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Committee of Public Accounts

Nuclear Decommissioning Authority: risk reduction at Sellafield

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to the report*

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The Committee of Public Accounts

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Summary

The Nuclear Decommissioning Authority (NDA) and Sellafield Limited have recently met significant milestones with reducing risk at the high hazard facilities at Sellafield, the NDA's largest and most hazardous site. The NDA and Sellafield Limited have also made progress with reducing delays and expected cost overruns with 14 major projects at Sellafield, which have a combined lifetime cost estimate of £6 billion.

While we recognise that there has been progress since this Committee last reported, there is still a long way to go and the NDA cannot afford to be complacent. Most major projects at Sellafield are still significantly delayed, with expected combined cost overruns of £913 million. The NDA has not systematically reviewed why these projects keep running into difficulties, or analysed properly the constraints it says prevent them from making faster progress. Until this work is completed, we remain sceptical about its long-term strategy to decommission Sellafield. Also, despite this Committee's recommendation nearly five years ago, the Department for Business, Energy & Industrial Strategy has still not decided what to do with the plutonium stockpile currently stored at Sellafield.

Given the scale and unique challenges at Sellafield, the NDA must have a firm grip of the work that takes place on the site. We saw that this was not the case with the NDA's recently failed contract to decommission its Magnox sites, and we are no more convinced of its current ability to monitor and challenge progress at Sellafield. At the same time, the Department for Business, Energy & Industrial Strategy must be more streamlined and effective in its oversight of the NDA's performance if it is to hold it properly to account.

Introduction

Sellafield is the NDA's largest and most hazardous site, home to a number of ageing facilities that store radioactive materials that pose a hazard to people and the environment. Decommissioning these facilities is challenging: the NDA estimates it will cost £91 billion and take around 100 years to decommission and clean-up the Sellafield site. Sellafield also stores 40% of the global stock of plutonium. The Department for Business, Energy & Industrial Strategy funds and is accountable with the NDA for reducing risks and delivering value for money at Sellafield. The Department has delegated its oversight of the NDA to UK Government Investment (UKGI).

The Committee last examined progress at Sellafield in March 2015 and found that major programmes and projects to reduce risk at Sellafield were significantly behind schedule and over budget. We also questioned whether the NDA's contract with Nuclear Management Partners (NMP), the private consortium responsible for managing the Sellafield site, was delivering value for money. In 2016, the NDA cancelled its contract with NMP and turned Sellafield Limited, the company that runs the site, into a direct subsidiary. We welcome the news that Sellafield Limited and the NDA have since started to make changes to improve the way they run the Sellafield site.

Conclusions and recommendations

1. **The NDA has recently made progress with reducing risk at Sellafield, but most major projects are still delayed and are expected to cost more than originally planned.** It is still difficult to assess overall progress objectively. Since 2015, the NDA has made progress with retrieving waste from Sellafield's most hazardous legacy facilities, the four legacy ponds and silos. For example, it recently began retrieving waste from one of the ponds for the first time in decades, and it expects to complete retrieval work on one of the silos six years earlier than planned. But the NDA cannot convincingly explain how these improvements are possible when the work on all four legacy ponds and silos has been behind schedule in at least three of the last six years. In terms of major projects, the NDA has made progress in reducing overall delays and cost overruns since we last examined this in 2015. However, the NDA still expects major projects to cost over £900 million more than originally budgeted, and delays of over 13 years. In 2015, the NDA agreed that it needed to set out clearer performance information – what it calls 'mission reporting' – that would enable more effective external scrutiny. However, more than three years on, the NDA has not completed this work. Neither the Department nor UKGI sufficiently challenge the NDA to explain cost escalations and delays, nor do they review performance over the medium term (a 3 to 5 year time horizon). Given the long timescales involved, this would provide a reasonable assessment of progress.

Recommendation: *Within three months, the NDA should write to the Committee explaining its plan for completing its work on mission reporting and the Department should commit to publishing a comprehensive assessment of the NDA's performance every 3 years.*

2. **The NDA and Sellafield Limited have not analysed the constraints they say prevent faster risk reduction at Sellafield.** The NDA considers that three factors constrain its ability to make faster progress at Sellafield: the complexity of the work, the physical congestion of the site, and workforce productivity. Sellafield Limited is developing a new masterplan for the site that it says takes into account site congestion. However, the NDA and Sellafield Limited acknowledge that they have not analysed these perceived constraints to understand how they affect the pace of, and options for, decommissioning. Without rigorously testing these constraints, they are not best placed to set the right strategy for decommissioning the site and be sure that they are working to reduce risk as quickly as possible.

