

Dounreay Industry Event Part 2 – Monday 9 March 2010

**Transcript from the Question and Answer Session**

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The second day of a two-day event, hosted by NDA, allowed prospective Parent Body Organisation (PBO) bidders for the Dounreay Site Restoration Ltd (DSRL) to understand provide an update on the emerging contracting and procurement strategies for the competition.

Below is the transcript of the 4 question and answer sessions held on 9 March 2010.

For more information on Dounreay PBO competition:  
<http://www.nda.gov.uk/contracts/competition/dounreay>

**Session 1**

**Panel**

Tony Fountain  
Adrian Simper (Chair)  
Nicole Hough  
Trevor Jones

**ADRIAN SIMPER** Thank you very much Nicole, thank you very much Trevor. We now have an opportunity for some questions. According to this we have about twenty minutes. Could I remind you that if you have a question please could you wait for the microphone, Julie is going to be running as fast as she can, and say your name and your affiliation before the question. Thank you very much. People are obviously anxious to have an early coffee.

**JACK SUGDEN** Hi I'm Jack Sugden from Energy Solutions. Could you tell me, you explained the structure of the staffing and that people would...that the PBO would be expected to put people into both senior roles and throughout the organisation? Could you tell me how many people that will be if the current incumbent doesn't win the contract? How many people will actually pull out and will have to be replaced?

**ADRIAN SIMPER** I think the number is for...whether to determine what they need to put in to meet their requirements. We don't...we wouldn't be specifying a number and there are obviously some rational limits associated with not compromising the integrity of the SLC, so if you ended up with, I don't know, some huge percentage of the people working in the SLC and were seconded from the PBO, that would be difficult, but we're not going to specify a number of people. I think that's for them to determine what they need to put in to meet their obligations.

Trevor, do you want to add something to that?

**TREVOR JONES** Apparently there's probably somewhere about a dozen scattered throughout the organisation.

**JOHN DEIGHAN** John Deighan from the Unite Union I've been asked to speak a bit slower this time, so I will try my best. It was interesting to hear Tony Fountain say that the community in Thurso will, you know, will lose all their jobs, and it's important that the socio-economic aspect of the contract is written in a way that they fulfil the obligations of it. So can you give us a bit more detail of how the socioeconomics will be played into the contract, and how you will monitor the organisation that takes over the running of the Dounreay contract will fulfil their obligations?

**JOHN CLARKE** Sure, I mean, obviously, as Tony said, we recognise that the impact of Dounreay on the Thurso and Caithness more general area is enormous, and we're very interested to make sure that whoever is operating the site, both now and in the future, does so in a socially responsible manner. As Tony said, that's good business, apart from anything else, for whoever the contractor is. What we're

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looking at here is, and we had some debate about it at the Caithness Part 1 Industry Day, was about what the expectations of the local community are. And I think it was clear from what was said up there that the biggest thing that they were looking for is the active engagement of whoever is the operator of the site, in the community, and I think the phrase was used that 'Caithness is not looking for a begging bowl, but is looking for people to be genuinely supportive partners in playing up there'. Socioeconomics will form part of the consideration of the competition as we go forward. The precise weightings of exactly what factors will play, what weighting in the final determination, is still being finalised, but we'll say a little bit more about that in the session later on this morning. But we do see the prime issue for socioeconomics as being between the community and the operator, rather than a contractual issue through ourselves, the NDA and the operator. We see that there's a risk there that we get in the way of genuine socioeconomic interchanges and interfaces between the two parties, and we would see the majority of that work being a direct interface between the community and the operator of the site. Does that cover what you were looking for John? Okay, thanks.

STUART MORRIS      Stuart Morris from F Squared. So following on from the socioeconomic question, so if there isn't the active engagement, how will that be enforced? How will that have an impact on the contract, on performance?

