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Sir Geoffrey Clifton-Brown MP

Chair of the Public Accounts Committee

House of Commons

London

SW1A 0AA

[Sent by E-mail]

CEO(25)-0044

4th April 2025

Dear Sir Geoffrey,

Re: PAC Hearing on Decommissioning Sellafield

Further to the PAC hearing on Decommissioning Sellafield held on 20 March, we agreed to write and provide further information on several topics: non-disclosure agreements, target setting, analytical facilities, corporate culture, and the decommissioning plan.

1. Non-disclosure agreements

Non-disclosure agreements (NDAs) are used in relation to corporate and commercial engagements, but NDAs are not routinely used across the group in relation to employees, although employee contracts do include confidentiality clauses as standard. The use of confidentiality provisions is sometimes considered in relation to employee termination agreements or claims, such as settlement agreements. However, employees typically have independent legal advice on such agreements and protected disclosures under the Public Interest Disclosure Act 1998 can still be made. At Sellafield Limited (SL) in the last three years, there have been 16 agreements with this type of provision.

2. Target setting

The enduring nature and complexity of the Sellafield mission means it is a challenge to find appropriate means to measure, report, and incentivise progress in the near-term that also provides confidence in achieving successful long-term outcomes. A combination of Key Targets, Operating Plan Milestones (OPMs), and Key Decommissioning Milestones (KDMs) are used for

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this purpose and aligned to the over-arching strategy. This approach provides a mechanism by which employees can understand their contribution and as a balanced scorecard to assess and communicate in-year performance, helping to drive delivery of our mission.

At an enterprise level a suite of key targets provides in-year measurement of progress against strategic objectives, balancing the need to cover the breadth of the business while limiting the number of targets (19 in 2024/25) so that their importance is not diluted. The targets reflect the priorities of SL including keeping the site safe, secure, and environmentally compliant; removing the liability starting with the highest hazard first; generating income; and supporting other national priorities.

The key targets are set annually, informed by the current business context and include stretch goals which support continuous performance improvement. Expert judgement ensures that these targets are ambitious but achievable and care is taken to avoid creating perverse incentives where achievement of near-term goals could be detrimental to long-term outcomes. Some of these targets are used to develop a set of Group Key Targets which measure business performance across the NDA group over the year and form the basis of our public reporting.

The key targets are underpinned by milestones known as OPMs which represent step changes that support achievement of a key deliverable. A requirement is specified with a date for delivery and a binary assessment of whether this has been achieved. In 2024/25, 22 OPMs were identified to demonstrate that SL is delivering the preparatory work necessary to sustain mission progress.

While key targets and OPMs provide a good basis for assessing near-term performance they are only a partial indicator of the likelihood of achieving strategic outcomes. To address this gap SL and the Office of Nuclear Regulation developed a regulatory framework using KDMs which form part of the site licence conditions and provide a more effective way of driving prioritised and systematic high hazard and risk reduction and assessing progress. In recognition of the complexity of identifying a single metric to measure progress, SL has moved away from purely date-based milestones towards a broader assessment of the key factors required to achieve high hazard and risk reduction, meaning KDMs are now supported by key performance measures (KPMs) and key performance indicators (KPIs).

To illustrate how these various instruments are used in practice a case study for the Magnox Swarf Storage Silo (MSSS) is provided in the Appendix.

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3. Analytical facilities

SL's preferred way forward on analytical capability is to separate future Special Nuclear Material (SNM) and Medium Active / Highly Active (MA/HA) needs. SL has proposed that refurbishment of the existing Sellafield Mixed Oxide Fuel Plant (SMP) laboratory would provide the optimum solution for SNM capability through to the 2040s although this has not yet been agreed with stakeholders including DESNZ. The cost of this option is in the range £420m to £840m. This includes current expenditure on Replacement Analytical Project (RAP) and £10m to £50m for contingency option costs to cover any potential gap between the availability of the new SNM analysis capability and the commissioning requirements of Sellafield Product and Residue Store Retreatment Plant (SRP).