Recommendation: *The NDA should, with Sellafield Limited, analyse the impact these perceived constraints have on further progress at the site. It should write to the Committee within six months and explain how it is going to use this new understanding in preparation for the next spending review, the upcoming revision of the Sellafield performance plan and the NDA's new strategy.*

3. **The NDA has not identified the lessons from project cancellations and past mistakes.** The NDA has cancelled three projects since 2012 after spending £586 million of taxpayers' money on them. Two of the projects, the silo direct encapsulation project and the box transfer facility were cancelled after the NDA projected a combined cost increase of £2.1 billion and a combined delay of nine years. It told us it decided to cancel these projects because it found more cost-effective

ways to reduce risk faster. Sellafield Limited and the NDA told us that the Office for Nuclear Regulation supported their work to find innovative, more cost-effective and faster ways of completing work. For example, the NDA cancelled a project to design highly active liquor storage tanks after it says the regulator agreed to it using two tanks, previously kept empty to provide reserve capacity, in place of building new tanks. However, the NDA has not yet demonstrated that these new approaches will generate savings to the taxpayer. Without evaluating these cancelled projects, we remain sceptical of the NDA's claims that it is getting better at learning the lessons from the past.

Recommendation: *The NDA should write to the Committee within three months to explain how it will evaluate whether its new approach will generate savings to the taxpayer, and how it is learning the lessons from past mistakes.*

4. **Given the complexity, cost and long-term nature of the work at the site, the NDA's and the Department's assurance is not providing appropriate oversight of, and challenge to, Sellafield Limited's performance.** We are concerned, particularly after the recent failure of the NDA's Magnox contract, that the NDA's oversight of the work performed at its sites is not fit for purpose. It is vital that the NDA has a clear understanding of how well individual projects and programmes are progressing at Sellafield. The NDA acknowledges it has more to do to strengthen its understanding of the work taking place at the site, and strengthen the team responsible for assuring the performance information it receives from Sellafield Limited. The NDA has set up a new sub-committee to its board, tasked with reviewing the performance of major projects. The NDA considers that, had the new structure been in place earlier, some of the problems with major projects could have been identified earlier, and some projects could have been cancelled at an earlier stage. The Department and UKGI do not validate the information they receive from the NDA or sufficiently challenge its plans to reduce highest risks at Sellafield. For example, neither UKGI nor the Department have challenged the NDA to provide evidence of the perceived constraints standing in the way of faster progress at Sellafield.

Recommendation: *The NDA and the Department should write to us to set out clearly how assurance and oversight will be strengthened. They should do this within 6 months of the publication of the government's independent inquiry into the failed Magnox contract.*

5. **Central government's oversight of the NDA is not holding the NDA to account effectively.** The Department does not currently have sufficient expertise and capacity in nuclear operations and we are unconvinced of its current capabilities to oversee major projects. UKGI told us its role was to support the Department's sponsorship team by maintaining oversight of the NDA's performance. We were not convinced that UKGI, an unnecessary extra layer, has the right skill set to enable it to perform this task effectively, or why this function cannot be performed by a better resourced sponsorship team within the Department. The complex system for oversight of the NDA has the potential to hinder the very progress that it is meant to support at Sellafield and cause inefficiencies. For example, the NDA's Chief Executive spends a significant amount of his time coordinating with various

government stakeholders and regulators, and reports the same information to more than one body. The Department and the NDA agree that a ‘tailored review’ will identify better ways to oversee and govern the NDA.

Recommendation: *Once the tailored review is complete, the Department should write to the Committee setting out the findings and recommendations of the review, and its plan for implementing them. In particular, in conjunction with the Cabinet Office they should consider whether UKGI is playing any useful role. In its response to us, the Department must set out in detail how it intends to solve the problem.*

6. **We are not convinced that the NDA is achieving the wider economic benefits that would help justify the vast amounts of public investment at Sellafield.** In 2013 we reported that it was not clear what wider economic benefits had been achieved from the enormous sums of public money spent at Sellafield. We still think the NDA does not yet generate all the local, regional and sectoral socio-economic benefits which it could. The NDA has limited engagement with schools in the area, even though it recognises that education and developing pathways into skills and jobs in the nuclear industry is within their obligations under the Energy Act 2004. The NDA told us that it recognises it could be doing more to support small businesses, and that it has plans to extend its involvement with schools. Along with the nascent new nuclear programme in the UK, the NDA and Sellafield Limited have an opportunity to lead and accelerate the development of the country’s nuclear sector, maximising the impact on skills, jobs and economic growth.

