peattie, Group Chief Executive Officer, Nuclear Decommissioning Authority; Kate Bowyer, Chief Financial Officer, Nuclear Decommissioning Authority; Euan Hutton, Chief Executive, Sellafield Ltd.



## Report by the Comptroller and Auditor General

### Decommissioning Sellafield: managing risks from the nuclear legacy (HC 233)

#### Examination of witnesses

Witnesses: Clive Maxwell, Lee McDonough, David Peattie, Kate Bowyer and Euan Hutton.

**Q1 Chair:** Welcome to the Public Accounts Committee on Thursday 20 March 2025. Sellafield in Cumbria is the UK's largest and most hazardous nuclear site. It previously generated electricity and produced plutonium for the UK's nuclear deterrence, but is now being decommissioned, which is targeted for 2125, with a price tag of £136 billion.

Our predecessor Committee reported last on Sellafield in 2018, when it found that most of the major projects were significantly delayed, with combined cost overruns then of £913 million. It also found that neither the Nuclear Decommissioning Authority, the public body in charge of Sellafield, nor the Department for Business, Energy and Industrial Strategy, the sponsoring Department at the time, were holding Sellafield to account effectively.

Today, we will be examining the progress Sellafield has made in addressing the most significant hazards and decommissioning the site and challenge the NDA and DESNZ on the effectiveness of their oversight of Sellafield. At this point, I would like to thank you, David Peattie, and your team very much for hosting the Committee when we visited you recently. Thank you very much to you, and extend our thanks to the staff, please.

**David Peattie:** Yes, I will do.

**Q2 Chair:** To help us with all that, first I would like to extend a very warm welcome to Bill Esterson, Chair of the Energy Security and Net Zero Committee, who is guesting at today's session. Bill, you are very welcome. From the Department for Energy Security and Net Zero, we have Clive Maxwell CBE CB, Second Permanent Secretary. Clive has been Permanent Secretary at DESNZ and its predecessor, BEIS, since November 2022. We also have Lee McDonough, director general for net zero, nuclear and international. Lee has been a director general in DESNZ and its predecessor, BEIS, since June 2021. Welcome.

From the Nuclear Decommissioning Authority, we have David Peattie, who is well known to this Committee, the group chief executive officer. David was appointed CEO in 2017. We have Kate Bowyer, group chief financial officer. Kate joined NDA as group CFO in May 2023. Finally, from Sellafield, we have Euan Hutton, the chief executive officer. Euan was named interim CEO in July 2023 and became permanent in November



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2024. A warm welcome to Kate and Euan as it is their first time in front of this Committee. It is nice to see you both. Without any further ado, we will launch straight into our questions.

**Q3 Anna Dixon:** Good morning. I would like to start by asking a few brief questions to you, Mr Peattie. This whole part of the questioning is really about whistleblowing. Do you have a group-wide whistleblowing policy?

**David Peattie:** Yes, we do. Over the last two years I have appointed a new role, which is the group head of ethics and compliance. She is actually in the meeting today with us. I thought that this was a really important thing to do so that we can have a standard approach across the whole of the NDA. Maybe we will get into the discussion about how the NDA is constructed later.

The creation of One NDA, which is where we brought everything in house over the last five years, allows us to have standardisation across all parts of the NDA. One area that is particularly important to me is that we have a standard approach to speak up, which is the name we give to the anonymous line where people can raise any concerns.

There are also many other things that we have put in place. I have introduced something called ethics ambassadors across the group. We have 45 volunteers from different parts of the NDA whose role is to be there as a first contact for people who have specific concerns. Finally, I would observe that we have a live survey at the moment—we are very happy to share the details of that—where we are showing signs of improvement. Of course, we are not where we need to be in this whole area. I am certainly not complacent. We still have concerns that get raised, but I hope that the Committee is reassured that we take it incredibly seriously.

**Q4 Anna Dixon:** I am sure that we will come back in the main hearing to some of the more general points. I also wanted to specifically understand the use of non-disclosure agreements. Are they used across the group? If so, how many have been used at Sellafield in recent years?

**David Peattie:** I do not have the specific details of that. As a principle, we tend not to use non-disclosure agreements. There may be occasional instances where they may have been done, but I do not have the detail of it. We can write to you with the details.

**Q5 Anna Dixon:** Perhaps you could write to the Committee and provide the detail about that. I would like now to turn to the case of my constituent Alison McDermott. The majority of what I am about to say is already in the public domain but, for the avoidance of doubt, I do not believe that anything I am about to say relates to live legal proceedings, but I will invoke parliamentary privilege if needed.

Alison is an experienced and qualified HR and EDI specialist. She has worked at a senior level for over 25 years. She has done board-level consultancy for major firms such as Google and Vodafone, to name a few.



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She was headhunted to work with Sellafield and NDA, first as a consultant via Capita for 18 months. Given her excellent performance, it seems, she was hired directly by Sellafield in 2016. After submitting a report into systemic bullying and harassment at the organisation, she was let go of.

I understand that at that time you did not invoke your whistleblowing policy or take a statement, as required by your own policy. Instead, you spent some £750,000 on legal fees. Perhaps you would confirm that. You refused mediation for three years, and pursued Alison for costs twice and lost on both occasions. As you will know, the remit of this Committee is concerned with the proper ethical use of public funds. As the new CEO, Mr Hutton, I would ask you whether you think this was a good use of public money.

**Euan Hutton:** You are absolutely right. As a public body, we are responsible for spending public money as well as we can. I believe that at the moment there is still a leave to appeal against the most recent ruling regarding costs, so I do not necessarily wish to get into the detail of this specific case as an individual.

Q6 **Anna Dixon:** I am not going to speak about any current legal proceedings in this case. It is using public money to pursue employment tribunals to that degree. Taking the general point, would you say that that is a good use of public money?

**Euan Hutton:** When you are a public body and taken to those things, you have to do what you can to protect the integrity of process and therefore spend that money.

One thing that I would like to pull out is that, around about 2017 and the time at which these proceedings began, we had a staff survey. David mentioned the one that has just recently concluded, which indicated that we had some areas we wanted to improve on, absolutely.

Over the last seven or eight years now, we have made really big strides forward in addressing some of the issues that there were at that time. You might say that I would say that but, in the most recent staff survey, which concluded, I think, a fortnight ago—I only say “I think” because I cannot remember whether it was a fortnight ago—we have seen significant improvement. That is not just in the number of people being part of that survey. It has gone up to 78% of the staff at Sellafield. We have also seen increases of over five percentage points in engagement scores and in diversity and inclusion and wellbeing scores. The sorts of things that we did from that time have really had an impact.

Q7 **Anna Dixon:** This is survey data that you sent to me personally yesterday afternoon. As it is marked “official”, I assume it is appropriate to draw upon in this hearing, so I have shared with fellow members of the Committee. I am sure that we will all want to come to some more detailed questioning.



Before I do that, I do not want to move away from the fact that you recognise that the work that Alison did during her 18 months as a consultant and then time as an employee highlighted issues that were of major public interest, in terms of a culture of bullying and harassment that was pretty endemic in Sellafield in particular. I have seen the treatment of other whistleblowers, which is similar to the treatment of my constituent, that has serious detriment to health, mental health and indeed professional reputation. Alison, as you probably recognise, is sitting here in the public gallery. I recognise that you are not willing to say very much. I am disappointed in that, because most of this is historic and in the public domain. I wonder whether you might apologise to her for the way that she has been treated by Sellafield.

**Euan Hutton:** As I said, at the time we undertook that staff survey and learned an awful lot. I can list the number of things that we have done from then—I think it is in some of the information we sent you—that demonstrate that we absolutely take all these things very seriously. As a result, we have had an improvement in terms of an anonymous managed survey, which demonstrates that we are getting better on a number of things. We are not complacent. We have a lot to do.

Q8 **Anna Dixon:** Just to establish, what role were you in at the time that that initial report was done in 2017?

**Euan Hutton:** At that time I was the environment, health, safety and quality director.

Q9 **Anna Dixon:** You were in a safety-critical role. My own background is working on patient safety in the NHS. Indeed, I am vice-chair of the patient safety APPG. I hope that you will agree with me that it is critical to safety that there is a culture where people at all levels feel safe to speak up. I wondered whether you thought that the way that Sellafield dealt with this case would encourage or hinder other people from speaking up?

**Euan Hutton:** It is a very well-put question. This connection between an ability to speak up and raising safety concerns is one where I am quite confident that we have robust processes. I will explain in two ways. Under the nuclear site licence, which we have as a licensee, one condition is that you have to have robust processes for reporting issues, safety concerns and other off-normal conditions. We have that. That is a licence condition that is monitored by the ONR. In its most recent intervention on that we got a green rating.

We raise around 800 off-normal condition reports every week. Around about 150 to 200 of those are specific safety issues. They might be very small ones to do with the hazard spotting up to potentially the failure of a piece of equipment. We have the evidence that shows that we have a really good reporting culture, especially around safety and nuclear safety issues.

**Anna Dixon:** I am going to come back later and challenge whether these



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problems have really completely gone away. I do not think that I heard an apology, but I hope you will at least agree to meet with me and my constituent, Alison. I know we will come back to these issues of safety and culture in the main hearing.

**Rachel Gilmour:** I have Hinkley A, B and C in my constituency and I recently visited all three of them. I had absolutely wonderful visits to Hinkley A and B. I would like to put on record the name Nicola Fauvel, who runs Hinkley B. She was immaculate. She knew her staff and the problems. Mark Pitts unfortunately suffered a heart attack on the day I was visiting at Hinkley A. I would generally say that, from whistleblowing constituents who I have, not related to Hinkley A and B but still related to other areas of the Hinkley site, there is generally a problem with whistleblowing and a safety culture. To that end, my office has submitted an environmental regulation request because of that connection between bullying and safety, particularly within a nuclear context.

Q10 **Chair:** We have that on the record. Can I say very gently to our NDA team that Anna was sent that information yesterday? It should have really been sent to the whole Committee. We received your letter, which we will again be coming on to, about the replacement analytical projects among other things, I think only yesterday. There is some pretty detailed information in there. In courtesy to Committee members, in future please could we have this sort of information in a little bit more of a timely manner?

**David Peattie:** Yes, Chair. That is understood.

Q11 **Chair:** I would like to start. This is a difficult, big, complex, expensive project. I wonder whether we should rethink the way that we deal with it. We know that we are here in 2025. We know that you want to completely decommission the site at Sellafield in 100 years' time, in 2125. I would like to see, please, a graph with a straight line on it: here we are in 2025; here we are at 2125. How are we going to get from A to B? What are the steps? When do they need to be taken? We know that the total estimated cost of decommissioning has increased to £136 billion in one year alone.

I would like to see some vague costings on each of those processes, so that, when you come before us in five years' time, we can say, "Not only have you not done this stage, but therefore where is the rest of the programme in terms of decommissioning?" Would it be possible to rethink the whole thing in those terms?

**David Peattie:** Yes, it would. We would be happy to provide a sketch as you described. I would emphasise that, on the figures you quoted, the bulk of that change is around the discounting effect. Kate can talk about the underlying increase, and there has been an underlying increase in the estimate of costs. It is an estimate stretching out to 100 years. A small change in an estimate for one year multiplied by 100 is one reason why it can have a very large effect.



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You are quite right. Being able to look over 100 years at the big steps we need to accomplish, within the current policy guidelines and intent to leave the site for future alternative use, which I am sure we will get on to later, is one reason why the figures are so high.

**Q12 Chair:** I get that. In this Committee, we have had discussions on the whole of Government accounts about this whole business about discounting. We are interested in the trend of real costs. We know that your real costs have gone up by £2.7 billion in one year, is it? If you extrapolate that over 100 years, that is going to have quite a significant effect on the cost of the whole thing. This Committee will be keeping a very close eye on how much the whole thing is costing, increased costs each year and the reasons for that.

Moving on, as Sellafield has missed its targets for retrieving waste and turning other waste into glass in recent years, how will you meet the targets for 2024-25 set at the start of the year?

**David Peattie:** I will make a couple of introductory comments and then perhaps ask Euan to talk in detail about the specifics. It is important to note that the so-called legacy ponds and silos at Sellafield, which involve storing material over the last 70 years from the cold war weapons programme support and the Magnox period of nuclear reactors, were designed not with the ultimate intention of cleaning and emptying them. The context was very different in the immediate post-war period in the UK, as it was internationally. At the time, it was urgent to get the material prepared and therefore there are the silos and ponds.