The SRP need date is June 2028 to February 2030 with SNM capability delivery in the SMP laboratory option expected September 2029 to February 203, so there is an overlap. However, it is not assumed that SRP will deliver late and SMP laboratory option early and there is no gap, so SL is assessing options to potentially use the limited existing capabilities in both UKNNL and the current analytical services facility to manage this.

There would be no gap in the provision of MA / HA analysis capability under SL's preferred solution of a continuation of the existing service provision. The current capabilities will be upgraded alongside the ongoing investment in the Analytical Services building to support ongoing Low Active analysis work, post operational cleanout, and decommissioning.

This compares to a RAP cost range of £1.4bn to £1.8bn (noting that the scope of RAP covered the period up to 2070) which is exclusive of a further £250m of asset and instrument upgrades that were proposed to manage future obsolescence issues in the UKNNL Central Lab. Given the uncertainty in the level of analytical demand post 2040s, likely changes in overall analysis strategy and technological innovation, investing now in this long-term capability is considered high risk.

4. Corporate culture

We have made significant improvements to the NDA's culture over recent years and are raising the standards of equality, diversity, and inclusion (ED&I) across the estate. Our ambition is to create a positive workplace environment for all employees where there is zero tolerance of bullying, harassment, or discrimination.

Across the NDA group, we have made considerable progress. But we are not complacent. There is more to do to create the organisation we want to be: a place where people feel proud to work; are respected, included, and supported to perform at their best; and where our leaders' ethics and values are visible in their actions every single day.

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Back in 2021, I launched the Group Leadership Standard to clarify what is expected from our leaders and our work won external recognition and a silver award for "People Development Programme of the Year Public Sector" at the Learning Awards 2022. The standard reinforces our expectations for our leaders at all levels to actively champion ED&I in their businesses and role model inclusive behaviours. It also underpins our Leadership Academy programme, designed to uplift and future proof our leadership capability, which has seen 172 leaders participate across nine cohorts, with a notable 38% female participation.

We have a group Inclusion Strategy in place and strong group-wide governance through our Diversity and Inclusion (D&I) Council with stretching targets to be a best-in-sector inclusive employer. We are working to improve the diversity of our workforce, so we are more representative of society, actively addressing the under-representation of women across the estate. And we are bringing greater consistency in how and where we advertise vacancies so we can attract the widest pool of applicants, and ensure managers are provided with tools and training so that selection is free from bias and in line with best practice.

We are prioritising listening to and acting on staff feedback, making sure employees are at the heart of our inclusion agenda and have five operational NDA group networks: Gender Balance, Race Equality, LGBT+, Enable (Disability), and Meno Hub (Menopause). We have a Mental Health and Wellbeing Strategy and Plan and a network of trained Mental Health First Aiders across the group supported by dedicated counsellors from MIND.

We take allegations of bullying and harassment at any level in the organisation seriously and investigate and act where there are issues. Our stance on this is set out in NDA's recently updated Respect at Work policy.

In 2021 I recruited a Group Chief Ethics & Compliance Officer (GCECO) who reports to the NDA Group General Counsel and has direct access to me and the Non-Executive Director Chair of our Audit, Risk & Assurance Committee. As a result, we now have a consistent, common approach to Speak Up (including whistleblowing) across the group, designed to build trust and confidence in the process by stakeholders including employees.

There is a single core policy, common investigative processes and triage, and an information sharing protocol to ensure serious matters are escalated for transparency to NDA in real time. We have a group-wide contract for an independent hotline – Safecall, a Speak Up forum chaired by GCECO with representatives from across the group, and training for both employees and managers. In 2023 we also established a group-wide network of Ethics Ambassadors, who volunteer to spend c. 5% of their time promoting our ethical culture.