Recommendation: *The NDA should, within 12 months, strengthen and publish its socio-economic strategy, outlining the opportunities for the wider economy and how it will realise those opportunities.*

7. **The NDA’s programme to deal with the plutonium stockpile in the near term is late and its costs are increasing.** The Department is no closer to understanding what to do with plutonium in the long term. Sellafield is home to 40% of the world’s global stock of plutonium. The Department is responsible for setting the government’s policy for dealing with plutonium in the long term. In 2014, we reported that the Department did not have a strategy in place for the plutonium stored at Sellafield. The Department has still not decided between the two options available to it: readying the plutonium stockpile for long-term storage in a geological disposal facility (that has yet to be constructed); or reusing it as fuel in new nuclear power stations. In the meantime, the NDA is responsible for ensuring that the plutonium currently at Sellafield is stored safely and securely. It has a programme in place to do so, which consists of projects to repackage plutonium canisters for long-term storage until the Department decides what to do with them. However, the NDA has recently discovered that some of the plutonium canisters have been decaying faster than expected. This concerning development is made worse by the fact that the NDA’s project to repackage these canisters is at least two years late and expected to cost over £1.5 billion, £1 billion more than it first expected. The NDA told us that it has put in place a series of contingency arrangements to manage these decaying canisters. But these are short-term fixes for a long-term problem and the Department has yet to set out clearly what its strategy is and the associated costs to the taxpayer.

Recommendation: *Within six months, the Department should write to the Committee, setting out its plan for deciding on the long-term use of plutonium. The NDA should also write to the Committee explaining fully its contingency arrangements to manage plutonium at the site, and the reasons behind cost escalations and delays.*

1 Progress and constraints to reducing risk at Sellafield

1. On the basis of a report by the Comptroller and Auditor General, we took evidence from the Department for Business Energy & Industrial Strategy (the Department), the Nuclear Decommissioning Authority (NDA), Sellafield Limited and UK Government Investments (UKGI) to examine the NDA's progress with reducing risks at Sellafield.

2. The NDA is a non-departmental public body, sponsored by the Department and overseen by UKGI. The NDA is responsible for operating and decommissioning 17 nuclear reactor and research sites in the UK. Sellafield is the largest and most hazardous of the NDA's sites, home to ageing facilities that store radioactive nuclear materials, including 40% of the global stockpile of plutonium.¹ The NDA oversees and funds the work of Sellafield Limited, a site licence company tasked with daily operations to decommission the site. It also carries out other commercial activities, such as reprocessing spent fuel, that generate an income for the Exchequer. In 2017–18, the NDA spent £2 billion on activities at Sellafield. It expects operations to decommission Sellafield to continue for over 100 years at an estimated cost of £91 billion.²

3. In 2014, the Committee raised concerns that the NDA's contract with Nuclear Management Partners (NMP), the private sector consortium that had managed Sellafield since 2008, was not providing value for money.³ The Committee also did not believe that NMP had provided clear leadership, strong management or the improved capabilities needed to deliver better performance at Sellafield. In January 2015, the NDA announced its decision to terminate its contract with NMP.⁴ In April 2016, NMP Sellafield Limited became a direct subsidiary of the NDA. The NDA and the Department have asserted that this new management model is enabling faster and more cost-effective progress with reducing risk at Sellafield.⁵

4. The NDA's biggest challenges, and those that post the highest risks at Sellafield, include decommissioning four legacy ponds and silos, and managing plutonium stores. The Office for Nuclear Regulation regards these risks to be intolerable, meaning the NDA should prioritise reducing the risk in these facilities, and that other considerations, such as funding, should not hinder its progress in doing so.⁶ The NDA estimates that it will take decades to decommission these facilities. For example, the Magnox swarf storage silo, considered the greatest risk at Sellafield, will pose a significant risk until 2050, when work to retrieve the waste is expected to complete.⁷ For these programmes to proceed, they often require the successful completion of one or more major projects which means that progress at Sellafield must be assessed through at both programme and project level. The NDA has a set of 14 major projects that support the completion of these long-term programmes of work, with a lifetime cost of £6 billion.⁸