It is only in the last few years that the technical solutions have been able to be defined. Some of this Committee have visited the Magnox swarf storage silo, which is the most hazardous building in the UK. You have seen the scale and complexity of the activity, which is worth noting.

We have, understandably, set some targets. It is important to set targets so that people are motivated to try to achieve them. As the report rightly says, we have largely missed those targets. We have suffered from basic stuff such as cranes not operating to the level of efficiency that they should do, but also because these are first-of-a-kind projects that are incredibly complex.

I would finish off by saying, if I can put it this way, that the asymmetry of risk and reward is off the scale with this material. This is the most hazardous material in the world. We have 140 tonnes of plutonium at Sellafield. MSSS, the Magnox swarf storage silo, as I say, is the most hazardous building in the UK. If we get something wrong with the retrievals there, the consequences are catastrophic, so the caution that we apply is absolutely appropriate. Therefore, we will, from time to time, miss the targets, which are understandably ambitious.

I know that this may sound like a load of excuses. It is meant to point out that what we are dealing with here is so extreme in its hazard to the



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natural environment and humankind that we rightly believe we should be super-cautious. It is going to take several decades to empty these ponds and silos. We should continue to set targets, but I will certainly not over-criticise Euan and the team if they miss a target because they focus more on safety of our workforce and the natural environment than achieving what is, after all, an arbitrary a priori target set at the start of the year.

**Euan Hutton:** There are just a couple of things. In terms of the silos, we have two silos. Some of you came and visited; we stood on one, and we have another silo next door. We met the production target this year for that second silo. In its second year of operation, after a pretty difficult first year, with new equipment and whatever else, we have delivered on the target for 18 containers out of that facility.

Q13 **Chair:** Which facility are we talking about?

**Euan Hutton:** Sorry, it is called the pile fuel cladding silo. We have a terrible habit of turning that into an acronym.

Q14 **Chair:** If you look at figure 9, you did not deal with any boxes in 2021-22 or 2022-23 and only one box in 2013-24. It is well behind schedule.

**Euan Hutton:** We have now delivered the target this year, which is really great news and a real boon for the team in there, who have worked tirelessly to get to that point.

In terms of how we set these targets, I will use the phrase, “an S-curve”. An S-curve is exactly what it looks like on a graph. When you start something new, your numbers are going to be very low. You get into proper throughput and your numbers are where they need to be. The target next year on the pile fuel cladding silo—we delivered 18 this year—is a minimum of something like 57, and I want 90.

You might say, “How are you going to get from 18 all the way up?” We have demonstrated that you can fill a container in about five hours. You are then genuinely into operational efficiency. It is how quickly you can get a container and manage it into the store.

Also, I want to draw attention to the progress that we have made in what I call special nuclear material. You can call it plutonium. This year, we have delivered on all the targets in that part of the business, to the point where the regulator has cleared off two level 1 issues, one to do with the packages and one to do with the storage. We are making really good progress, just not everywhere. We need to get better everywhere.

**Chair:** This Committee, having visited, some of us on several occasions, fully understands the safety issues and difficulties you have there. Mr Peattie, how do you balance those safety issues with the need to provide value for money and meet this 100-year straight line that we have now established we are going to do? It seems to me that the culture is, “This is so difficult. It is so dangerous”.





**Rachel Gilmour:** It paralyses.

Q15 **Chair:** That was exactly the word I was looking for. How do you balance these different aspects, bearing in mind that you have the regulator sitting over the top of you, which I think you are in very close touch with most of the time? It will certainly soon call you out if you are doing anything that is not safe, so you have a bit of a safety net and a second opinion all the time. How do you balance the two issues?

**David Peattie:** That is a great question. You are absolutely right. We work in very close partnership with the Office for Nuclear Regulation, which regulates Sellafield, as it does our other nuclear sites. Also, there are the technical teams that are on the frontline, day in, day out, figuring out how we are going to retrieve the material from these ponds and silos. Getting that balance right is this constant iteration of listening to what the next short-term challenge will be, whether that is a broken crane or an improvement in the shift patterns, with the long-term goal of emptying these silos once and for all, as I said earlier. That will take several decades in some cases.

Incrementing in slowly, with the end goal in mind, is how we do that balance, with this constant checking with the frontline teams: "Are you still operating within the framework that was agreed with the project? Are you today doing something that has not been done before?" If that is the case, we will stop. There will be a special safety brief around that particular task, in conjunction with the regulators, who are onsite pretty much permanently. It is then just incrementally moving forward like that. As Euan rightly says, it is being able to crawl before we can walk, and then walk before we can run up the S-curve that he described.

Q16 **Chair:** There are some things on that line you can control, but there are other things you cannot control. The things you cannot control are extra duties that the Government or the Department are loading on you, so things such as the AGR decommissioning material and the Government's decision now to put the plutonium beyond use. Presumably they impose quite a lot of extra work on your organisation.

**David Peattie:** They do, but we welcome the AGR decommissioning. The NDA is the right body to do that on behalf of the UK. We may get into the structure of the NDA later in this hearing, but that is handled in a different division of the NDA, separate from Sellafield.

Q17 **Chair:** The material will come to Sellafield eventually.

**David Peattie:** The material will come to Sellafield eventually. In fact, the spent fuel comes today from the EDF stations currently generating nuclear power for all of us, so we have a role there in helping to keep the lights on.

Q18 **Chair:** You have not quite answered my question. How much extra work are those two items in themselves putting on your organisation within the next 100 years?



**David Peattie:** Absent the day-to-day re-fuelling and de-fuelling, which we have been handling for years—and that is well handled by Euan and his team—the first transfer of a currently generating station will be Hunterston B. That will be about a year from now, so we have time to prepare. As I said earlier, it is in a different division of the NDA.

The plutonium disposition decision recently taken by this Government, which I wholeheartedly support, will, again, in time, lead to further activity at Sellafield, but that is several years away again. At the bottom line, my answer is that we have time to prepare and different teams will be working. We are absolutely focused and we do not disturb the activity of these teams on the frontline, cleaning out these silos. These are, after all, the intolerable risks that we face.

Q19 **Mr Betts:** Going back to targets, do you think that you have undermined yourselves by producing targets over the years when you really knew you could not hit them?

**David Peattie:** We set very ambitious targets in areas that are first-of-a-kind delivery. In a way, I am partly agreeing with the notion that you are suggesting. Are there areas where we should not be targeting? Should we be targeting something other than the number of skips removed? Although it is a very simple, easily understood target, as I said earlier, there are so many other aspects of building capability. The risk of getting it wrong is huge. I wonder whether we should be more sophisticated in how we set these targets, rather than the obvious ones of how many buckets you can fill a day.

Q20 **Mr Betts:** In the end, the public, and we as their representatives, want to know when this material will be made safe. Those are the sorts of targets you have been setting and not hitting. Going back to the point, should you be looking more carefully when you set targets and maybe putting caveats on them, very clearly, or having different levels of target? Some targets, from what you have explained earlier, are what Ministers call aspirations. In other words, they are a general figure they can talk about, but they do not have any ability to achieve it.

**David Peattie:** That is a fair comment.

**Clive Maxwell:** You ask a good question about how you set targets around something that is first of a kind, where you are trying something for the first time. In my experience, the important thing is to be clear about what assumptions you are making about what you are going to find when you start that first-of-a-kind activity.

For me, one of the positive things that comes through in this report from the NAO is the fact that, although some of the rates of output have not been where they should be, it has shown the proof of concept: that the activities that the NDA and Sellafield have been seeking to do, to start to clear out wastes, ponds or silos, can be done. Across all these activities, they have managed to do those first unloads or get the work going. In



terms of starting on that S-curve that Euan described, the start has been made. For me, that is the really important progressive sign.

Q21 **Mr Betts:** I will come back to Euan Hutton then. Should we be having two levels of target, one saying, "We have a target here to actually prove we can do things in a certain way," and the second target about how much we can do and when?

**Euan Hutton:** We kind of do. We have basket measures. If you look at the Magnox swarf storage silo that we visited, we talked about putting in the capability to get to the next phase of the retrievals. That is one of my targets this year. There is a project to put in place the next thing that I need.

In the first-generation Magnox storage pond, I had a combination of targets. One was getting units out. We were there when we actually saw one leave, which was great. It was just fortuitous that we were there at that point. Some of the other things in that particular basket of measures are the things such as installing a high-volume pump in another piece of the facility. We try to do that.

We also play into the space of things called key decommissioning milestones, which are agreed with the regulator. We talked about how the regulator gets involved. I will go back to the nuclear site licence. Licence condition 35 says that you have to have a decommissioning plan. We agree key decommissioning milestones under that plan, but some of those will be, "Finish emptying MSSS by 2060". Clearly, that is so far in the future. How do you measure against it? We have two levels below that—key performance measures and key performance indicators—that are shorter-term. The targets that were set with the NDA help us to demonstrate progress towards meeting those licence conditions agreed.

Q22 **Mr Betts:** Again, they are aspirations, are they not?

**Euan Hutton:** It is an aspiration against an absolute need though. That is how I would put that.

Q23 **Mr Betts:** You mentioned the Magnox swarf storage silo. The figures we were given were that, by the mid-2030s, the optimistic scenario is that you will be retrieving 546 boxes of waste each year, which is 24 times the figure achieved in 2023-24. That does not sound feasible, does it? Is this an aspiration that is not even a realistic aspiration?

**Euan Hutton:** By the mid-2030s, I will have three machines. At the moment I am using one machine and it is early days. I will have three machines by then.

Q24 **Mr Betts:** There is a certainty to that, is there?

**Euan Hutton:** That will give us the capability that we need to meet the KDM.

Q25 **Mr Betts:** I worry that some of these targets are predicated on



everything going right. We went to the site of the ponds. Visual impressions are as strong as anything when you are looking at this. You look at the antiquated status of some of equipment. You look at pipes that are rusting. We went past a lead sheeting to protect people from radiation because there were leaks in the tanks. We were told there were leaks in the ground from some of the tanks. This is a situation that does not inspire confidence that everything is going to work.

**Euan Hutton:** You have touched on two well-understood different issues, which are actually the things that drive us to get on with the task.

Q26 **Mr Betts:** That answer did not quite fill me with confidence either. These are challenges. This is equipment and infrastructure that is failing. That is going to affect your performance, is it not? It is going to mean that you cannot deliver these very high-level targets you are setting yourselves.

**Euan Hutton:** There are the structures and then there is the equipment. Some of the equipment that you have mentioned is not equipment that we use today. That is redundant equipment. The challenge we have is where the two connect. It is the modern equipment that we put in and where we can plug it in to make sure we can get the throughput we need, because it is an old facility. The lead sheeting covers a construction crack that has been there from the start. It is not getting any worse. The other area is the original building leak, which we have discussed at length before.

**Lee McDonough:** I wanted to say the way that we think about this from the Department's perspective. We work very closely with David, Euan and the regulators to set a challenging set of targets, but they are underpinned by an understanding of what is a realistic scenario, even though they are challenging scenarios.

There is one thing I want to say about the risk versus progress point that you pointed out. We have a group, which is called the G6. I do not know why it is called the G6, other than the fact that there are six of us. That is where we come together with the ONR, the Environment Agency, UKGI as a shareholder, my Department, NDA and Sellafield to look specifically at where there are very difficult risk judgments to be made, where we can balance the imperative to move forward quickly to deal with an intolerable risk, while understanding what the implications are from a hazards side.

The Magnox swarf storage silo is a really good example of where we collectively, with the regulator, looked at what the best way to move forward is. As you are uncovering these challenges, you have to respond to them in the way that David said, making sure these very hazardous materials are cared for safely. I want to say that, from our perspective, we have a comprehensive process.

Q27 **Mr Betts:** When you set targets or aspirations, would it not be helpful if, alongside them, you said, "These can only be delivered if these particular



challenges and problems are actually addressed"? That might mean the Department providing some more resources to enable equipment to be updated or improved or faults to be rectified.

**Lee McDonough:** The governance that we have in place is comprehensive. I can go through it now or later. It means that we try to get that balance of understanding the assumptions that are being made. When we go through business case approvals in our internal governance, which Clive chairs, we very much look at the assumptions that have been made in order to get the balance right between what we are spending, the pace at which we can move and managing the risk overall.

Q28 **Mr Betts:** It would be helpful if those assumptions and the requirements that are needed to hit these targets were made more public.