We have seen an increase in the number of reported issues across the group over the last two years, demonstrating greater engagement and confidence in the Speak Up process, particularly

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when coupled with the increasing numbers of identified (rather than anonymous) reporters. In 2024 we included questions on Speak Up in our group-wide employee engagement survey for the first time and will soon have data from our 2025 survey to provide a greater understanding of how the process of embedding our approach across the group is going.

To be confident that we are focused on the right priorities for our employees, we need to be able to measure the impact of our activities which we do through group-wide employee engagement and pulse surveys. In recent years we have seen an increasing response rate and positive trend in scores for engagement, diversity and inclusion, and wellbeing. Action plans based upon the 'You said, we did' philosophy created at a local and organisational level allow us to target and drive improvements.

Over the last year we have also developed an NDA group aggregated culture scorecard which is regularly reported and discussed at Executive and Board level. The scorecard includes four key drivers of culture - collaboration and helpfulness, leadership and purpose**,** openness and integrity, and respect and inclusion - each supported by a set of indicators and measures informed by quantitative data and qualitative information. A baseline has been established to allow progress against a series of targets to be measured.

Decommissioning plan

Mission progress at Sellafield requires delivery of strategic outcomes and these are collated under the following themes:

Spent fuel management: The reprocessing of spent fuels has now completed and consequently the focus is on the consolidation, storage and long-term management pending disposal. Fuels are placed in safe and secure storage, in line with regulatory requirements. Prior to disposal the different fuel types will need to be conditioned and packaged into a format suitable for disposal to a Geological Disposal Facility (GDF).

Nuclear materials: Sellafield stores the largest stockpile of civil plutonium in the world. The aim is to transfer this material into modern storage facilities and then immobilise it into a waste form suitable for disposal in the GDF. To ensure that the plutonium packages can be safely stored until immobilisation it will be repackaged and where appropriate some material will be treated to stabilise it for long-term storage. Work will continue to develop a suitable immobilisation solution. We continue to store uranium at Capenhurst and Sellafield until a long-term decision is made on its reuse or disposal.

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Integrated waste management: We aim to secure continuous retrieval operations at the Legacy Ponds and Silos (LP&S). Current plans show the completion of bulk retrievals from the ponds will be 2040-45, whilst bulk retrievals from the silos will be 2048-59. To condition and store wastes, new facilities will be required. Most waste produced at Sellafield is characterised as either Low Level Waste (LLW) or very LLW and is disposed via existing routes including the LLWR at Drigg and licensed landfill sites. Disposal of Intermediate Level Waste (ILW) will be in a GDF and some near-surface disposal where the case can be made. Highly Active Liquor (HAL) is converted into HLW via the Waste Vitrification Plant and stored pending disposal to a GDF or returned to overseas customers in line with contractual requirements.

Site Decommissioning and Remediation: The end of reprocessing operations signalled a transition for parts of the site with the beginning of Post Operational Clean Out activities in the reprocessing facilities. The decommissioning strategy focusses activities on ageing 'first of a kind' redundant nuclear facilities to remove risk/hazard and liability at the earliest opportunity. Prioritisation includes consideration of nuclear, radiological, conventional risks and environmental protection, asset condition, the creation of substantive lead and learn opportunities, and the demolition and clearance of land suitable for other uses.

Site Management and Critical Enablers: Provision of fit-for-purpose site-wide infrastructure and engineering is fundamental to ensure safe, secure, and sustainable site stewardship. Resources including people and infrastructure are needed to deliver strategic objectives until the end of the mission. SL also delivers a group of critical enablers such as socio-economic investment that support the overall mission and, in some cases, reflect the supplementary duties assigned to the NDA by the Energy Act.

These themes are reflected in the current decommissioning plan for the site which considers three phases: The current phase which will run until ~2060s and is focused on minimising the risk of offsite consequences; the next phase which will take us to ~2100s and involve completion of bulk waste transfers; and then a final phase to be completed ~2120s which will clear the site to achieve the end state.

A visual of these key phases and the associated costs to deliver the Sellafield mission is provided in the Appendix.

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I hope this additional information is helpful. If you would like any further evidence, please let me know.