1 Report by the Comptroller & Auditor General, [The Nuclear Decommissioning Authority: progress with reducing risk at Sellafield](#), session 2017–19, HC 1126, para 2.11

2 [C&AG report](#), paras 1.17, 1.21

3 Committee of Public Accounts, [Progress at Sellafield](#), session 2013–14

4 [C&AG report](#), para 5

5 [C&AG report](#), para 13, Q 62, 64, 74

6 Q9 and [C&AG report](#), para 1.14

7 [C&AG report](#), para 4, figure 13

8 [C&AG report](#), paras 2.6, 2.20

Progress with reducing risk

5. This Committee has periodically examined the NDA's progress with reducing risk at Sellafield, examining its long-term programmes to decommission the legacy ponds and silos, its management of the plutonium stockpile, and its progress with delivering major projects. We last examined the NDA's progress in this area in March 2015. We found that the NDA had repeatedly extended the forecast completion dates for decommissioning the two legacy silos by 10 and 14 years. We also found that major projects were consistently late and over budget. For example, the NDA's estimated completion dates for six major projects under construction at the time were, combined, delayed by 271 months (over 22 years).⁹

6. Since 2015, the NDA has made progress with retrieving waste from the four legacy ponds and silos. For example, the NDA told us that it recently completed the retrieval of "bulk stock" material from the pile fuel storage pond, reducing the radioactive content of the pond by 70%. It has also started removing sludge and fuel from the first generation Magnox storage pond for the first time in decades. The NDA has recently completed the installation of six doors on the side of the pile fuel cladding silo and it now expects to complete the retrievals of waste six years earlier than it previously expected.¹⁰ While we welcome these developments, we are also aware that this long-term progress does not tally with the NDA's annual performance for these programmes. The NAO report shows that, when assessed annually, the NDA's work has been behind schedule in at least three of the last six years.¹¹

7. The NDA has improved its delivery of its major projects at Sellafield, reducing expected delays and overspends since we last examined progress in 2015. For example, in 2015, the NDA expected nine major projects under construction or nearly completed to be nearly 439 months delayed. In contrast, it now expects its nine major projects under construction or nearing completion to complete 165 months later than planned.¹² Despite this progress, these projects are still delayed, and expected to cost £913 million more than budgeted.¹³ In 2015, the NDA accepted our recommendation and agreed to set out clear performance information – what it now calls "mission reporting".¹⁴ This would enable better external scrutiny of progress. Three years on, however, the NDA has not completed this work.¹⁵

8. The Department, through UKGI, oversees the NDA's performance at Sellafield. The Department told us that it was encouraged that the NDA was reducing the expected delays for major projects and that it was confident in Sellafield Limited's plan to achieve cost savings and reduce hazard at the site faster.¹⁶ However, neither the Department nor UKGI sufficiently challenge the NDA to explain cost escalations and delays, or question

9 Public Accounts Committee, [Oral evidence: Sellafield recall](#), HC 1096, 11 March 2015

10 Qq 9, 20, 28, [C&AG report](#), para 10

11 [C&AG report](#), para 14

12 [C&AG report](#), para 11

13 [C&AG report](#), paras 10, 11

14 [Correspondence from John Clarke to Margaret Hodge MP, 23 March 2015](#)

15 [C&AG report](#), para 19

16 Qq 21, 60, 62

inconsistent performance information. They also do not review the NDA's performance over the medium term (i.e., 3–5 years) which, given the long timescales, would provide a useful complement to existing annual progress assessments.¹⁷

Constraints to faster progress

9. The NDA and Sellafield Limited told us that their strategy for decommissioning Sellafield is based on prioritising the reduction of the highest risks first. The NDA and the Department confirmed that Sellafield Limited's ability to carry out its work is not constrained by the available of funding. The NDA and Sellafield Limited consider that there are, however, three factors that constrain their ability to make faster progress at Sellafield. These are: the physical congestion of the Sellafield site; challenges to workforce productivity; and the complexity of the decommissioning task, which often requires bespoke innovative technologies, such as the six new reinforced doors the NDA recently installed at the side of the pile fuel cladding silo that has enabled Sellafield Limited to start the retrieval of waste materials earlier.¹⁸