**Clive Maxwell:** The targets need to be set in line with the resources that are available. I completely agree with you. I know that that is the process that goes on. The NDA and the Sellafield boards set targets on the basis of what their budgets are for the year ahead and periods beyond that, so they need to be connected in that sort of way. If there are a set of assumptions that can be drawn out better about what things need to be in place in order to achieve those goals, I will take that point away. That is useful.

Q29 **Chair:** Clive, as the Second Permanent Secretary, presumably you are responsible within the Department for signing off all these costs.

**Clive Maxwell:** I chair the Department's investment committee, which takes the place of the accounting officer or supports the accounting officer in checking that the business cases for the investment decisions stand up, provide value for money and are appropriate.

Q30 **Chair:** Is it you or the First Permanent Secretary who actually signs off these business cases?

**Clive Maxwell:** Business cases are signed off by the NDA's accounting officer. The Department has to approve them and I do that in chairing the committee. Ultimately, Ministers sign off on these things as well, I should add.

Q31 **Chair:** Can I challenge you to challenge Sellafield on this point? We on this Committee deal with figures and targets. The whole issue that we have been talking about, and the reason why my deputy is so rightly probing this, is that, if you go to figure 8, this whole matter is now 13 years delayed since you originally set a target in 2018. That is a huge delay and it does not give this Committee much confidence that, when we are told what the targets are, they are realistic. On this Committee we do not mind what the target is, but we want to be absolutely clear that it is realistic and going to be carried out in the timescale that has been set out. I do not think that we are getting that from this sort of example.

**Clive Maxwell:** We need to make sure that the targets that are being set are commensurate with the resources and budgets available. We also



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need to recognise the fact that we are dealing with first-of-a-kind activities. There will be occasions when targets are set where it turns out that the assumptions on which they are based, for example about the materials that will be found in some of these silos or ponds, turn out to be different from those that were expected or the operating conditions are more difficult. That will impact on some of these. There are also some of these targets that have been impacted over that particular period by covid and the impacts that had on some of the operational activities at Sellafield, but yes, I agree with you.

Q32 **Chair:** I hope that we are going to get away from this excuse of covid, all of you, before too long.

**Clive Maxwell:** This covers a period including 2019-20 and 2020-21.

Q33 **Chair:** It will not be an excuse going forward.

**Clive Maxwell:** It will not be.

**David Peattie:** You are pushing on a really important area for us and I am taking away two things from this. The use of ranges is perhaps more appropriate here for us. At the top of the range, we should lay out the optimistic assumptions that have been put in place. We can do a better job of laying out the assumptions at the top of the range, the optimistic case, and at the bottom of the range, where we should be confident in delivery. I understand the point. Of course I do.

**Chair:** That is a really helpful answer. Perhaps accompanying those ranges would be the assumptions that they are made on, so, "If all of the following go right, it will be in the bottom end of the range. However, if we find more obsolescence and the crane track needs replacing, which is going to be very difficult to do, it will be towards the top end of the range". It is, as my deputy says, a basic transparency issue that this Committee and the public would expect to see.

Q34 **Peter Fortune:** I was going to ask whether there was a more sophisticated approach that could be taken to setting targets, which we have just covered off with the last round of questioning. One thing that was a concern, David, was when you said that, if safety were an issue that meant that Euan was going to miss a target, he would not be chastised for that. I would presume that it is axiomatic that, in setting targets, safety is going to be a big element of it. I am sure that that was your intention.

In terms of reorganising the way that targets are set and performance is measured, what process are you going through to do that? What timeframes do you have for setting a new regime of measurement?

**David Peattie:** We set annual targets for each of the operating companies within the NDA. There are four of them, of which Sellafield is one. There will be a basket of measures, milestones and metrics for a financial year. One is coming up now, starting next month. We do that in



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an iterative discussion with Euan and his executive team and me and my central executive team. We consult with the Department as well so that it is comfortable overall with the scale of the targets, so they are not too difficult or too easy.

Then it is a matter of quarterly monitoring of those and making adjustments in year as necessary as we reset. We set them annually and track them quarterly and have them really bespoke to the particular area, site or business within the NDA.

**Q35 Peter Fortune:** I guess you have a balance of the short-term issues and building the long-term capacity as well.

**David Peattie:** We do. That is exactly right, yes. Some of the targets will be about enabling works, whether that is for infrastructure or future capability. Some targets are simply about operational output. On the AGR fuel, for instance, for the EDF advanced gas-cooled reactors, we have a very clear target and are doing well this year on achieving that. That is one of the areas where we earn revenue for the taxpayer. We earn about £1 billion a year, so we are not just a draw on the public funds; we are able to generate that.

We are an important part of the nuclear sector to build confidence in the potential for new nuclear, SMRs and gigawatt. The waste from Hinkley C will at some point come through Sellafield. You are absolutely right. We set a mixture of short, medium and long-term targets for all our businesses.

**Q36 Peter Fortune:** For the Committee's reassurance, that is being double-checked or scrutinised.

**Clive Maxwell:** We have three really important pillars around the governance and controls here. The first is that we have corporate board structures. The NDA is a company. Sellafield is a company. You have corporate structures, as in any other big, complex corporate organisation, which deal with things such as health and safety and the like. They are also the licensed entities.

The second pillar you have here is about the Government's role and some of the disciplines that flow through managing public money. They are the sorts of things this Committee cares about and a series of other controls in that space.

The third really important pillar here is the pillar about the regulator. In particular, that is the ONR in this case. That deals with the conventional health and safety of these sites, as well the nuclear risks. Also, there is the Environment Agency and others at some other sites.

Those three things all need to come together. All three of those sets of controls and governance are involved in the setting of the targets on an annual basis. The thing that this report refers to, as the Chair has already read, is the importance of locking those and nesting them into a



longer-term set of goals so you can understand the progress you are making not just within the year, where there will be ups and downs, but also against those medium and longer-term plans. That is something where there is more work to be done, as this report says.

**Lee McDonough:** We have comprehensive governance in place. I brought it with me. We have a pack of performance we review in formal meetings on a quarterly basis, and some on a monthly basis. Then we have many connections if there are any issues that arise. That is why the relationships are so important.

Q37 **Peter Fortune:** I get that there is a learning process. As you are learning about what targets to set and what targets are realistic—we used to call it SMART back when I did my training.

**David Peattie:** We still do that.

Q38 **Peter Fortune:** If those performance targets keep shifting as you are learning about what the demands are on the business, you do not have a baseline to see whether there is improvement, because you are revising your own targets all the way through. That comes back to what you were saying, David, about a more sophisticated approach, where you have a pretty steady baseline so you can see quarterly or yearly that the improvements are happening. How far off that are we?

**Lee McDonough:** From my perspective, it goes back to the point that Clive was making earlier. Now that Sellafield has successfully retrieved material from the four legacy ponds, that is your baseline. You know you can do it now, so it is how you maximise the operation. That could be by using AI and digital techniques to look at how you stack things in a skip, which is what is happening in the swarf silos. Until you are confident you can remove the material, it is really hard to focus on the improvement bits.

**David Peattie:** That is absolutely right, Lee. Again, you are pushing on a really important topic here. Once we are into a steady state, repeating actions then, we should see some improvement in efficiency. There will be uncertain events that we cannot predict as well. We need to build in some contingency for that.

**Peter Fortune:** In every meeting I sit in now, AI gets mentioned.

**Chair:** No, you are absolutely right, Peter. Well done with your excellent questions.

Q39 **Chris Kane:** Euan and team, thank you for a very informative visit to Sellafield. It was good to see it and thank you for your candid approach when we were there. David, do you mind if I quickly go back to your opening line that you will never criticise Sellafield for missing targets, given the type of waste and the safety issues? If you do not mind a blunt observation from me, that seems like a very unsophisticated answer to a very sophisticated issue. I would hope that the level of safety and danger





involved would mean that the processes of offering that criticism are more sophisticated. Otherwise there is no point in setting a target.

If anyone can claim, "This is safety. This is why we are not doing this as well", that is a "get out of jail free" card that could go all the way down the line to the people who are actually dealing with the waste. That reflection in your opening line, which I get why you said in a public forum, seems to be a very unsophisticated public statement on a very sophisticated issue, which is nuclear waste.

**David Peattie:** It is good to hear how that was heard, actually, because I was making a fairly unsophisticated point. For the frontline workers at 9 am on a Tuesday about to engage in a new task, the team leaders will stop and check and say, "Is everyone comfortable with what is about to occur and shall we proceed?" That is endemic now. It is exactly how we behave and it is so important to continue to reinforce that. Once we lose that connection with the frontline, that is where things can go badly wrong. I was simply making the point that we have that attitude and culture, particularly at Sellafield, that reinforces every day, on every task, that safety is paramount.

Q40 **Chair:** Sorry to interrupt. We heard on our visit—maybe this visit or one of the previous visits—that any members of the staff of that team can, if they are not happy, call a halt to that project until the issue is resolved. That goes down to quite a junior level of staff. Would you like to enlarge on that?

**David Peattie:** Yes, absolutely. There will be, in the vernacular, toolbox talks. That is what it is known as in America. They do it on the back of a trailer if it is on a land-based site. The team leader will describe the activities over the next few hours, or indeed, at a more senior level, over weeks and months, and check in, literally, with everybody personally in a team. If there are 10 people on a shift, typically the leader will ask each one or just say, "Is anybody uncomfortable with what we are about to do?"

There are examples. It could be really simple stuff, such as the way a chain is attached to a hoist, the lighting in a particular area or a ladder that has not been secured. There is that attitude. It is the broken windows philosophy. If that attitude prevails, we can all get confident that the teams will be listened to where safety is, as I say, paramount.

Q41 **Chris Kane:** To square the circle, I would hope that that sophistication you have on the frontline also extends to a sophisticated approach to those who are interrogating the targets. Possibly there was a disconnect in the sophistication that goes across those who are scrutinising and those who are actually taking out.

Going to my question, I want to talk about the highly active liquor, which is a new term for me from the visit. Within the NAO Report—I am specifically looking at paragraph 2.16—there is a part that says that you really need to process quite a lot of this stuff every year before the



buildings and equipment get to the end of life. By your own measures, you are not processing enough to finish the job by the end-of-life projections for the buildings and some of the equipment. I wonder whether you can give us some assurance, Euan. How can you assure us that Sellafield will finish retrieving the waste and processing this highly active liquor before the supporting infrastructure reaches the end of its life?

**Euan Hutton:** I know that you said that you cannot keep blaming covid, and I will not, but covid had quite a big impact on our ability to vitrify. We had to stop the process for a period. We had to curtail some engineering activities. In that facility, in order to have competent operations, you need to operate it. We had a number of operators who, at the end of covid, decided that it was time to retire and move on. There was quite a dip, and that is reflected in our current projection for when we are going to complete.

I am pleased to say that we are pulling out of that dip now. In terms of the operators in post, we have about 97% of the roles filled now over the last couple of years. We are improving the rate that it takes to get them suitably qualified and experienced.

In terms of the actual facility itself, the end point will be when we have completed the vitrification of all the material. There are a couple of things on that. We are not creating any new material because we have finished reprocessing. Secondly, we have taken advantage of some evaporation capacity that we have to reduce the volume. Since 2018, the heat loading in that material, which is one key issue, is about 37% of what it was. We have made a really big impact since 2018.

As I said, we have the operators back. We are working through all the maintenance issues. We have a third line, so there are three vitrification lines. A couple of years ago one of them was mothballed because it was felt that we could deliver the end mission with two. We are reviewing that decision to bring that one back into operation.

The current date is 2039. That does not take us beyond any significant cliff edges with the facility, but I really want to try to pull that forward. I have a lot of confidence in teams and the engineering work that we are doing in there, but the proof will be in continued improvement and throughput.

- Q42 **Chris Kane:** It seems to me that you are using this 2039 as this is when you want it finished. I think that it was the tolerance level for the infrastructure. It feels to me that you are using 2039 as the date that you are aiming for and then you are working back and saying that this is how much—I think that it was 130 cubic metres—that you have to take every year. I am being blunt. I know that I am oversimplifying. It feels to me that you are working towards, “The buildings will cease to be functional, or tolerably functional, in 2039. We have X to remove. Therefore, if we divide the intervening years, we do that”.



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Has covid not shown that things can happen that massively impact on that and take you off target? If we have another covid-level incident, whatever that may be, between now and 2039, that might put you beyond the tolerance. How are you planning for that covid-level instability in the future that could happen?