Yours sincerely,

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Group Chief Executive Officer
Nuclear Decommissioning Authority

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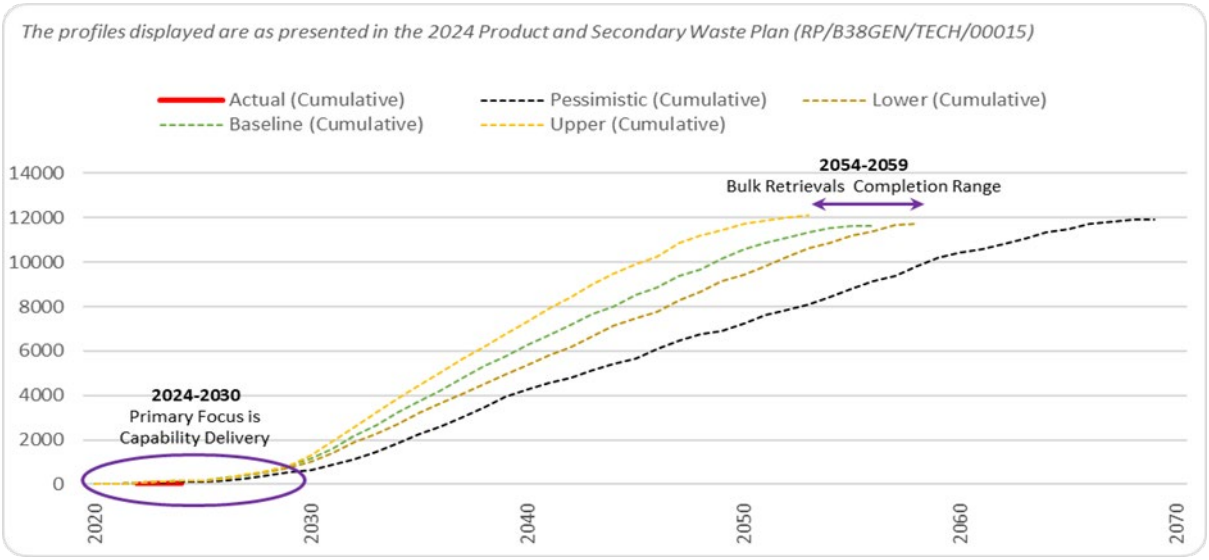
Appendix I: MSSS Targets Case Study

An operational throughput model is used by SL to create a master production schedule based on a detailed set of assumptions. This allows the system to be considered as site facilities cannot operate in isolation – for example MSSS requires availability of other facilities including the Box Encapsulation Plant (BEP) to safely process and store the waste retrieved and the Site Ion Exchange Plant (SIXEP) to treat the effluent and filter out radioactive material before discharge to sea.

The assumptions will therefore include availability of new capabilities, equipment performance and reliability, capability insertion requirements, maintenance outages, movement of retrieval machines between different compartments, shift patterns, effluent management, and waste bed levelling activities.

The modelling is used to create a range of retrieval scenarios which provide the upper and lower range dates for completion of bulk retrievals as detailed in the graph below. This range of completion dates is currently 2054 to 2059 with the lower end estimate factoring potential opportunities such as increasing the waste payload in each skip.



The scenarios can be re-evaluated over time as system performance in MSSS is better understood and operational data is fed back into the throughput model to refine the forward production schedule.