10. The NDA and Sellafield Limited told us that turning Sellafield Limited into a direct subsidiary has allowed for more innovative thinking around these constraints.¹⁹ Sellafield Limited also said that its new masterplan takes into account the congestion of the site.²⁰ However, we were concerned that the NDA and Sellafield Limited have not carried out any analysis to understand how and to what extent these perceived constraints affect the pace of, and options for, decommissioning. Without this thorough understanding, the NDA and Sellafield Limited cannot be sure that their strategy for decommissioning the site is the right one, nor can we be sure that they are doing everything they can that they are doing everything they can to reduce risk at Sellafield as quickly as possible.²¹

Lessons learned

11. The NDA has cancelled three major projects since 2012 because it says it has found more cost-effective ways to complete the work. The NDA spent £586 million in taxpayer money on these projects before it decided to cancel them.²² For two of the cancelled projects, the Silo direct encapsulation (SDP) plant and the Box transfer facility, the NDA expected combined cost overruns of £2.1 billion and delays of over 9 years before it decided to write them off.²³ The NDA told us that to comply with the Office for Nuclear Regulation, it must always have a strategy in place to manage high-risk facilities. It therefore progressed work on the SDP project because it was the most technically advanced option at the time. Meanwhile, it worked with universities to pursue other strategies that would simplify the work and make it more cost-effective.²⁴

12. The NDA also cancelled a third project that involved building new storage tanks to store highly active liquor. It told us that following its decision to end reprocessing activity at Sellafield in 2020, the Office for Nuclear Regulation agreed to allow Sellafield Limited to

17 Qq 66, 120 and [C&AG report](#) para 2.36

18 Q 63 and [C&AG report](#), para 18

19 Qq 69, 70

20 Qq 74–76

21 Qq 74–78, 82

22 Q 44

23 [C&AG report](#), figure 17

24 Qq 44–46

use two tanks, previously kept empty to provide reserve capacity, in place of building new tanks.²⁵ Sellafield Limited told us that while the regulator has been holding it to account, it has also been supportive in trying to find new ways of completing the work on the site more quickly and cost-effectively.²⁶

13. The NDA and Sellafield Limited have not quantified what, if any, benefits have been derived from these incurred costs and the work undergone up to the point the projects were cancelled.²⁷ The NDA asserted that it would find alternative uses for some cancelled projects, like the box transfer facility. It also told us it is getting better at learning the lessons from strategy changes and from past mistakes.²⁸ But it acknowledged that it is not yet able to evaluate to what extent changes in strategy have generated savings to the taxpayer.²⁹

Progress with managing plutonium

14. The Department is responsible for setting government policy for dealing with the UK's stock of plutonium in the long term. The Department told us that there are two options available: readying plutonium for long-term storage in the geological disposal facility (GDF) that the Department expects will be available by 2048; or reuse the plutonium as fuel in new nuclear power stations.³⁰ Either option would require several decades to be implemented.³¹ When we last examined the Department's progress in dealing with the UK's stock of plutonium in 2014, we found that, while the Department's preferred option was to reuse plutonium as fuel, there was not yet a market, or any power stations, that required fuel from reused plutonium.³² Four years later, the Department is not any closer to deciding a course of action. It told us that is not comfortable with any of the potential options for managing plutonium other than disposing it in the GDF.³³ In the meantime, the NDA must ensure that the stockpile currently at Sellafield continues to be stored safely and securely for decades to come.³⁴

15. The NDA asserted that it faces three main challenges in managing the plutonium stockpile at Sellafield. First, the majority of the plutonium canisters need to be repackaged to ensure they can be safely stored over the long term. The NDA's project to build a repackaging plant at Sellafield to enable this is still in the early design phase. The project is already experiencing significant delays and is expected to cost £1 billion more than originally planned. Secondly, the NDA has recently discovered that a number of plutonium canisters are decaying faster than it had expected. These canisters will need to be repackaged before the repackaging plant is available, so the NDA will have to implement contingency plans in the meantime. Lastly, the two stores that the NDA are constructing

25 [C&AG report](#), figure 17

26 Q56

27 Qq 45–48

28 Qq 17, 46, 47, 53

29 Q 47

30 Qq 38–39

31 [C&AG report](#) para 2.12

32 Public Accounts Committee, [Oral evidence: Progress at Sellafield](#), HC 708, 11 February 2014, Qq 152, 159

33 Qq 38–39

34 [C&AG report](#), para 2.13

to hold these canisters are expected to cost £200 million more than expected. The NDA has not yet set out its strategy for these contingency arrangements or their associated costs.³⁵