**Euan Hutton:** I do not want you left with an impression that 2039 is some sort of cliff edge. It is our current assessment of where we want to complete before we get into a period of less reliability, not fundamental failure.

Q43 **Chris Kane:** I think that the line in the report is “strategic tolerance”. I suppose, to finish that answer, we probably need a better understanding of what strategic tolerance means in this instance.

**Euan Hutton:** Strategic tolerance is a date that we have all accepted that we are going to drive to complete by. That can change. As I say, when we do asset care, asset understanding and substantiation of the facilities, if we are not making the progress we will check to make sure that, if we need to go beyond that date, we review the strategic tolerance and agree it all the way up through the NDA and the regulator. That is not our intent. Our intent is to try to get in front of that.

Q44 **Chris Kane:** If you have named it, it must have an importance. What I have heard is that strategic tolerance seems like an important day, but you have said, “It is not really because we can change that”.

**Euan Hutton:** It is an important date because it is the date that we are driving for, absolutely.

Q45 **Chris Kane:** It is an arbitrary target date rather than an engineering, structural or nuclear safety evaluation of the infrastructure.

**Euan Hutton:** That is right. It helps us deliver our end mission of 2125.

Q46 **Chris Kane:** Going back to that broader issue of targets that we are seeing, what is the value in setting it at all if it can change? What is the value of having a strategic tolerance date of 2039?

**Euan Hutton:** I have to motivate my staff to do their best to deliver.

Q47 **Chris Kane:** It is motivation, so it is an arbitrary target. I do not mean this in a negative way. I am just trying to understand the value of it.

**Euan Hutton:** There is no engineering reason that you could not go beyond it. In the grand scheme and the way that the portfolios all work together, that is a date that we really want to hit.

**David Peattie:** It is arbitrary, but it is well judged and our best current estimate. We talked earlier about the importance of having some, albeit arbitrary, future view that we can work towards.

Q48 **Chris Kane:** I have a final point before I hand back to the Chair. When you say things like that, given your comment at the beginning about this



being so dangerous, and when you set targets such as that and give them to us at a Committee level, we start to put a value on these things, because of the way that we are evaluating the risk and the danger. Is there a sense that goes from you, all the way through the NDA and up to DESNZ, that understands what these terms are? I do not know if the Committee would agree, but, when we hear terms such as that, we possibly react with more of that public approach to it, which is, "It sounds pretty bad that you are not going to hit it".

**David Peattie:** It is really important at Sellafield, because it is such a complex site. You have lots of different arrangements and infrastructure. Understanding the strategic case about why particular things need to be completed by particular dates in relation to how they are connected to other things on the site is really important.

Euan and the team have to make assessments based on their views about the condition of the current infrastructure. On some of those views, they will be able to extend things beyond their current assessments. In other cases, those assessments will not prove to be right. They are having to make those sorts of assessments on an ongoing basis, and use those, among other things, to set some of those deadlines to try to complete tasks by.

In the case of waste vitrification, the numbers in those particular years were below where they needed to be to hit that end goal of 2039. On the other hand, without wanting to put too much focus on a single year, when you look at how the rates were improved in 2023-24, it shows what the system is capable of and the fact that it ought to be able to scale up and be done more quickly in the future. That, for me, is the reason to be more confident about the prospects for reaching that 2039 deadline.

**Lee McDonough:** I agree with that. Just for the record, I do not think the targets are arbitrary. They are a carefully balanced set of assumptions that are made along the lines that Clive has just set out in a set of circumstances that are hugely uncertain, because of the challenges of all the things that we have discussed. They are not arbitrary. They are best judgments.

It goes right down from the expertise of the men and women on the frontline who Euan has talked about, through David, and up to Government and the regulators in terms of setting what is a realistic set of ambitious but achievable targets. It goes back to your point right at the start, which is being really clear about the assumptions that are made to assume those targets, but it is very important to say for the record that they are not arbitrary.

Q49 **Chair:** I hear your optimism about the validity of targets, but, Clive, I do want to quote to you a paragraph in the middle of page 39 that deeply worried me when I read it. I am going to read it out, because I would like to get everybody's reaction to it. "Around 18% of 'Critical' assets were recorded as being in 'Unknown' condition in March 2024. Sellafield told us



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that this was largely down to resourcing challenges in its central team, which meant that it had not entered all the relevant information into its central database, and that only 9% of 'Critical' assets are currently in 'Unknown' condition".

If the assets are in an unknown condition, how can you possibly set a target for that particular aspect? It mentions resources from the central team. We will, no doubt, come to staff in a little while, but if David Peattie's team are not being given the resources to deal with these matters, surely we, as the public, should be deeply worried about that.

**Clive Maxwell:** I would read that as saying that 9% were in an unknown condition, and that the others had not been on the dataset that the NAO had access to at a particular point in time, but I will let Euan and others correct me if I am wrong about that.

You are dealing with old assets, and Euan can fill in and explain to us why it is sometimes difficult to know what the state of those assets are. They may be hidden from view, for example. You may not have the monitoring equipment in place that you would for newly built assets, and things like that. We can hear more from Euan.

As to the financials and the resourcing available, Ministers set the budgets for the NDA. The NDA's board then decides how best to allocate that across the different operating companies, and it is for them to make sure that they are targeting those resources on the areas of greatest risk. Clearly, an understanding of the asset condition is really important to do that effectively.

Q50 **Chair:** To have real confidence in that 2039 figure, you have to know what the condition of the buildings is. I was looking for—I have not yet found it—another paragraph somewhere in the report that says that there is a danger that, if you do not really get a grip on the condition of these buildings, they will run out of usefulness before you have completed the task, leading to a position where you have to build very expensive buildings, costing billions of pounds, for a relatively small amount of material to be reprocessed.

**Clive Maxwell:** A lot of the work at Sellafield is a race against time. It is about taking action and sorting things out within the lifespans of the existing assets. That is one of the things that, I am sure, guides the Sellafield board and the NDA board when they choose where to deploy those resources.

Q51 **Chair:** Having told us that, and given that it is this race against time, do we not have to be very careful about the resources that we give to Sellafield to make sure that it is not the resource that is the limiting factor?

**Clive Maxwell:** The Government are responsible for setting the overall resources. Ministers decide on the level of resourcing for the NDA as a



whole. They need to take into account a whole range of factors when they do that. Any Government at any point in time need to do that.

**Lee McDonough:** The safety and security of the site is always front and centre of any decisions about resourcing. That is what drives the decision-making that David and Euan take forward in terms of how to prioritise a complex set of changes. I was on site recently, talking to some of the team—and Euan may want to say more about this—about how you manage decisions about where to leave a building because you have to focus on another one that is in a more difficult condition and needs to be prioritised. It sounds to me, from my experience on site, that you are doing that on a live basis, Euan, because it is necessary to do so.

**Chair:** This is a critical issue that needs very careful consideration.

Q52 **Mr Charters:** Mr Peattie, you described the MSSS as being Britain's most hazardous building. When we visited, we heard about the ongoing leaks from that site. Mr Hutton, could you update the Committee on the rate of leaks from MSSS?

**Euan Hutton:** The rate of the leak from MSSS is 2.1 metres cubed per day. It has been steady at that level now for a good couple of years. When it first manifested itself in the autumn of 2018, it was slightly higher than that, but it has reduced to that volume. Can I just describe the leak for people who might not have a picture?

**Mr Charters:** Yes, just very briefly.

**Euan Hutton:** The silo that we are referring to is a set of concrete boxes, where a third of the silo is underground, and two-thirds above the ground. We believe that the route that the cover water is taking is probably through failures on construction joints that are below the ground. I do not want you to picture an above-ground leak or a weeping crack. It is below ground, and that makes it quite difficult to identify exactly where it is or to know which part of the building it is coming from and, therefore, to be able to do much rectification to it.

Q53 **Mr Charters:** If I may continue, by my maths, as to the rate of leakage, you are seeing an Olympic-size swimming pool around every three years in terms of the volume of water leaking into the environment, which is a considerable amount. Therefore, I would really like to push you on the overall delays to the project.

If you turn to the report—and it is all set out in figure 5, although I am sure that you are familiar with the slippage—for another three years of slippage, you have another Olympic-size swimming pool's amount of radioactive waste entering the environment. How much slippage are you content with? It equates to waste entering our environment.

**Euan Hutton:** If you look at the table, you will see that, in terms of the range, we are still within the range to finish by 2059, which I think is the date. The liquor that is leaking into the environment and the activity that



we are concerned about is pretty much retained in the soil beneath the facility.

Q54 **Mr Charters:** Did you say, "Pretty confident"?

**Euan Hutton:** No, I said, "Pretty much". The caesium is contained in almost its totality. The strontium is slightly more immobile. We have excellent ground modelling and monitoring, which shows that that is where the activity is staying. It stays underneath and does not pose a detriment to the public where it is.

**David Peattie:** If I may add, we, together with the Environment Agency, which oversees this very closely with us, and the regulator, all agree that the best solution to this is to empty the silo as efficiently and quickly as we can. The other remediation steps would be extremely complex and costly, and put people in harm's way in trying to fix it by any other means. It is a real issue. It is our single biggest environmental issue.

Q55 **Mr Charters:** Would you mind accounting for the reasons for the timing slippage with the MSSS programme?

**Euan Hutton:** We currently have one machine. The challenge that we have had this year is the interface between the new equipment that we have installed and the old equipment that was already there. The availability of the cranes and the connection to how those cranes are powered in the building caused us a problem in the summer.

As I said earlier, we are at the very early stages. We have one machine and have proved that it is working. The second machine is built. I believe that you saw it, and we are commissioning it at the moment. With those two machines in operation, that will start to significantly reduce the waste in that old part of the building.

I have to make decisions and balanced judgments. The Environment Agency is working closely on the leak, and the ONR on the total material in the facility. I have to work out whether it is right to focus on the original building to minimise the leak, which would have a negative impact on the endpoint for the whole building, or whether I progress to get to the endpoint on the whole building. These are all decisions, as Lee was saying, that we take in conjunction with the regulator, the Department and the NDA around what the correct order of work is to deliver the risk reduction, either in the leak or in the total, as early as we can.

**Lee McDonough:** I cannot tell you how closely we are working with the Environment Agency and the ONR on this. They are on site all the time, and I would not want anyone in this room to think that this is not a completely overseen and managed process, because of the significance of the issue. As Euan said, there is a huge knowledge base and understanding of what is happening to the radiation. The caesium and the strontium that are coming through are contained, by and large. Although there is a volume of water coming out, as you said, it is not carrying that



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radiation in the same way, because it gets immobilised. I am not a chemist, but it gets trapped.

I was on site recently and met Phil Reeve, who is the manager who runs that unit. He is a contaminated land expert. His previous role was in clearing up old coalmines. I was very impressed by his knowledge and his thinking about how to deal with these challenges. Alongside him was the Environment Agency team. It is really important to say in this room that nobody underestimates the challenge here, and the decisions that are made in terms of the actions are carefully balanced with the regulator on a daily basis.

**Q56 Mr Charters:** It is important to be transparent with the public that not only are you doing that close working to minimise the risk, but just to specify in clear terms to the public what the level of leak is. Over a decade, that could be three Olympic-size swimming pools' worth of waste, but your view is—and you can put this on the record today—that you are managing those three Olympic-size swimming pools' worth of waste in a safe manner.

**Euan Hutton:** We are, and it is not just our opinion. We have sought, with support from the Environment Agency, a broad church of independent and international experts who are challenging what we are doing, to make sure that we are doing everything that we possibly can.

**Q57 Chair:** Given that we have already discussed the risk against time on this, and you are not going to close this facility completely until 2060, is there a danger that, as was described to us in the visit, this clay sub base, which is very good at removing these dangerous radiological elements, will, like a sponge, take only so much and then suddenly break down? We would then be into a really difficult situation.

**Euan Hutton:** We do not believe so, and the reason that I can say that is that we have models backed up with data. The models make predictions, and the data that we have proves those predictions. We do not believe that there is a point at which it will give up and release it.

**Clive Maxwell:** It is worth being clear—and Euan can confirm this—that nobody is suggesting that there is an alternative strategy to emptying the silos as quickly as possible. We then need the focus on how you do that as quickly as possible, which is the question that is being focused on, but there is no alternative strategy at the moment to mitigate and deal with this problem. That is the plan.