JOHN CLARKE      Certainly we will make it clear within our basic contract that we have with the licence company and ultimately with the parent body organisation, as we do with current incumbents both at Dounreay and elsewhere, that we would expect them to comply with the NDA socioeconomic policy. So we have a clear policy, we have some expectations as to how that will operate, there is some funding that's directly applied through the licence companies that we expect to be used specifically for socioeconomic purposes, so we expect all those basic requirements to be honoured, and that will be part of the contract. The broader issues, in terms of how parent bodies operate in the community, we do feel is primarily an issue for them, which is indeed, how it operates in the sites that we operate now both in Caithness and elsewhere. But we will be looking to make sure, through the contract, that the basic requirements for our socioeconomic policy is followed.

STUART MORRIS      Is there a specific sum of money that's involved on behalf of the PBO?

JOHN CLARKE      There are specific sums of money currently involved that are allocated through the SLC for socioeconomic development, but really, that which a parent body organisation wishes to play in the community is really a matter for them, not for us.

RICK BALDWIN      Hi Rick Baldwin, Blueprint for Growth. You mentioned this is the first time an incumbent can bid for this contract, so I'm, kind of, curious...can people that are on the current PBO and remain on the PBO be part of a bid team, and/or be nominated to be part of the future PBO should they win?

JOHN CLARKE      Well again, we'll be covering some of this as we go into the later morning session, but in essence, no. We're looking for separation between those who are operating the site and those who will be preparing bids for the site, to ensure that as far as possible we've separated those two activities. We do wish to ensure that the site continues to be operated safely, efficiently and as effectively as possible, but at the same time to allow the incumbent to prepare a bid. But we do wish to see separation clearly between ongoing activities and preparation of a potential bid going forward. But we'll say a bit more about that as we get into the later morning session.

RICK BALDWIN      Okay.

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- STEVE TOTHILL Hi, Steve Tothill of Nuvia Limited. It's for Adrian really. Adrian, you lay great emphases I think two or three times on the supply chain being insulated from the PBO or vice versa, and I wasn't quite sure what point you were trying to make there.
- ADRIAN SIMPER A very simple point really, which is that the competitions and the competitive processes that the SLC goes through to get the goods and services it needs to deliver against its mission, need to be driven by the scope that the SLC performs, and in the same way NDA runs the competition process associated with selecting the PBO's. We think it's important, to the extent we can that those things are de-coupled, so that we're not changing the entirety of the supply chain system at the same time. The PBO will take its view through its secondees into the SLC on how it operates, the SLC's made by processes and procurement processes in accordance with our overall envelope that we laid out. So...but there's just a simple point that those competitions are separated and it's not through the PBO, we're not actually...we wouldn't expect to be changing the entirety of the supply chain into the SLC.
- FRANK DENISON Frank Denison, Godler Associates. You mentioned, Trevor, the hot particle problem. To what extent is that reference strategy and the work going forward, open for review?
- TREVOR JONES Right, yes, it's the, the difficulty is when to stop searching. There is an organisation that's been set up called PRAG which is some professors and they've been looking at this and basically what they're looking for is to monitor what's coming up, particularly on Sandside Beach and when we can demonstrate by removing particles at sea reduces the amounts of particles coming ashore at Sandside, that is when we see an endpoint.
- ADRIAN SIMPER Everyone's anxious for coffee by the looks of it. Are there any more questions? That looks pretty much like it, in which case John, can you do us the domestics.
- JOHN CLARKE Okay, thanks. If there are no other questions then we'll draw stumps at that point. I think, according to my rough calculations, we've got an SPI of about 1.1 at the moment, but somebody can maybe do the calculations more accurately. The plan is to be back in here please for 10.50 for the start of the second session, so a slightly longer coffee break. Coffee is outside on the right and if you could all be back ready to go for 10.50 we would be very grateful. Thank you very much.