2 Governance, assurance and realising socio-economic benefits

Governance and assurance

16. The Department for Business, Energy & Industrial Strategy sponsors the NDA and is accountable for the NDA's performance across the 17 sites under its care, including how well it is progressing with reducing risk at Sellafield. The Department has delegated its oversight of the NDA to UK Government Investments (UKGI), the government's centre of expertise in corporate governance and corporate finance. The Department inherited this relationship from the former Department of Energy & Climate Change following the machinery of government changes in July 2016.³⁶

17. UKGI is the main point of day-to-day contact between the government and the NDA.³⁷ UKGI told us that its main role is to support the Departmental team that works with the NDA (the sponsorship team) based on its experience in corporate governance and financial oversight. UKGI told us it advises the Department on board appointments, remuneration and budget setting; helps the NDA navigate the system of central government approval for business cases; and reports to the Department on the NDA's performance.³⁸ It does not, however, oversee the progress individual major projects or carry out any assurance of the NDA's business cases or the information reported by the NDA to the Department.

18. Despite being responsible for monitoring the NDA's performance and key risks against targets, UKGI does not have expertise in major project management.³⁹ The NAO found that stakeholders have said they found the role of UKGI in overseeing the NDA to be unclear.⁴⁰ We are also concerned that there is no clear or shared understanding of what constitutes value for money in nuclear decommissioning between the NDA, the Department and UK Government Investments. This, combined with a lack of clarity over roles and responsibilities for oversight, makes it challenging for us to hold government to account.⁴¹

19. UKGI told us that it tries to minimise overlap with the Department's work in overseeing the NDA, but it acknowledged that the Department could perform the role that it carries out.⁴² We asked the Department whether its sponsorship team had the appropriate skills and capacity to effectively oversee the NDA's work, and in particular whether they had the required expertise in nuclear operations and major project management. The Department told us it had access to support from UKGI, the Infrastructure and Projects Authority and commercial experts within government should it require specialist support. We remain concerned that the Department's sponsorship team overseeing the work of the NDA does not have sufficient expertise and capacity, especially in nuclear operations.⁴³

36 Q 129, [C&AG report](#), paras 5, 1.2, 1.6–1.7, figure 3

37 [C&AG report](#), para 1.8

38 Qq 120 – 121

39 Q 121

40 [C&AG report](#), para 20

41 Q 52, [C&AG report](#), para 14

42 Q 121

43 Qq 22 – 24, 112 – 118

20. The Department acknowledged that the governance system that supports and oversees the NDA's work is complex. The NDA told us that its Chief Executive spends a significant amount of his time coordinating with various government stakeholders, and that the complex structure means the NDA has had to report the same performance information to more than one body, creating inefficiencies.⁴⁴ The Department accepted that it has been slow to revise this governance structure, and UKGI's involvement. It attributed this lack of progress in part to ongoing reviews related to the NDA's failed Magnox contract.⁴⁵ The Department and the NDA nonetheless agreed that a "tailored review" (an established cross-government process for reviewing the capacity and governance of public sector organisations) could identify ways to simplify the governance of the NDA to support it to deliver its mission more effectively.⁴⁶

Strengthening assurance

21. In 2017, we examined the NDA's management of the Magnox contract to manage the decommissioning work on 12 of the NDA's 17 sites. We concluded that the NDA had a staggeringly inaccurate understanding of the state of its Magnox sites before it let the contract, and that this directly contributed to the early cancellation of the contract.⁴⁷ We were concerned that the gaps in the NDA's ability to carry out due diligence of the work completed on its sites extended to Sellafield. The latest NAO report found gaps in the NDA's assurance of major projects, including relying on Sellafield Limited's immature and under-resourced assurance team.⁴⁸

22. The NDA told us that in the last few months it has set up a new sub-committee to its board, tasked with reviewing the performance of major projects. It added that had this sub-committee been in place earlier, some of the issues with major projects could have been identified earlier, and some projects could have been cancelled at an earlier stage, which would have saved taxpayer money. The NDA accepted that it has more work to do to strengthen its assurance of performance across its estate before it takes on the direct management of the Magnox sites in 2019. Furthermore, we are concerned that the Department and UKGI do not validate or assure any of the NDA's performance information. We also found that they do not sufficiently challenge the NDA on important issues, such as on the evidence behind the perceived constraints holding back faster progress at Sellafield.⁴⁹