**Q58 Mr Charters:** It was really regrettable, was it not, to see the guilty plea to the charges brought by the ONR around cyber-resilience and testing. Would you apologise for that failure?

**Euan Hutton:** As an organisation, we let ourselves down. We wrote a nuclear site security plan that was very clear on how we said we would do things, and we did not do things in exactly the same way that we wrote them in that report. We would also say that, counter to some of the press





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at the time—and the ONR would support this—we have no evidence of and have not had a successful cyber-attack, as was described in the press. It is regrettable and something that we are doing a number of things on to make sure that it does not happen again.

**Q59 Mr Charters:** How can you assure us that such a prosecution would not be brought again, and that you are putting in new mitigations and investments?

**Euan Hutton:** We have a seven-point plan with the regulator that we are working through at the moment. We have made really good progress on that. We got a letter the other day from the regulator about progress made. We have not touched on this, but the regulator has three levels of regulation—routine, enhanced and significantly enhanced. Cyber is currently in significantly enhanced, so the top level of regulation. We anticipate, and the indication that we have from talking to the regulator is, that, in the autumn, as a result of the work that we have done, we will be moving from significantly enhanced to enhanced.

The reason that I have some confidence in that is because, recently, our physical security, some of which you saw when you came on the visit, moved from enhanced to routine just before Christmas. I have confidence that we have a route to get to where we want to get to.

**Q60 Mr Charters:** Finally, on physical security, the British public will want to know that Sellafield is secure in the physical realm too. You will have seen that there have been incidents with drones affecting airports, prisons and many other public buildings. What steps are you taking to further upgrade and protect Sellafield from physical threats such as drones?

**Chair:** Can I just issue a warning here? Please do not tell us anything that should not be in the public domain. I am sure that you will not.

**Euan Hutton:** I will not. All I would say is that, across the NDA—and this is a great example of the NDA working together—we are doing some work on autonomous systems that we are trialling elsewhere, which will provide a threat detection response at a reduced cost. We are doing that this year, and we would hope to be in a position to deploy it at Sellafield when it has proven elsewhere. I do not want to say where or what it is, but we are working together on that.

**Chair:** We are now going to take, as is now customary in this Committee, a short break.

*Sitting suspended.*

*On resuming—*

**Q61 Anna Dixon:** Before I get into my area of questioning, I just wanted to pick up the last point that Luke raised about cyber-security. Just to clarify, were you saying that there had or had not been successful attacks?



**Euan Hutton:** There have not been successful attacks.

Q62 **Anna Dixon:** So on no occasion were any of these cyber-security threats successful in accessing your safety-critical systems.

**Euan Hutton:** That is correct. We have had a number of interventions where, even though we were prosecuted by the regulator, it congratulated us on the quality of the challenge that we put into our operational technology, which, as you just said, is our safety-critical systems that can operate the facilities. That project determined that it was impossible to create an unacceptable radiological release through that method. We have never had one, and the attacks that we do on ourselves have determined that we have incredibly robust systems.

Q63 **Anna Dixon:** When we visited, we heard about something called the programme and project partners approach. It seemed that this longer-term collaboration between different suppliers was creating a more positive way of working than perhaps is reflected within the main operating, and certainly the historic way of operating, at Sellafield. Would you like to say a little more about this approach, and why and how the internal culture of that particular programme seems to be better than that of wider Sellafield?

**Euan Hutton:** I will briefly describe the programme and project partnership. This is a 20-year procurement, whereby we work very closely with four large suppliers to, essentially, be available to us to deliver all of the major new capability that we need. It is a long-term relationship that removes the need to compete on every new build that we would like, such as a new store or whatever else.

As I say, it is 20 years, and the sorts of benefits that we get are across a whole range of topics, such as investment in graduates and apprentices by those particular suppliers. That part of it has brought on 53 extra apprentices and about 54 extra graduates. That is great, because you have that commitment to the local community. Just on that, the workforce that is delivering for us is predominantly based in Cumbria and Warrington.

The sorts of savings that we have seen from that are, for example, about £80 million just in procurement costs, not having to reprocur for new things. Something as simple as co-ordinating transport for workers to the site across all the programmes has a significant benefit over the lifetime, as does the use of key delivery partners. The PPP uses X company for scaffolding, pulling pipe, or whatever. What we have at the moment in our portfolio of projects are ones that are in a design or construction stage. Moving into mechanical and electrical instrumentation fit-out, you can retain those partners, as long as they are delivering, to move from one to the other.

It is currently delivering some really good outputs. Two of the plants that we are currently building have had IPA green reviews, which is reflected



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in the report. The next three facilities are now at the next stage. We are hoping to get so much more out of those, because they will be purely delivered by this construct. The ones that are in delivery at the moment were started just before, so there was a transition to these, but we are seeing the benefit from all of that.

In terms of the end part of your question around how we make sure that we learn from that and spread it across, we still have some other projects that are being delivered in the old model, because we have the same management structure above that and the utilisation of things called senior responsible owners.

We can take the learning, even though it is not part of the programme and project partnership, and share it with the other projects that are not being delivered, to the point where the projects director, who is focused principally on those mega projects, is forming that view all the way over to projects of over £20 million. We are trying to cascade that out across the piece.

Some of the real innovations are especially around things such as the imaginatively named 4D BIM cave, which I think you saw.

**Anna Dixon:** Yes, we did.

**Euan Hutton:** Essentially, you take the digital version that you created for the design of the plant, and make it work for you every single day. It is really driving benefits to delivering to cost and schedule, hence the current IPA reviews.

Q64 **Anna Dixon:** I did accompany colleagues on that visit to Sellafield, and we did, indeed, see the very innovative use of that modelling and its use to ensure that things were going to get delivered on time and cost-effectively. It just seemed to me that there was a greater level of focus on project planning, delivery, efficiency and innovation within that so-called PPP group, which we did not see on your other projects and is showing up in what my colleagues have been looking at in terms of them being over schedule and off track.

I am pleased to hear you say that you are going to take that learning and, hopefully, we will see some of the benefits of that feeding through in future years. Mr Peattie, perhaps you would like to say how you are taking that approach across the NDA.

**David Peattie:** We have a community of project leaders now, who, under One NDA, meet regularly under the leadership of the central projects team. That is a really important forum for sharing across the group, whether at Dounreay in Scotland or the former Magnox sites.

Q65 **Anna Dixon:** Will you be adopting some of this excellence in project and programme management such as the 4D BIM caves?



**David Peattie:** Yes, where relevant, and particularly on big new builds is where it really pays off. Having people transfer around the group is also a really beneficial way of handling it.

Q66 **Sarah Hall:** I would like to discuss the replacement analytical project. As is noted in the NAO's Report, "Sellafield's biggest single risk to its current and future operations is that its Analytical Services function will fail, disrupting other site operations; this is both 'very likely' to happen and could have a 'very high impact' on its activities if it does".

"The Replacement Analytical Project Outline Business Case was approved in 2019...By 2021 the programme was in serious difficulty and likely to cost more and take longer than the worst case estimates in the Outline Business Case...In late 2023, Sellafield determined that it did not have a coherent plan to deliver analytical services...In early 2024, Sellafield paused the programme and started developing a new strategy for Analytical Services".

Mr Hutton, as it was clear years ago that the replacement analytical project was not going to meet your requirements quickly enough, why did you not take decisive action much sooner?

**Euan Hutton:** Whenever you are delivering a project of this sort of length and complexity, you inevitably want to get started, which is what we did in this case. The options that have become available to us since we started were not available at the beginning, which is a crucial factor. We have created that alternative by delivering another programme of work, which we call post-operational clean-out. We continue to drive on a broad front, and that has given us a different option.

Fundamentally, around December 2023, there was an incoherence that came out between the availability of the analytical services and when I needed to have those available for the plutonium repack plant. A gap of about four and a half years was appearing between the two, so I instigated what I called an inter-programme review to see that we could make sure that we pulled it all together to give us a plan that would deliver.

About six weeks after we started that, we worked through and decided to pause the RAP project, which is a specific part of that programme, because I did not want to spend much more on that, given that we had more confidence in the alternative.

Why did it take so long? It is because we were doing other work. We had to do this work around the potential alternative, which proved successful and gave us a different option than we had before, and that option gives me the capability at least four years earlier. I am not going to pretend that we have closed the gap, but it is much closer. The alternative against the requirements that we have for extending out will probably be delivered for between £500 million and £1 billion less than the project that I have paused. It is still in pause.



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We are working through, with the Department, a decision on whether we cancel it altogether. It gets slightly more complex, because what we want to do at Sellafield is make sure that we support the UK's needs for future radiolytic analysis. Our needs will be catered for very clearly by our alternative. The future UK needs are something equally important to us all, and we are working closely with the Department on what that might look like, so we are in that process at the moment.

The last bit that I just wanted to touch on—I am sorry if I am now droning on—is the original facility that we were worried about. This sounds counterintuitive, but we have had to invest a lot in asset care in the old facility, which makes it available to us for longer. We have recently replaced all of the electrical distribution boards. We are working through the ventilation.

We have removed some acute risks—I cannot remember if some of you were in that facility, but certainly some of my departmental colleagues were—in terms of some old labs that we have decommissioned, and we are doing work to replace the roof. Even though the current facility was one of the original buildings on the site, it gives me that capability for a lot longer.

As I say, we had not had that, so we did not want to stop. It is one of these things where you do not want to stop what you are doing until you are pretty confident that you have an alternative. It was about six weeks before we decided to do the programme review, and we instigated the pause to stop spending money on it.

Q67 **Sarah Hall:** Thank you for that. In terms of delivering the analytical services and providing the capabilities for the site, and fully addressing the risks at the current site, you are confident that there is an alternative.

**Euan Hutton:** Yes.

Q68 **Sarah Hall:** You said that it is paused at the moment. How far along in that process are we in terms of the alternative?

**Euan Hutton:** The alternative is still in the pretty detailed study phase. We have done a lot of site investigation. We are confident that the alternative for the plutonium analysis is a viable one. Everything will fit. It is in a building that is well looked after. It has proper ventilation, etc.

You were probably going to ask about this, but we have spent money on the original one. We believe that we can reuse about 52%. That is about £147 million of the money that we invested in the original. In the future, that includes things such as analytical equipment and glove boxes, which are the containment structures that go around the analytical equipment, in that new option.

I am pretty confident. I would love for you all to come and spend some time with the teams in analytical services. They are just fantastic. Two



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years ago, I did not think that they could do the things that they are achieving in there, and they are knocking it out of the park, to use a colloquialism.

**Q69 Chair:** Euan, you have given us quite a lot of information, but I am not sure that we have got to the bottom of this problem, given the criticality of these analytical services that analyse highly active and medium active material. You have spent about £250 million, and you reckon that £147 million will be able to be reused, but I am not quite sure where we are at the moment. In your letter that we have just received, you say, "Rather than installing the new SNM analytical capacity in the CL facility, Sellafield's preferred way forward is to repurpose the existing Sellafield mixed oxide fuel plant SMP lab to provide SNM analysis capability, and to continue provision of MA and HA analysis capabilities for the existing analytical services facilities. Work has been undertaken to ascertain the asset condition of both facilities, which will support such a decision".

I am not quite sure what the way forward is now, when it is likely to be delivered, what the cost is going to be, and whether it will give you a gap in analytical capability, which seems to be highly dangerous in the processing of all of that.

**Euan Hutton:** You touched on the two types of analysis—plutonium analysis, and medium-active/highly active analysis. In terms of plutonium analysis, we are very confident that we can refit a lab in the Sellafield MOX plant, so that is where that is going to go. We are working through a direct comparison at the moment to make sure that we are in the right place. The CL is the central lab at the top end of the site, so we are doing that, but we are quite confident. We have had this all independently assured to make sure that we are not believing our own rhetoric, as it were. That is the plutonium part of it.

In terms of the medium-active and highly active, that supports predominantly the vitrification that we were talking about earlier on. We would have had to utilise the current facility to at least 2035, while waiting for the RAP project. With the work that we are doing in the current facility, we can extend the life well beyond that, out to 2039-40, when we need to.

To the question about, "What does the future look like?", we are very confident that we will be able to put in the capability to deal with what we need at least until 2040, but there is a bit of a thing that we just need to make sure we are clear on, which is that that does not mean to say that, in 2040, all of that stops. We will have the capability in SMP to deliver on the plutonium analysis. We might even be able to use that to support plutonium disposition, which we talked about earlier. I cannot say that we can or cannot, but we will have a new facility that might be able to do that. In 2040, our need for the MA/HA really reduces as we complete the vitrification mission.