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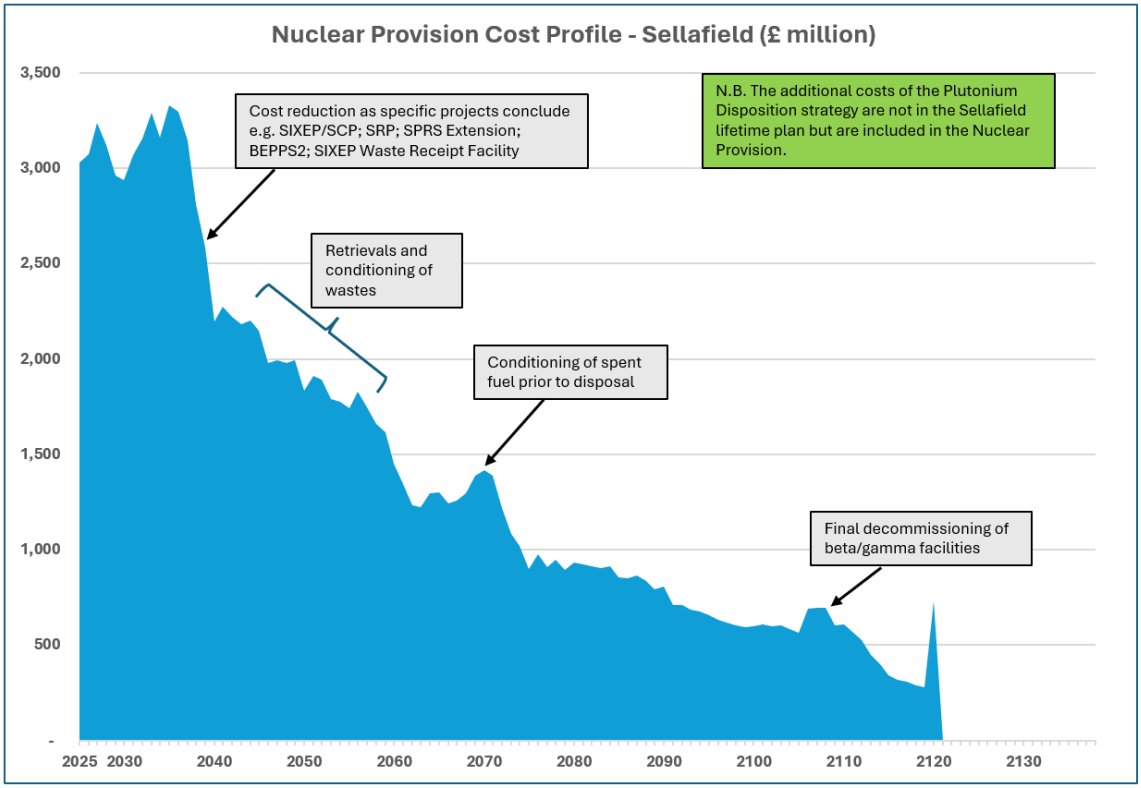
The scenarios are used to develop short term targets which aim to balance driving progress in waste retrievals activities alongside other priorities such as asset care and maintenance to keep the plant safe, adequate attention to regulatory issues such as the leak to ground, and the installation of new capabilities to enable continued retrievals over the long term.

These key targets and associated OPMs can then be used to measure performance. The key target may focus on operational output for example number of skips of waste produced and the OPMs focus on delivery of enabling activities such as the availability of Silo Emptying Plant (SEP) machines.

Appendix II: Decommissioning plan and GDF delivery

The completion of the key activities in the decommissioning plan and the construction of new capabilities to deliver the mission are reflected in the graph below and underpin the latest position regarding full lifetime costs used to construct the nuclear provision.



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Successful completion of the NDA mission relies on construction of a GDF for long term disposal of ILW, HLW, spent fuels and nuclear materials (that have been classified as waste). We remain on course to deliver the GDF programme. Timely progress is being made, and we are nearing the completion of the initial community engagement and site evaluation phase.

The original Programme Level Business Case which was in its infancy in terms of design and planning in 2018 stated a first waste emplacement date between 2040 to 2050. Our latest estimates as outlined in the SRO appointment letter published in 2023 indicate an emplacement date for ILW c. 2050-2060 and c.2075 for HLW and spent fuel although we continue to explore opportunities to reduce delivery timescales.

Any update to these ranges including the impact of the Spending Review on the overall programme will be through the Programme Level Business Case and the Life-Time Plan – the next reissue of which will be completed by Spring 2026.