Socio-economic benefits

23. The Energy Act 2004 requires the NDA to promote socioeconomic development and to work with local communities. We examined the NDA's progress in 2013 and found that it was not clear what wider economic benefits had been achieved from the enormous quantity of public money that has been spent at Sellafield. We recommended that the NDA and Sellafield Limited set out what additional value could be created from taxpayers' investment in Sellafield and set performance targets for contributing to the

44 Qq 126, 127

45 Qq 128,129

46 Qq 126 – 128

47 Committee of Public Accounts, [The Nuclear Decommissioning Authority's Magnox contract](#), Twenty-First Report of Session 2017–19, HC 461

48 [C&AG report](#), para 15

49 Q93

development of the local, regional and national economies.⁵⁰ The Department agreed with the Committee's recommendation,⁵¹ and subsequently published its People and Skills Strategy to describe its plans to maximise socio-economic returns.⁵²

24. Last year, the NDA spent £10 million on socioeconomic development activities. However, the NDA accepted that its engagement with schools in the area is limited, despite recognising that education and pathways into developing skills and jobs in the nuclear industry are within its obligations. The NDA also told us that it is trying to encourage local suppliers into its supply chain by, for example, simplifying processes for applying for contracts to work on the site. It asserted that it also supports building nuclear skills through the apprentice programme and through the reskilling of some workers. The NDA acknowledged that it could be doing more to encourage local small enterprises, and that is looking at supporting more local schools.⁵³

25. The NDA and Sellafield Limited have an opportunity to lead and accelerate the development of the UK's nuclear sector, creating skills, jobs and economic growth, especially related to the nascent new nuclear programme. The NDA accepted that does not yet do enough to maximise the potential socio-economic benefits of its expenditure on nuclear decommissioning.⁵⁴

50 Committee of Public Accounts, [Nuclear Decommissioning Authority: Managing risk at Sellafield](#), Twenty-fourth Report of Session 2012–13, HC 746

51 HM Treasury minutes, [Government responses on the Twenty Fourth and the Twenty Sixth to the Thirty Fifth Reports from the Committee of Public Accounts Session: 2012–13](#), CM 8613, May 2013

52 [Nuclear Decommissioning Authority, People and Skills Strategy, April 2014](#)

53 Qq 95–98

54 Q 95

Formal Minutes

Wednesday 24 October 2018

Members present:

Meg Hillier, in the Chair

Sir Geoffrey Clifton Brown	Stephen Morgan
Chris Davies	Anne Marie Morris
Caroline Flint	Lee Rowley
Layla Moran	Gareth Snell

Draft Report (*Nuclear Decommissioning Authority: risk reduction at Sellafield*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 25 read and agreed to.

Introduction agreed to.

Conclusions and recommendations agreed to.

Summary agreed to.

Resolved, That the Report be the Sixty – Fifth of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Wednesday 31 October at 2.00pm]

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Monday 16 July 2018

Question number

Alex Chisholm, Permanent Secretary, Department for Business, Energy and Industrial Strategy; **David Peattie**, Chief Executive Officer, Nuclear Decommissioning Authority; **Mark Russell**, Chief Executive, UK Government Investments; and **Paul Foster**, Chief Executive, Sellafield.

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List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the [publications page](#) of the Committee's website. The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2017–19

First Report	Tackling online VAT fraud and error	HC 312 (Cm 9549)
Second Report	Brexit and the future of Customs	HC 401 (Cm 9565)
Third Report	Hinkley Point C	HC 393 (Cm 9565)
Fourth Report	Clinical correspondence handling at NHS Shared Business Services	HC 396 (Cm 9575)
Fifth Report	Managing the costs of clinical negligence in hospital trusts	HC 397 (Cm 9575)
Sixth Report	The growing threat of online fraud	HC 399 (Cm 9575)
Seventh Report	Brexit and the UK border	HC 558 (Cm 9575)
Eighth Report	Mental health in prisons	HC 400 (Cm 9575) (Cm 9596)
Ninth Report	Sheffield to Rotherham tram-trains	HC 453 (Cm 9575)
Tenth Report	High Speed 2 Annual Report and Accounts	HC 454 (Cm 9575)
Eleventh Report	Homeless households	HC 462 (Cm 9575) (Cm 9618)
Twelfth Report	HMRC's Performance in 2016–17	HC 456 (Cm 9596)
Thirteenth Report	NHS continuing healthcare funding	HC 455 (Cm 9596)
Fourteenth Report	Delivering Carrier Strike	HC 394 (Cm 9596)
Fifteenth Report	Offender-monitoring tags	HC 458 (Cm 9596)
Sixteenth Report	Government borrowing and the Whole of Government Accounts	HC 463 (Cm 9596)
Seventeenth Report	Retaining and developing the teaching workforce	HC 460 (Cm 9596)

