

**Definitions of circumstances and costs qualifying for
repayment from the fast reactor/fusion restructuring grants
(extract from a Programme Letter)**

Introduction

1. Except as stated in the following text, this document sets out those circumstances and costs which the Department of Energy and the United Kingdom Atomic Energy Authority have agreed will qualify for recovery from the fast reactor and fusion restructuring grants being made available by the Department. In implementing these definitions, the Authority will aim to minimise the costs of restructuring, consistent with the general objective set for the UKAEA by the Secretary of State of increasing efficiency and making the most economical use of revenues.

Qualifying circumstances

2. Circumstances and/or cases which will qualify for recovery from the restructuring grants are as follows:

(a) *Premature retirements and early release terms*

(i) surplus employees previously employed directly on the fast reactor/fusion programmes, where 'directly' means either:

(a) employees who have been booking more than 50 per cent of their time to the fast reactor and/or fusion programmes; or

(b) employees who have been booking some, but less than 50 per cent of their time to those programmes, where such retirements are necessary to achieve rundown of employees working in those programme areas pro rata to the reduction in fast reactor and fusion funding levels (compared with 1987/88).

(ii) employees in support areas who are surplus because of the need to make reductions in support services owing to the fast reactor or fusion cuts, subject to the following:

(a) where the above criterion cannot readily be applied because the demands on a support service are reduced as a result of a number of changes, including matters other than the fast reactor and fusion decisions, this paragraph shall apply to a number of staff proportional to the percentage reduction in the demand for the relevant service arising from the fast reactor or fusion cuts. In cases where this latter proportion is itself not readily ascertained (eg some site overheads), the proportionate change in the funding for the Management Unit as a whole arising from the fast reactor and fusion cuts (compared with 1987/88 levels) shall be used.

(b) where a support team or facility becomes non-viable as a result of the cuts and is closed, all surplus employees may be counted if the team or facility was set up and has been maintained wholly (or nearly wholly) because of the requirements of fast reactor and/or fusion work. In other cases, account may be taken of surplus employees according to the percentage of the team or facility used by the fast reactor/fusion work before the cuts, as set out in the following table:

<i>Usage (percentage)</i>	<i>Proportion counted (percentage)</i>
0-30	as usage
31-40	50
41-66	75
67+	100

As in (a), where this cannot be readily ascertained, the figure for the Management Unit as a whole will be used.

Where it is not possible to assess percentages of use or demand for particular services precisely in applying the above sub-paragraphs, such percentages should be estimated as accurately as is reasonably practical. Where a particular area is affected by both fusion and fast reactor cuts, their effects may be added together in applying these criteria. In such cases, the relevant costs should be split pro rata between fusion and the fast reactor according to the relative usage of the area by the two programmes.

- (iii) other employees whose retirement enables redeployment of employees who would otherwise be surplus under (i) and (ii).

(b) Relocation (including Retraining): People

- (i) relocation and/or retraining of all employees who would otherwise be surplus as a result of the fast reactor/fusion reductions whether direct or in support areas, including those redeployed into work in preparation for NII licensing: the definitions of what 'direct' means and of eligibility within support areas are the same as for (a) above;
- (ii) relocation and/or retraining of employees redeployed to free posts for other employees who would otherwise be surplus.

(c) Relocation: Tangible Goods

This includes all facilities which have been used substantially on the fast reactor or fusion programmes and which are relocated as a direct result of the fast reactor/fusion reductions. 'Substantially' should mean 50 per cent or more. Where a facility will not be used substantially on the fast reactor and/or fusion programmes in the future, only half the costs of relocation will qualify for recovery from the restructuring grants.

(d) Under-recoveries

For the fast reactor under-recoveries grant only, payment will be made against the Authority's progress towards achieving its annual manpower target as follows:

- (i) the difference between the Authority's total manpower at the start of the year and the manpower target for the end of the year will be divided by 10 on a straight-line basis, to produce 10 tranches;
- (ii) the Authority's actual manpower numbers will be assessed each month against these tranches. For each tranche point which is crossed each month, one-tenth of the total under-recoveries grant for the year becomes payable;
- (iii) there will be no requirement to repay any such money if the number of staff in post subsequently rises above the qualifying point, except at the end of the year;
- (iv) if any tranches are not crossed by the end of the year, the unpaid portion of the under-recoveries grant will be lost;
- (v) the operation of these arrangements in 1989/90 will be reviewed by the Authority and the

Department before deciding whether to continue them in 1990/91.

For the fusion under-recoveries grant, payments will be made against actual under-recoveries of the type described at paragraph 3(d) below.

(e) *Underlying Research*

Fast reactor and fusion cutbacks will also directly affect underlying research income. Where similar circumstances and/or cases result in the underlying research area these costs will be included.

Qualifying costs

3. Recoverable costs for the circumstances and/or cases described above will comprise the following:

(a) *Premature Retirements with Early Release Terms*

- (i) Pay in lieu of notice;
- (ii) Compensation payment;
- (iii) Lump sum, including enhancement;
- (iv) Continuing annual payments (CAPs) until normal retirement date;
- (v) The CAP (enhancement) element of pension payment until death of the pensioner.

(b) *Relocation/Retraining Costs: People*

- (i) All transfer related payments provided for in conditions of service, except advances of salary and Assisted House Purchase Loans for house purchase made by either the exporting or importing MU. Continuing payment such as excess rents are included, but only for up to the first six months;
- (ii) The cost at payband rates (as used by Management Units in setting and updating their tariff rates) of special leave and of related travel and subsistence (T&S) to cover preliminary visits to new MU and for house removal;
- (iii) Training fees both internal and external and related T&S payments in respect of staff displaced from their normal discipline and/or work area and who need to acquire new skills required for a new post or work area; and
- (iv) The cost at half payband rates of time spent on courses referred to at Item (iii), up to a maximum of 10 weeks per employee.
- (v) The cost at half payband rates of time spent 'on the job' becoming proficient in the new area (up to a maximum of four weeks from the date of moving into the area).

(c) *Relocation Costs: Tangible Goods*

- (i) Costs of moving fixed assets, non-capital facilities and stocks;
- (ii) Necessary site clearance and preparation at old and new location; and
- (iii) Costs of making disposals.

'Costs' under this sub-heading are defined as full Authority costs but excluding profit.

(d) Under-recoveries

The under-recoveries grant will be paid in accordance with the arrangements set out at paragraph 2(d). The type of under-recoveries intended to be covered by this grant include:

- (i) those overhead, support service facilities costs which would have been covered by customer funding at 1987/88 (for fast reactor) or 1988/89 (for fusion) work levels and balance of skills, but which cannot now be so absorbed because of reduced turnover and different mix of work;
- (ii) costs of closing facilities; and
- (iii) short-term losses arising from continuation of facilities in anticipation of (good prospect only) new business.

Source: AEA.