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I am quite confident that the current facility, as I say, with the work that we have done over the last two years to improve it, and all of the things that I just covered—electrical, ventilation, et cetera—will give me that capability. I will get the plutonium capability at least four years more quickly than I would with RAP. There is still a gap in terms of when I might need it, which we are working on trying to close, and we anticipate somewhere between £500 million and £1 billion less than the total cost of the RAP project. I am not going to describe that as a saving, but it is a cost avoidance that allows the Department to make other decisions and invest that in the UK's future needs.

**Chair:** There are still a whole lot of questions there.

**Euan Hutton:** Sorry.

Q70 **Chair:** You are confident that you are going to get this at a lesser price. The original proposal was going to cost £1,400 million to £1,800 million, so what is the new proposal going to cost?

**Euan Hutton:** As I say, it is somewhere between £500 million and £1 billion less than that.

Q71 **Chair:** Less than what?

**Euan Hutton:** Less than that total cost of up to £1.8 billion. That is why I gave a range of somewhere between £500 million and £1 billion, depending on how much RAP was going to out-turn that, bearing in mind that we were still in the outline business case phase.

Q72 **Chair:** I think I have got that. How critical is this gap that you cannot yet tell us what it is going to be?

**Euan Hutton:** There is about a six-month gap now between the alternative and when I would need it. We will be able to put in a contingency, utilising either our colleagues at UKNNL to be able to provide that, or some work that we can do in our current facility. I am not too concerned about that.

**David Peattie:** UKNNL is the National Nuclear Laboratory, which also sits on the Sellafield site and which you will have driven past.

**Clive Maxwell:** The key thing is that that gap is an awful lot smaller than the one that you were facing under RAP. Although you have brought that right down, Euan, in your current proposals, there is still a small gap, but it is a lot smaller than the one that you were dealing with previously.

**Euan Hutton:** It was four and a half years before.

Q73 **Chris Kane:** It was very interesting listening to that. I have a question for David. I am going to quote you from the PAC Report from October 2018, which said, in paragraph 3, "The NDA has not identified the lessons from project cancellations and past mistakes. The NDA has cancelled



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three projects since 2012 after spending £586 million of taxpayers' money on them".

It goes on, but, in effect, although I cannot fault the logic of what Euan is saying, it sounds like we have been here before. What are you doing to identify the lessons from when this happened in the past? What are you doing to ensure that these lessons have been applied to the current situation?

What the Committee would be worried about is that, given the way that this works, subsequent Committees over the next 30 years are going to hear pretty compelling arguments from David and his successors, but the sting in the tail at every point is that £250 million was spent on the project before it was paused and moved on.

There have to be lessons learned and an evolution of that approach to minimise the initial spend that then is paused. It is a question generally about lessons learned, because we have been here before, and it sounds like we will be here again because of the movement and the evolution of technology and approaches.

**David Peattie:** It is possible that we are here again in the future. However, we do learn from history, and, thankfully, this does not happen very often. There have been one or two experiences of this over the last decade or so, and each one does seem to have its own particular circumstances, particularly RAP. The decision to suspend these projects is not taken lightly.

Stepping back and thinking about value for taxpayers as a whole, this was the right approach. Because the senior responsible owners for these projects meet regularly, we have introduced something called reference class forecasting, which uses ranges as we think about projections for projects. We have also found that more frequent check-in points in the early years of developing the projects help, rather than just leaving the project team to crack on for months, or even quarters, without any sense check. We use red teams, where independent views are brought in. The IPA helps us from time to time as well when they look at the major projects approach.

There is a whole raft of checks that we apply and learn internally across the group. Looking forward, improvements in technology could well lead to us needing to reflect and look again at a particular capital project.

While I have the floor, Mr Kane, could I just correct something for the record that was noted earlier about targets? I want to emphasise that our targets are finely judged and thought through carefully, and we do not regard them as arbitrary. I just wanted to correct something that I said earlier on that.

**Clive Maxwell:** There is evidence in this NAO report about some of the lessons being learned in terms of more effective project delivery going on at Sellafield. The fact that you can, in many cases, draw a line between





those projects that were started pre and post 2018, and the fact that we are getting some really positive reviews from the Infrastructure and Projects Authority is a positive. RAP stands out on that list—let us be honest. It has not been in a good place, but, when you look at the project profile and portfolio overall, we have seen some of those improvements coming through.

The other thing that I would say is that calling out and deciding to stop a project that is mid-flow, when you know that it is absolutely essential for your overall endeavour, is a tough call to make. Making sure that colleagues in Sellafield have the ability to do that and being able to make those decisions is another part of the equation here.

**Q74 Chris Kane:** I would agree with that. It is absolutely right to say that, if you paused at this point, you could say that that is the right decision, but the lesson learned would be then looking back at the beginning of the decision to see what was or was not right then. It is not about criticising the current decision, but about asking, “Are you curiously looking back throughout the process, right back to the beginning, to work out what you might do differently at the start of the next one?”

**Clive Maxwell:** David referred to some of the examples of better practice that are being used now, which ought to reduce the likelihood of those things happening again. They are about getting better external assurance, and using things such as reference class forecasting much more actively around the way that the baselines for these projects are set.

**Lee McDonough:** There is some tangible evidence on improvement, which we should acknowledge. Three out of four—maybe it is four—projects are now green rated by the IPA. From my own experience on major projects, this is pretty impressive stuff. This is the journey from pre-2018 under the new PPP arrangements and the learning that is going through the processes. That is a pretty impressive performance on those projects. Although, as Clive said, RAP stands out, the overall direction of travel on project delivery is improving at the site.

**Q75 Sarah Olney:** The report that the Public Accounts Committee did in 2018 highlighted that there are lots of layers of decision making that really inhibit the ability to respond rapidly. In the NAO’s new Report, we are finding that it is taking slightly longer to make decisions on some of your biggest projects than it did in 2018, so it does not feel as if much progress has been made on that. Mr Maxwell, why has more not been done to streamline decision-making?

**Clive Maxwell:** Can I start by saying a few words about the different types of decisions that we are talking about here? When I look at those different decision-making frameworks, we have big investment decisions, in particular about some of the big new projects that are taking place.



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If I look at the work of the NDA, it and its operating companies benefit from a higher threshold and delegated approvals to take decisions of up to £100 million. That is twice the level that I have across the rest of the Department's activity.

When I look at how the Department engages in verifying and taking the decisions about those that fall above that threshold, we go out of our way to make sure that that is done in as simple a way as possible. We do not, for example, require additional types of assurance. We use the NDA and Sellafield's own assurance of procedures to give us advice and information, so we are doing as much as we can around some of those activities.

The second category is around commercial approvals. Most of the big commercial decisions in Government procurements and the like also require sign-offs of different levels. I would point out the fact that the NDA benefits from not going through the Department's standardised commercial approvals process. We have a very close working relationship between our commercial teams to make sure that they are much more joined-up and, therefore, do not need to take those commercial decisions through the Department's commercial approvals board. It does still need, in many cases, to go through the Cabinet Office as a standalone process.

The third thing is the budgetary controls that we have, which are usually in-year, around where money is spent. As I said earlier in this discussion, one of the characteristics of the funding arrangements for the NDA is that it is, essentially, provided a budget for a year and, with very few exceptions, it is up to the NDA board and, subsequently, the boards of its operating companies to decide how that money is spent.

That is quite a different level and type of financial control to what we have within the Department and across our normal projects where we, for example, have ringfenced budgets that can only be spent in year on particular activities. In many of those ways, we have a situation that is quite different and gives the sorts of flexibilities that the NDA and Sellafield need.

Coming back to the question of what we have done to improve matters, that data suggests that, if anything, things have got slightly worse rather than better. What I am not going to do is say that we are going to stop having robust controls and challenge. I am afraid that you would have to dig into the individual projects and investment decisions that were looked at. My guess is that some of them were ones where the Department or the Treasury said no the first time round, and some further work was needed.

**Q76 Sarah Olney:** Can I come back to you on the point about the Treasury and its role? The report highlights that the Treasury feels that, because its formal involvement does not come until towards the end of the approval process, it is not always clear to it what steps have been taken further up the chain. Is there not value in involving the Treasury sooner?



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**Clive Maxwell:** We endeavour to do that as much as possible where it makes sense to do that. We do want the Treasury to be involved early. If I look across the Department's work in general, we know that bringing the Department in early, before you get to formal decision-making stages, is much the best way of doing that.

I know that the Treasury also have regular meetings with our sponsor team, which is in Lee's part of the Department, to make sure that they are up to speed on the whole range of activities that the NDA and its operating companies are doing, not just the investment decisions, so that they can understand the broader context that we are operating in here.

Q77 **Sarah Olney:** Why has the Treasury not yet been involved in your analytical services strategy?

**Clive Maxwell:** That was at the point that that report was written. My guess is that it probably is involved.

Q78 **Sarah Olney:** So you have acted on it already.

**Clive Maxwell:** It is slated to come through our decision-making process in the next few weeks. I have the draft papers for it, so I am imagining that the Treasury is involved at the moment.

Q79 **Sarah Olney:** You are imagining.

**Clive Maxwell:** I will double-check for you, but I would certainly expect so, because we normally involve the Treasury in those sorts of big decisions well before they come to the Department's investment committee, so that we know in advance that, as much as possible, in the Department's own processes, we are covering off the sorts of questions that it is going to ask in advance.

**Lee McDonough:** I can confirm that the Treasury has been involved in the discussion ahead of the decision, which has not yet been made.

Q80 **Chair:** Sarah Olney's questions have spurred a question in my mind that does not enter anywhere in the report. Nevertheless, I would like to know what UKGI's role is in all of this.

**Clive Maxwell:** UKGI provides the shareholder non-exec director who sits on the board of the NDA. The Department receives corporate-type advice from UKGI on how it exercises that function. It also helps the Department in holding the NDA to account and supporting it in doing its role. The UKGI carries out that function on a number of big arm's-length bodies and partner organisations across Government. It has teams that have particular skills around some of those corporate governance-type roles.

Q81 **Chair:** The advantage of having been on this Committee for a long time, David Peattie, is that I have corporate memory of UKGI and the problems that you all got into with the Magnox contracts. David, does UKGI add anything to your deliberations and proposals?



**David Peattie:** Yes, it does. In a specific area, it leads and supports in the appointment of non-executive directors, particularly to the NDA board. That is a unique skill that UKGI brings around governance. It is helpful for the process and takes some of the load off our chair and our senior independent director.

As Clive says, one of the directors from UKGI is a nominated director on the board of the NDA, and they bring to the board meeting and, subsequently, in separate meetings, advice, challenge and support on matters not just around governance, but on commercial matters and on funding. We do find it a helpful adjunct to how we operate.

Q82 **Chair:** Euan, I have been reflecting on your answers and I am going to push you again on the new proposals that you have for this replacement analytical facility. Can you be very clear about what your estimates of cost of that are? I do not want “less than whatever”. I just want what it is going to cost.

**Euan Hutton:** We will provide that in writing. I do not have those numbers to hand.

Q83 **Anna Dixon:** In 2019, Sellafield went under the direct control of the NDA following the creation of what you call One NDA. It seems that, despite that, looking at figure 2 and just hearing that last interaction about the governance structure with the UKGI and what you were saying earlier about the so-called G6—ONR, EA, NDA, Sellafield, UKGI, and I have lost count of who was in the room—I have to say that it does not seem to have done much to streamline the number of layers within this.

Figure 3 sets out what the expected benefits were of One NDA and this idea of bringing Sellafield as a wholly owned subsidiary under the NDA. One of those overarching benefits was, “Improved culture for our people based on values such as respect, inclusion, openness and transparency”. Mr Peattie, how are getting on with delivering the benefits of One NDA?

**David Peattie:** Thank you for the question. As the report recognises, the creation of One NDA has delivered at least £170 million a year of specific savings to the taxpayer through saving a fee to the private sector companies that previously ran the sites, or group-wide buying of contracts—rather than buying things four or five times, just buying them once, a simple example being Microsoft licences or printing. There is a lot further to go. We are really only in the first few years of what has been a major transformation of how we are organised.