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**Session 2**

**Panel**

John Clarke (Chair)  
John Russ  
Claire Maxwell-Smith  
Gary Taylor  
Graeme Rankin  
Randall Bargelt

- JOHN CLARKE** Thanks Randall. That concludes the presentation slot for the second morning session. Obviously a lot of information, a lot of dates given, particularly from Graeme's very dry presentation, I use his words, rather than anybody else's, sorry Graeme. Very happy to take any questions again that you may have of clarification or points that we may have missed there prior to our lunch break. Again there's roving microphones from Julie and Andrea.
- STEVE TOTHILL** I think it was Claire that confused me slightly...to do with behavioural assessment, and I think you've said that you were not going to have the assessment centres as you did...certainly I'm aware of them being done on the LLWR when we were participating in that bit. But you say you're not going to have behavioural assessment centres, but you're still going to assess behaviour, I think you said. I'm just wondering how that's done and how subjective that is likely to be?
- CLAIRE MAXWELL-SMITH** The behavioural assessment centres that were carried out for LLWR and, in particular Sellafield, aren't going to be carried out for this tender. They're very much LLWR and Sellafield where, and forgive the expression, a beauty parade. This contract is focusing on an output. Behaviours are important to us and we'll be carrying out assessment of behavioural competence in different ways. We haven't finalised exactly how that's going to be undertaken, but one area that we are thinking of, looking at, is CV's and verifying CV's. So it's very much not decided yet, but that is one area. I think the point I really wanted to get over was, the behavioural assessment centres were costly for the participants in both these competitions, and we're not anticipating having one like...of that...an assessment of that nature going forward.
- JOHN CLARKE** If I just add to that, I mean, I think, as was said, there will be opportunities to obviously look at CV's but also to verify the bids of participating entities, but as Claire said, the real issue here is looking at the substance of the bid rather than detailed assessment of individual capabilities, we believe that will be covered by the mandatory elements of the PQQ and some of the award criteria as we get into the detailed assessment.
- JACK SUGDEN** Hello Jack Sugden, Energy Solutions. Point of clarification, if I may. I think during your various presentations, you've said that if participants are intending to move forward in some form of consortium, that you would expect the PQQ response to be based on the form of that consortium, but the final, legal formation of it doesn't need to occur until the submission of the final tender. Is there any...have you got any view as to whether the kind of make up of a consortium can change at all during the process?
- GARY TAYLOR** Jack. If it doesn't detract from the PQQ response, and doesn't devalue that submission, then there is opportunity for changes. Yes, additive rather than subtractive.

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- JACK SUGDEN I'm sorry, you just gave that clarification I think where you said additive...
- GARY TAYLOR Yes.
- JACK SUGDEN ...but what do you mean by that. I mean could people who have gone through the PQQ process separately actually come together post PQQ, or are you suggesting that only, if you want to bring in somebody completely new that that would be possible?
- GARY TAYLOR Somebody new would be possible, I think it would cause a bit of angst if consortia started pulling together.
- JOHN CLARKE Nobody else? Don't be shy.
- JOHN WILCYNski I'm John Wilcynski with Energy Solutions. Should we assume that the five award criteria...evaluation criteria that you put up there would be equally weighted as you proceed through to refine them and subsequent phases?
- GARY TAYLOR All weightings will be declared. We haven't, as far as the award criteria is concerned, we haven't come up with any weightings at all yet, but all that will be transparent and we'll share that with participants as we go through the process.
- JOHN CLARKE But again I think to add to that I think we've made pretty clear the prime focus of this competition is about a keen and competitive cost for completing the work. The other criteria are obviously important, but this is fundamentally our definition of most economically advantageous tender, is a competitive price to get the scope of work completed.
- Well, I guess we have two options now, we can either sit in silence for a quarter of an hour or we can extend lunch. So if there aren't any further questions, I suspect extending lunch is a better bet. In that case, thanks very much for your attention for this session. So a lot of information given. Lunch is around the corner in section 3 of the Ballroom and I think if we could all be back again please for 2pm back in here ready to start the next session from the stakeholder representatives. Thank you very much indeed.

### Session 3

#### Panel

John Clarke (Chair)  
John Thurso MP  
David Alexander  
Elizabeth Gray

- JOHN CLARKE Thank you very much Elizabeth. That's three presentations giving some common and some slightly different perspectives on issues from a representative of the Westminster Parliament for the Dounreay area, from the Unions and slightly different aspects there from Scottish Government Policy context. I think all three of our speakers are happy to answer questions, so again I'll throw it open to the floor.
- STUART MORRIS Stuart Morris from F Squared. Will meetings be set up for the participants to engage with the socioeconomic stakeholders?
- JOHN CLARKE Perhaps I ought to answer that one. Yes, I think we're looking for opportunities for participants to meet with regulatory and community representatives in the area.