The graphic on the next page presents a summary of the steps towards First Waste Emplacement (FWE).

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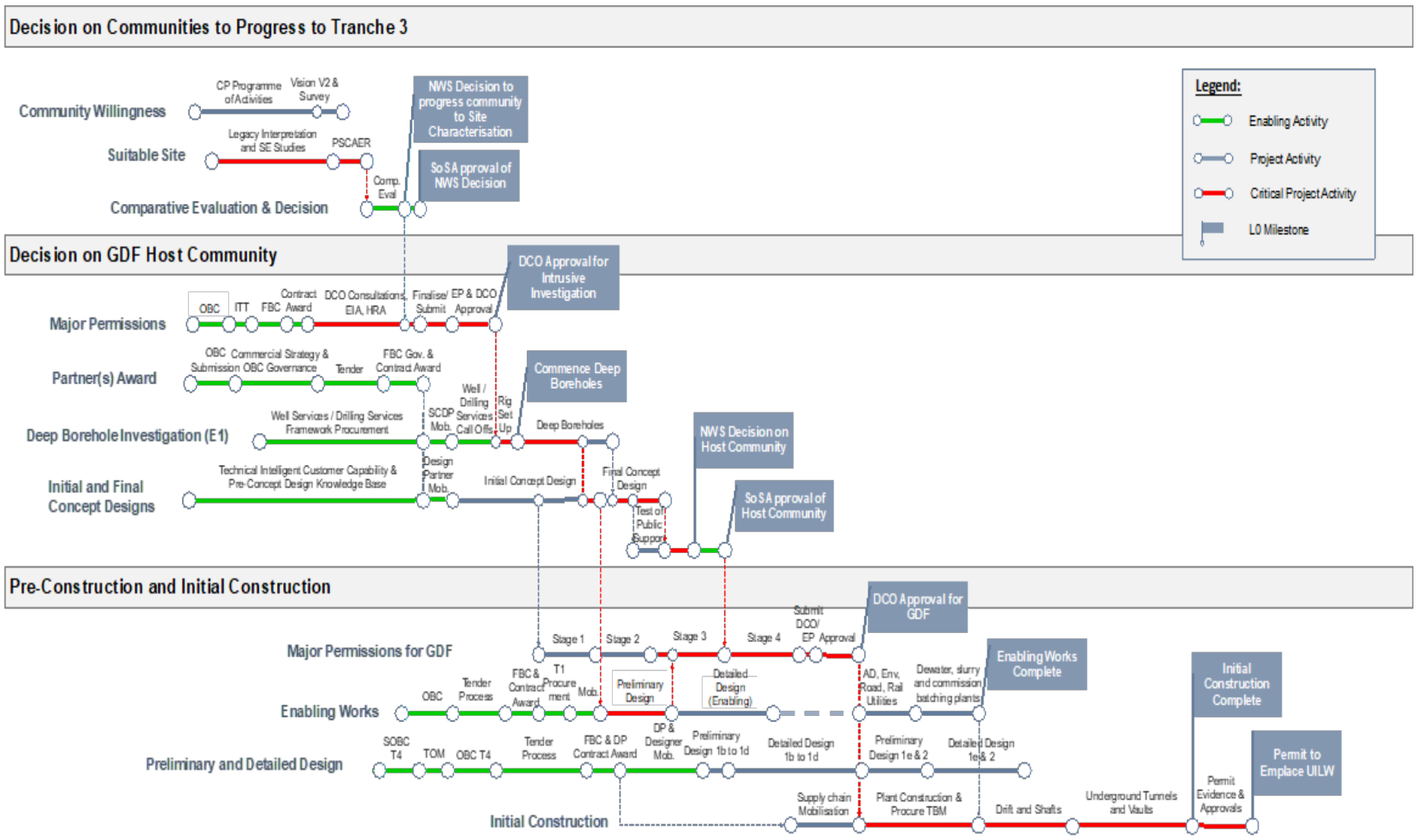

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