It is a much simpler organisation than it was when I took over. It may still appear very complex, but it is a complex business. The four pillars that we now have, which are Sellafield, Nuclear Restoration Services, Nuclear Waste Services and the transport division, are each quite unique and do different things. They each have a board of directors, all of whom now meet regularly, which would never have happened just a few years ago. We have put in place something called a leadership academy that



over 100 people have now been through, where we set out the cultural norms and the behaviours that we expect of our leaders going forward.

These cultural aspects are really important to me personally as we lead the organisation through these next few years. There is more to go, but the early signs are good. We have certainly made real bottom-line savings for the taxpayer. If you add it up over a few years, you can quickly get to £1 billion.

I would add that the AGRs coming over to us, which was a decision supported by us and made by the Department a couple of years ago, would have been very difficult under the old construct. It would have cost the taxpayer a significant amount of extra fee. It now involves all parts of the NDA group, and our relationships with EDF are very strong. That is another positive about how One NDA is working. There is lots more, such as technology transfer, and moving people around.

**Q84 Anna Dixon:** You say that you are in the early stages. We are now some five years in since you took over Sellafield, and yet, as paragraph 1.9 of the NAO report says, "In June 2023, ONR wrote to the NDA emphasising that it believed the NDA should play a greater role in offering support and holding Sellafield to account for delivery, safety and security".

I would just urge again and ask—and perhaps you could write in more detail to the Committee—whether you are paying close enough attention to the improvements needed in the corporate culture within the subsidiary, which is, in this case, Sellafield.

**David Peattie:** We are, but let me emphasise that there is more work to do across the group. As I said earlier, I have put in place some big new changes around culture. We have a group-wide survey now that we did not have a couple of years ago. We have dedicated people in the area of ethics and compliance. We have a single approach to speak up. The tone from the top is important. I speak regularly at internal conferences and always talk about the importance of transparency and the ability of people to speak the truth.

With an organisation as big as it is, with 19,000 people at 17 sites around the UK, and with the industrial history that we have, there are going to be issues, but we are going to continue to work them through and investigate where appropriate.

**Q85 Anna Dixon:** As we talked about at the head of the session, and as you have repeated, workforce culture directly impacts safety reporting. Back in 2018, I understand that one of your employee surveys found that only 11% strongly agreed that they could speak without fear of reprisal. Given that Sellafield is a nuclear site where safety should be paramount, why did Sellafield, NDA and ONR—and perhaps you, as the Department, want to address this—not act on these findings with greater urgency?

Many of the things that you have said to me, Mr Peattie, are actions that seem to have been taken in the last two years, and yet the problems



were really known since 2017-18. Indeed, the survey data that you shared with me just yesterday, which I would like to quote from, suggests that you have decided on the need to add a category of retaliation to your most recent survey, saying that you believe that, "The steps that have been taken since the survey was rolled out in 2024 will support improvements, particularly around confidence in non-retaliation, which has been specifically addressed in our training packages and supporting material".

**Chair:** Shall we just leave it there?

**Anna Dixon:** Yes. I would just like a response.

**Chair:** Otherwise, poor Mr Peattie is not going to be able to remember it all.

**Anna Dixon:** My point is that it is still a problem.

**David Peattie:** In 2018, the journey certainly began, as part of One NDA, to also see cultural improvement across the group. It did start much sooner than two or three years ago, but we have just doubled down on the steps that we have taken as we work through this.

In terms of the survey, my understanding is that it is absolutely best practice to ask the specific question about people's confidence in not feeling retaliatory action. Literally in the last few weeks, the survey across the whole group should give us all confidence that it is in a much better place than it was in 2018.

Of course, we are not going to rest until it is even better going through it. We continue every year to do this survey, and I expect to be held to account by the teams that work for me.

**Lee McDonough:** From our perspective, we take the cultural issues incredibly seriously in the Department, as you would expect. I just wanted to flag two things. Two annual letters go out from the Department. One is to the chair, setting out priorities. The other is where Clive writes to David Peattie about annual medium-term priorities, which are the more specific delivery targets. Both of those letters specifically reference the need to keep focusing on culture and going on the journey that we have been on.

A really good sign of how important NDA and the site are taking these issues is that, collectively—it was UKGI, the shareholder, that asked for this to happen—we developed the balanced scorecard and the people dashboard as part of the reporting pack that comes in.

We discuss those issues and flag them up in the monthly governance meetings. From our perspective, there is now really clear transparency about the need to address these issues, and there are positive steps being taken by the NDA and Sellafield to address the concerns.



As with any organisation, it is worth saying that this is a constant journey. You cannot take your foot off the pedal. You have to keep going all the time. The fact that it is highlighted in the chair's letter and in the annual priorities letter is testament to the fact that we are trying to do that.

**Q86 Anna Dixon:** In the spirit of transparency, I did have some survey results, and, clearly, it is positive that response rates are going up, from just 51% in 2021 to now some 78%, so it is more representative. I have to say that some of the data was rather difficult to interpret. I wonder if this data may also be shared already with the Department, but part of the value of using these external independent providers is that they can benchmark you to other industries.

In terms of a breakdown, it is particularly important that, in this context of a heavily male and white workforce, women and anyone from ethnic minorities, as well as people at lower levels within the organisation, particularly because of the safety issues, have higher levels of confidence to speak up.

Given that this workforce culture is not just nice-to-do management but is safety-critical—we do not have the ONR in front of us today, so I will direct this at you, Mr Maxwell—what is the role of the ONR in being concerned about, leaning into and understanding whether there is the right sort of culture in place to deal with safety issues?

I ask this because the NAO Report says that Sellafield “has not taken decisive action to respond to serious issues. Sellafield has also struggled to improve how it handles conventional safety hazards ... which have reoccurred in a number of areas, indicating that it is not good at learning lessons on an organisation level”. This is pretty damning, is it not, for a safety-critical industry such as nuclear?

**Clive Maxwell:** The ONR is responsible for regulating health and safety issues at Sellafield and at other nuclear licensed sites. That applies to conventional health and safety risks, as well as the nuclear risks. At any given time, it will be focusing on different sorts of concerns. We have already heard about some of these areas of high scrutiny around cyber, for example, at Sellafield.

My understanding is that the ONR, in carrying out that role, takes account of and looks at culture, because it is a standard understanding, particularly in construction workplaces and things like that, that having the ability for people to call out and to raise issues when there are health and safety concerns is really important.

It is often correlated with people's willingness to speak out about other sorts of issues. My understanding is that the ONR looks at that and, indeed, that it has given a green light to that and has not identified problems in that regard, but maybe Euan will need to confirm that.

**Q87 Anna Dixon:** Yes, and perhaps we could ask the ONR to share with us



what data it uses to reach that green rating.

**Euan Hutton:** In the middle of April, they are coming back to do an intervention specifically on this again. They treat this topic like they would a licence condition or a system-based inspection. They will come and talk to people, they will look at our policies and procedures, they will get evidence and then they will form a view. They are coming to redo that in April.

Q88 **Anna Dixon:** Do you want to add anything, Mr Hutton, on the point about a learning culture?

**Euan Hutton:** Yes, I do. It is one of our constant journeys that we are on. What it talks about there is that we have a really great ability to fix problems. We have done a board of inquiry, which is our top-level investigation, on exactly this point in terms of, "How come we cannot always learn and get it to stick?" We utilise an independent chair to come in and understand where we are, and we are just working our way through the recommendations from that. We are very good at fixing problems, but not as great at getting it to stick, hence a board of inquiry and our own top-level investigation into how we can do that better.

Q89 **Anna Dixon:** I have one final point, if I may. There is a lot here about performance culture. We have talked separately about how you are motivating your staff. I was intrigued that having a deadline of 2039 would motivate your workforce.

**Euan Hutton:** It was the in-year targets that lead to that.

Q90 **Anna Dixon:** That is fine. I was a bit confused by that. You have talked about feeling safe to speak up, a culture of learning and improvement and, at the same time, helping to make sure that people are focused on performance and productivity. In terms of some of the projects, absenteeism and lack of workforce has sometimes been a trigger. You have been the chief exec, both interim and now permanent. How do you see your leadership creating a culture that will deliver all of those things?

**Euan Hutton:** When I got into the job, as I think you are supposed to—and this is my first time as a CEO—I came to the conclusion that there were four areas of focus that we needed to work on. One was all about rebuilding relationships with the regulator, the NDA, the Department, the local community and the staff in general. I just felt that there was a disconnect, so I wanted to really drive this. I wanted to encourage everybody around the mission and give them the air cover and support that they need to deliver that mission safely and securely, with all of the rewards that you get with it. You have met some of the people, and certainly some have absolutely got that. That was the first one, to rebuild relationships.

The second one was a focus on the leadership and the culture of that leadership. Again, I felt that there was a disconnect between my





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predecessor and that leadership, and these things can happen. There was a real drive on that.

The third thing was what I called a nuclear site focus. Everything that we do at Sellafield is to drive performance on that site, and to safely, securely and sustainably deliver the mission, of which we have a number. We have talked a lot about retrievals today. We also receive fuel. I will not go through the list—it is in the report—of the seven big things that we deliver on.

The final one, which we are starting to get traction on, is increasing the pace of safe delivery.

Across those things around relationships, reconnecting with the workforce, that focus on the nuclear site, and then delivery, that is how I am trying to drive the culture of the organisation, bearing in mind that there are some sacrosanct things in there—for example, safety, security and the ability to stop work. We call it stop, think, act, review. If you do not like what you are seeing, stop; think about it; do something about it.

We work closely with the World Association of Nuclear Operators, which is a peer-led organisation of every nuclear operator in the world. We are all trying to drive each other towards excellence, because excellence in nuclear is what we all need. We all know that, if any of us get it wrong, it is a bad day for everybody, so we utilise their skillset to help us drive to that performance outcome that I have just described.

**Q91 Sarah Olney:** Ms Bowyer, it is your turn, finally. I want to understand a bit more about the NDA's funding from the Treasury, which is rather less than you requested. What kind of impact will that have?

**Kate Bowyer:** We have been discussing, with the Department and the Treasury, our funding for the year 2025-26, which starts next month. As you say, we have less than we had requested. However, with good conversations, we do have the amount that we need to make sure that the sites can continue the critical activities in a safe and secure manner. It does mean that there are difficult decisions to be made about some of the less critical aspects, but we do have sufficient.

We have also started the conversations for the next four years of capital funding and three years of revenue funding. It is a good thing that we are considering a longer time period now. We have had a number of years of in-year settlements only. In the type of business that we are in, and with the long-term projects that we have, it is very difficult when you do not have that visibility. We are looking forward to having that longer settlement, and have constructive conversations ongoing at the moment. I cannot say anything more about where that will get us to.

**Lee McDonough:** That is a really good example of bringing the Treasury in right from the start. They have been in the room. We have been doing challenge sessions to make sure that the full extent of the implications of



funding decisions are transparent to them. That has been a really big, positive step as we step through a very complex spending review, given that it is a multi-year one.

Q92 **Sarah Olney:** So you are confident that they have a full understanding of the challenges that you are facing and, when you are approaching them for money, what the importance of that longer-term settlement is.

**Lee McDonough:** I am confident that the information that has been shared is very transparent about the implications, the choices and the trade-offs that need to be made when you are doing a big settlement like this.

Q93 **Sarah Olney:** Mr Hutton, just drawing on what Ms Bowyer was saying there about the difficulties of managing an in-year settlement, what are the things that you might have been able to do differently if you had had a bit more time to plan?

**Euan Hutton:** I cannot remember for how long we have had these one-year settlements. Because we anticipate that we are always going to continue to be funded at a relatively decent level, we are confident that we will be able to deliver everything that we have in flight.

The challenge comes in a period such as the one at the moment. As Kate said, we have had to make some difficult decisions about what we will be able to start next year, because of the reduction in funding. That can be across the piece, but, for example, there will be a less important decommissioning activity that we can slow down, because that risk profile does not justify it. We are still going to have to do it.

We talked about strategic tolerances. It might mean that, at the end of it, we have had to extend by a couple of years, because we did not start it this year coming. It is things like that. In this first year, in terms of the one that we have confirmed, we have enough to allow us to get on and deliver all of those critical things, with some things that we have had to delay.

Q94 **Chair:** I would like to come back to you, Clive, and refer particularly to paragraphs 3.19 and 3.20 on page 41. What I am concerned about with this whole resource issue is that we do not want Sellafield to continue to do just the safety-critical things. We want it to go further than that and start down this path of decommissioning.