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Clearly, of course, there're able to do that themselves as well, these are publicly available people, but certainly we'd be very happy to facilitate those meetings as well.

JOHN DEIGHAN

It's John Deighan again from the Trade Unions. Thanks very much for the presentations this afternoon, especially that excellent film you made, Davey, but I would take your advice and employ a make up artist next time, I think. Back to the socioeconomic question again, you know, and thanks to John Thurso for the plug he gave for that, but if the aim is cost effective achievement of interim end state, how's the socioeconomic cost factored in? That hasn't really been explained to us.

JOHN CLARKE

I think my panel of colleagues is looking to me again there. Well really as we've said, the prime thing we're looking at is our mission. The NDA's mission is to restore the sites to, well, ideally an end state, but in this instance, an interim end state recognising there aren't final solutions. But as we've said all along and as each of these speakers, particularly, have made clear, is that we have broader obligations, not least under the energy act, with respect to skills, socioeconomics, etc. The key thing that we're looking to do is to make sure that, I think John Thurso said it very clearly, as the jobs run down at Dounreay, as they inevitably will as the site moves to interim and end state, we're looking to make sure that the NDA and the new parent body organisation plays its active part in making sure that there are opportunities to both retain the skills that are needed for the duration of the mission, and to ensure as far as possible, that there are an additional number and an additional quality of opportunities for people to move to as they move from the work on the site. So that's really the aim of what we're looking for through this. The prime obligation for creating jobs, etc, rests with other bodies and John, particularly, made some reference to them in his presentation. The NDA's obligation and the parent body's obligation is to make sure we recognise those bodies, we assist in them, that energy is applied, innovation is applied, occasionally money is applied, to make sure that assistance is given. I think the good thing from my perspective is that this is not an overnight closure programme, but it's not a closure programme on the sort of timescales that we've seen, or will see, on some of the other sites. It is within each of our sights, I think Elizabeth made a comment about it earlier on, it's, you know, people at school now will still be at school by the time that that sight is reached. So it is a visible point. So we very much see it as a partnership, there are roles for the NDA and the PBO to play, but it's working with the community.

JOHN THURSO MP

The first comment I would make would be that I don't think it's possible to have cost-effective decommissioning without effective socioeconomic regeneration, because cost-effective, is not cheapest it's best value, and at the end of the day the cost to the tax payer of not undertaking a proper socioeconomic regeneration plan, which is a partnership between the NDA and everybody else involved, but the cost of not having a plan would be large for the tax payer. I think the second point I'd make is that the underlying part of your question is, 'Do they really mean it? Is this all window dressing or do we...are we actually going to see some action?' All I can say is, I've now been at two Industry Days, where I've been given a phenomenal amount of airtime to talk about it, and I don't think the NDA would have let me have that airtime if they didn't mean it. I've also had a range of meetings over recent weeks with the NDA about how to give effect to this, and there are some challenges there, and I am persuaded that they mean it, and if I can put things in a blunter term than the NDA can do, maybe that's why they asked me here. But they clearly mean it, they clearly understand the statutory responsibility they have, and they keep telling me they mean to ensure that it actually takes place. Hopefully that's those words of one syllable for all of you out there who want to know whether they mean it. But John, I think that's really what your question was, and that's the answer as I've understood it today.