That paragraph comes with some quite worrying remarks as to the negotiations between Sellafield and the Treasury. For example, it says, "As part of HM Treasury's 2021 spending review, Sellafield agreed to reduce the number of people it employed from 11,600 to 9,100 by March 2031". It then goes on to say that there were "inadequate numbers of suitably trained staff" and that, "Buildings frequently had to be shut down, as there would not have been enough people available to operate them safely: this had been a very rare occurrence before the covid-19 pandemic but has since become 'normalised'".



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As I understand it, the number of staff at Sellafield was back at least to 11,600 before the Treasury demanded those cuts. How do we deal with this whole business of not just maintaining the status quo but getting on with the decommissioning and giving them adequate resources to do that?

**Clive Maxwell:** There are clearly choices to be made about the level of funding. Ministers need to take those decisions about the level of funding for the NDA, and then the NDA board and the Sellafield board need to decide how best to allocate the resources they are given as part of their budgets. There are choices to be made about that, Chair. Higher levels of funding permit faster progress in some areas of decommissioning. This is not a new thing. This is a thing that we see across other bits of the public estate and has gone on for a long time.

Q95 **Chair:** From what we have seen in this report and from the questioning today, we have begun to realise how critical the obsolescence of these buildings is. If we are not careful, we are going to land ourselves with big bills in future by having to build new buildings. If we get on with that decommissioning path, on the graph that I was talking about at the beginning, we might avoid some of that. Surely, we may be short-term penny-pinching just to have to spend a lot more money in the future.

**Clive Maxwell:** As I say, there are some choices to be made by Ministers about where they want to put the public resources between the NDA and other uses in Government.

Q96 **Chair:** I get that, but you are not refuting my central argument that there is a trade-off here.

**Clive Maxwell:** When you are dealing with the sorts of assets that the NDA and Sellafield are dealing with, it is a fact of life that the amount of money you have available is one of the factors that determines how quickly you can deal with those assets. That influences your value for money over a longer time period.

Q97 **Chair:** That was not quite the point I was making. The point I was making was that, if you do not give them resources now, we may come up to the end of the life of these buildings and have to spend many billions on producing new buildings, which might in the longer run be much more expensive than giving them sufficient assets now.

**Clive Maxwell:** It might be poorer value for money in the longer term. The key thing is we expect that the NDA and Sellafield to work in a way which maximises value for money within the funding envelopes that they are given. They do not get to choose what the funding envelope is.

**Chair:** We will now move to Bill, who has been sitting there very patiently. You are very welcome to this Committee, Bill. I am sorry you have been sitting there so patiently.

Q98 **Bill Esterson:** No, that is fine. Thank you very much, Chair. It has been



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fascinating, as always. Thinking about it from the point of view of the wider DESNZ agenda, I am struck again and again by the question that we started with, which is the target of 2125 and returning it to a greenfield site. How essential is it to deliver that agenda? Are there alternatives? Have alternative plans been drawn up within the Department that would deliver material financial savings?

**Clive Maxwell:** Again, there are choices to be made. At the moment, that is the plan that people are working to. It is right and proper that those sorts of things are looked at. At the moment, returning these sites to those sorts of standing is the plan. It depends on what end uses you want to make of the sites. That is probably the simplest way of putting that.

Q99 **Bill Esterson:** It sounds like it is possible to have an alternative.

**Clive Maxwell:** It is certainly possible to change the plan and the strategy.

Q100 **Bill Esterson:** The question follows about what sort of reduction in cost you would envisage, if that were the route.

**Clive Maxwell:** It would not have an impact on some of the activities that are going on today at Sellafield. That would be my main argument. In terms of the sorts of hazards and risks that we have been talking about here today, clearing out silos and ponds would need to be done under any model.

Q101 **Bill Esterson:** Sure, but you have been able to put a long-term, 100-year cost on it. Do you have a potential alternative 100-year cost?

**Clive Maxwell:** I do not have a figure for that.

Q102 **Bill Esterson:** That modelling has not gone on at any time within the Department.

**Clive Maxwell:** It certainly has not gone on in the last few years.

**Bill Esterson:** That is interesting. My Committee may well pursue that.

Q103 **Chair:** The point Bill is getting at here is that, unless Sellafield is given a clear remit, it is much more difficult to plan. Multi-year settlements are great, but they need to plan over a long period. If they do not have a clear remit, they might be doing things that are unnecessary now, if the longer-term remediation solution is not as exacting as it is supposed to be at the moment.

**Clive Maxwell:** I agree with you, Chair. Knowing the end-term plan does matter, but it will not make any difference to the work that is going on at the site in the next five or 10 years. Correct me if I am wrong, but the scale of the remediation and decommissioning that is required under any end-use scenario is such that those key activities would still be going on.



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It is a reasonable point to ask. In fact, in the short term it is probably at least as relevant as some of the other sites that the NDA is responsible for, rather than Sellafield.

Q104 **Bill Esterson:** We will not pursue that point further today, but it is something that we should come back to. You may want to come back to it as well. I am sure I will.

When will the geological disposal facility start accepting materials?

**David Peattie:** Under the current plan, the geological disposal facility would be able to take first acceptances in the late 2050s, so around 25 years from now. That is a long time away, I know, but that is in line with international benchmarks. It is broadly in line with what other countries have done. It is the internationally accepted best use for the storage and disposal of particularly highly radioactive material. We are working through, in line with Government policy and the Department, the steps to achieve the two criteria, namely a willing community and appropriate geology.

Q105 **Bill Esterson:** Given some of the uncertainties that we have been hearing for the last three hours, what certainty can you give us that those plans will be on track in the coming years?

**David Peattie:** As I say, it is 25 years into the future. It is our current best judgment of how long it will take based on international benchmarks in these particular areas. Until we know specifically where the headworks will be and which community will host the GDF, it will be difficult to give a precise date. It should be much clearer in the coming months and next couple of years.

**Clive Maxwell:** I would refer to two really important things that need to be dealt with in the short term. First, the Government have been really clear that this has got to be a consent-based approach to the GDF. It is about finding an appropriate community that wants to have a GDF in it. Secondly, we need to identify the right geology. That is a complex technical piece of work that requires extensive surveying of a sort that is quite unique to these projects. Both those activities need to be carried out before you can decide on this site. That is the key next big milestone that is required around this.

Q106 **Bill Esterson:** I could not help but notice, David Peattie, that you said late 2050s and then you said 25 years. By my calculations, that takes us to 2060. Nevertheless, how will you demonstrate over the coming years that your plans are on track?

**David Peattie:** We will be tracking milestones and metrics, as we would with any major programme. We will have a clear set of targets looking out over the years for borehole assessment—

Q107 **Bill Esterson:** You will have. Do you already have some of these?



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**David Peattie:** We have some of those, but, as you will appreciate, where we build the GDF is critically dependent on the specific location in the UK. The geologies are very different on the east coast and the west coast, for instance. The time for test boreholes or for getting the communities comfortable can vary. We have a dedicated team in one of our subsidiary companies whose day job is to plan for the GDF. They are getting on with it.

**Lee McDonough:** Just to add, I know it is a boring component, but there is a programme board that oversees this programme, which has all the relevant players on it. We do track its progress. As Clive and David have said, the consent-based approach is a really crucial part of the policy. Sometimes it takes longer than you might think to move those things forward.

In Sweden—I know this because I visited the site in Sweden—they spent at least 20-odd years on community engagement before they could progress. This project is not out of sync with what we see more broadly globally. These things take time because it is a really significant decision.

Q108 **Bill Esterson:** What lessons are you learning from Sweden or anywhere else?

**Lee McDonough:** The lesson from Sweden is that it is absolutely crucial to get consent up front. If you do not, you just have trouble down the line. They have invested huge amounts of time, effort, engagement and community benefit and supports. They did reach a conclusion, which was positive and progressing. The same goes for Finland. We can see these things. It is a major decision for a community to take this on.

Q109 **Bill Esterson:** How will you decide that you have community consent?

**Lee McDonough:** There is a test of public support.

Q110 **Bill Esterson:** Which is what?

**Lee McDonough:** David might know the details, but there is a formal part.

**David Peattie:** There will be a formal test of public support. That could, for instance, take the form of a survey of the local population, the communities that will be directly affected. Only when you know precisely where it is will we be able to exercise that.

Q111 **Bill Esterson:** Is there anything comparable in the UK where consent has been demonstrated? That may be a quite hard question to ask, but have there been any major projects with a good model on demonstrating consent?

**Clive Maxwell:** I cannot think of one. If I think of one, I will write to you.

Q112 **Chair:** Mr Maxwell, we have been talking about these two issues for the



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last 10 years. It does not seem to me that we are any further forward than we were 10 years ago. Indeed, in fact, I always understood that this facility might be available in the 2050s. It now seems to have gone out to 2060. We have received a lot of evidence for this inquiry that the local community really feel the benefit of Sellafield in terms of jobs, investment and so on.

I would have thought an exercise to see whether the people around Sellafield in Cumbria are favourable towards this facility could be fairly easily done. Whether it has the right geology, consent, as both Lee and Clive have said, is very important. It would be much more difficult to get consent in Lincolnshire, although the geology might be better.

Surely it is time that we did some work on this and came up with at least a pathway to how we are going to implement this thing rather than just talking about it.

**Clive Maxwell:** There is extensive work going on at the moment. First, I might be wrong, but I understand the Government indicated their support for a GDF in 2018, not a decade ago.

Extensive work has gone on with local communities to try to understand and build that support. A lot of work has gone on about the setting up of the projects and the procurement of the technical services to do the borehole drilling to understand the technical geology, for example. You can do the geology surveys at a certain level, but you need to get much more detailed and granular information before you can be absolutely sure about the viability of a particular site. David can say more about that, but there is a lot of work going on at the moment in the NWS operating company.

**David Peattie:** Just to be clear, there is a huge amount of work underway on developing the GDF, Sir Geoffrey. Areas of focus have been identified. There is community investment and extensive community engagement. We have launched the request for interested parties over the last couple of years. We are now close to being able to understand, as you have rightly pointed out, the relative benefits of east and west and community support versus geology, which is the key question. There is a team in NWS, one of our subsidiaries, that is working on this day in, day out.

Q113 **Chair:** It sounds as though getting core samples of that depth is going to involve some quite major engineering. Are the resources there at the moment to do that? Otherwise, we are just talking in space. We are not talking in realities.

**David Peattie:** For site surveys, including borehole drilling, yes, the plans are in place for that. We are bringing forward a business case precisely for that.

Q114 **Chair:** Can either of you give us any idea of the timetable for that?



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**David Peattie:** Again, it should start in the 2050s, probably the late 2050s. That is the order of when we expect first emplacement of highly radioactive material. Working back from that, we are building the capital project to build the facility. Ahead of that, it is about doing all the assessments, prep and planning and for it. The very early phase, which is in the next couple of years, is about doing that detailed assessment around the geology, which will include a number of boreholes. The number will depend on where precisely the facility is built, whether it is on the east or west coast.

Q115 **Chair:** This keeps shifting between 2050, 2060 and 2080. I am hearing all sorts of dates.

**David Peattie:** It will be the 2050s. It will be that decade, which starts 25 years from now and ends in 2060.

Q116 **Chair:** That is 25 or 30 years. I do not know how long this thing will take to build, but I would guess quite a long time. There needs to be a continual programme to do this. Otherwise, we are not going to get it ready.

**David Peattie:** Yes, and there is. I want to give the Committee confidence. That programme is in development. As Lee rightly said, we are working closely with international partners in Finland and Canada, with whom we speak with regularly. They have just identified their sites. We are not the first to be doing this. It is important to learn the lessons from other countries.

**Clive Maxwell:** I would come back to the point that progress requires community support. That is Government policy. It also requires us to identify the correct geology. As you mentioned, Chair, it also requires the right funding to be in place to be able to pursue those things. That is over a long time period.

**Chair:** We have covered a lot of ground today. This is clearly one of the country's biggest projects and potentially the most dangerous one. As Chair, I am very much looking forward to receiving that graph setting out how we do this in the next 100 years and what steps and investments are needed to do this. We will be keeping a very close eye on this project.

Thank you very much indeed to all our witnesses for coming today? It has been a long session, but it needed to be because there was a lot of ground to cover. An uncorrected transcript of this hearing will be published on the Committee's website in the coming days. The Committee will consider the evidence provided and will produce a report with recommendations in due course. Thank you all very much.