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- JOHN CLARKE            That's floored them. That's stunned into silence there I think. Any more for anymore?
- MARK RICHARDS        Mark Richards from CH2M Hill. John Russ mentioned earlier the necessity for parliamentary approval for the nuclear indemnity. I assume the contract will be subject to Scottish Law. Is that parliamentary approval he referred to a Westminster approval or a Scottish approval?
- JOHN CLARKE            I'll attempt to answer that question, but I have one eye very firmly towards the back right of the hall in case I get it wrong, so please wave to me if I get it wrong. My understanding is it'll be an English Law contract and this will also be a UK Law or English...the risk of offending...
- ELIZABETH GRAY        It's not Scottish law.
- JOHN CLARKE            ...and not a Scottish Law contract. I think it'll be subject to a UK Parliament indemnity. Is that correct gentlemen? I'm seeing some thumbs up from the back.
- MIKE TRAVIS            Mike Travis, Energy Solutions. A question, I think, to Elizabeth. We've heard from a number of NDA commentators this morning about the use of assets across the NDA estate, how might...what is the Scottish Government's view on potentially the use of, let's say, English or Welsh assets, Elizabeth, for treating Scottish waste or vice versa?
- ELIZABETH GRAY        If you look at the consultation document, you will see that in terms of treatment we do actually talk about sending waste elsewhere within the UK and outside the UK for treatment. And then there are issues potentially about waste return and that's a matter for the regulators, and that is actually covered in the consultation document. The current...that's for higher activity, in terms of low level waste the policy remains we don't have a facility in Scotland for low-level waste, other than the Dounreay one, for Dounreay waste, which is planned, and therefore, under current contracts waste does go elsewhere, including from Scotland, has already gone overseas for smelting. So it's able to be moved around.
- JOHN CLARKE            Any final questions? No? Well, once again I don't think we want to sit here in silence so I'd just like to thank our three speakers very much, on behalf of the NDA, for giving their time and giving their very clear, and sometimes very forthright views as to how things are. We are going to take a break now until...check my time, until 15.50 please. So coffee again outside and then we will come back for the final session from the regulators. Thank you very much, indeed.

**Session 4**

**Panel**

Jim Cochrane (Chair)  
Craig Reiersen  
Byron Tilly  
Michael Turner

- JIM COCHRANE            I'd just like to say thanks to all the speakers and at this stage if I could invite Mike Turner from the Department for Transport to join us on the stage here. This is your opportunity. Normally when regulators turn up at your door, they ask the questions and you provide the answers. This is a change of tack, and I invite you to ask the

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questions, and I'm sure the regulators will be able to answer.

RUPERT COWAN My name is Rupert Cowan, I'm a lawyer representing one of the potential participants. Question for Craig. Did I understand correctly that in relation to the current DRSRL application for the new low-level waste facility, that there's a possibility that a nuclear site licence as required by the NIA is not going to be needed?

CRAIG REIERSON Sorry? Yeah, as I understand it, that is the case, the decision on licence ability or the criteria for the licensing of a disposal facility have not yet been defined, so there is some uncertainty on that. So I think the simple answer at the moment is yes.

BYRON TILLY Could I just add a bit to that which...the decision on whether SEPA has to consult, for example, the HSE and the Food Standards Agency, depends on whether it's a nuclear licensed site within the Radioactive Substances Act. The process that we actually have in place, because we have some degree of flexibility anyway, is to undertake those consultations in dealing with the application that we have for the low-level waste facility in any case. So that should it turn out that it is a nuclear site, then those aspects have been covered, and we wouldn't then have to re-visit and re-start the process.

MARK LIDDIARD A question for SEPA from Mike Liddiard of Worley Parsons. . We've had information this morning from the NDA that the contract is to achieve the interim end state. We've seen a reasonable amount of definition of what that is. Are SEPA satisfied that the achievement of that interim end state as described at the moment would be fully compliant with the legislation that you're responsible for implementing in Scotland?

BYRON TILLY I think at the moment we can say we're happy with the end state. I think the thing that's of more interest to SEPA is the journey by which you actually get there, and I think that's an area where, while there's a clear, sort of, plan for different activities, exactly how those are going to be carried out is an area where we like to get stuck in to the detail, and I think it's that sort of thing that we would expect to explore further with DSRL as the time arises for each of those different projects.

JIM COCHRANE Any other questions? I'll take silence as 'no'. Again I'll just reiterate my thanks to the speakers here. I've got an instruction here to invite the panel members to clear the stage and my final duty as chair here is to invite John Clark from the NDA back onto the stage for the closing remarks. Thank you very much.