Eighteenth Report	Exiting the European Union	HC 467 (Cm 9596)
Nineteenth Report	Excess Votes 2016–17	HC 806 (Cm 9596)
Twentieth Report	Update on the Thameslink Programme	HC 466 (Cm 9618)
Twenty-First Report	The Nuclear Decommissioning Authority's Magnox	HC 461 (Cm 9618)
Twenty-Second Report	The monitoring, inspection and funding of Learndirect Ltd.	HC 875 (Cm 9618)
Twenty-Third Report	Alternative Higher Education Providers	HC 736 (Cm 9618)
Twenty-Fourth Report	Care Quality Commission: regulating health and social care	HC 468 (Cm 9618)
Twenty-Fifth Report	The sale of the Green Investment Bank	HC 468 (Cm 9618)
Twenty-Sixth Report	Governance and departmental oversight of the Greater Cambridge Greater Peterborough Local Enterprise Partnership	HC 896 (Cm 9618)
Twenty-Seventh Report	Government contracts for Community Rehabilitation Companies	HC 897 (Cm 9618)
Twenty-Eighth Report	Ministry of Defence: Acquisition and support of defence equipment	HC 724 (Cm 9618)
Twenty-Ninth Report	Sustainability and transformation in the NHS	HC 793 (Cm 9618)
Thirtieth Report	Academy schools' finances	HC 760 (Cm 9618)
Thirty-First Report	The future of the National Lottery	HC 898 (Cm 9643)
Thirty-Second Report	Cyber-attack on the NHS	HC 787 (Cm 9643)
Thirty-Third Report	Research and Development funding across government	HC 668 (Cm 9643)
Thirty-Fourth Report	Exiting the European Union: The Department for Business, Energy and Industrial Strategy	HC 687 (Cm 9643)
Thirty-Fifth Report	Rail franchising in the UK	HC 689 (Cm 9643)
Thirty-Sixth Report	Reducing modern slavery	HC 886 (Cm 9643)
Thirty-Seventh Report	Exiting the European Union: The Department for Environment, Food & Rural Affairs and the Department for International Trade	HC 699 (Cm 9643)
Thirty-Eighth Report	The adult social care workforce in England	HC 690 (Cm 9667)
Thirty-Ninth Report	The Defence Equipment Plan 2017–2027	HC 880 (Cm 9667)

Fortieth Report	Renewable Heat Incentive in Great Britain	HC 696 (Cm 9667)
Forty-First Report	Government risk assessments relating to Carillion	HC 1045 (Cm 9667)
Forty-Second Report	Modernising the Disclosure and Barring Service	HC 695 (Cm 9667)
Forty-Third Report	Clinical correspondence handling in the NHS	HC 929
Forty-Fourth Report	Reducing emergency admissions	HC 795
Forty-Fifth Report	The higher education market	HC 693
Forty-Sixth Report	Private Finance Initiatives	HC 894
Forty-Seventh Report	Delivering STEM skills for the economy	HC 691
Forty-Eighth Report	Exiting the EU: The financial settlement	HC 973
Forty-Ninth Report	Progress in tackling online VAT fraud	HC 1304
Fiftieth Report	Financial sustainability of local authorities	HC 970
Fifty-First Report	BBC commercial activities	HC 670
Fifty-Second Report	Converting schools to academies	HC 697
Fifty-Third Report	Ministry of Defence's contract with Annington Property Limited	HC 974
Fifty-Fourth Report	Visit to Washington DC	HC 1404
Fifty-Fifth Report	Employment and Support Allowance	HC 975
Fifty-Sixth Report	Transforming courts and tribunals	HC 976
Fifty-Seventh Report	Supporting Primary Care Services: NHS England's contract with Capita	HC 698
Fifty-Eighth Report	Strategic Suppliers	HC 1031
Fifty-Ninth Report	Skill shortages in the Armed Forces	HC 1027
Sixtieth Report	Ofsted's inspection of schools	HC1029
Sixty-First Report	Ministry of Defence nuclear programme	HC 1028
Sixty-Second Report	Price increases for generic medications	HC 1184

Sixty-Third Report	Interface between health and social care	HC 1376
Sixty-Fourth Report	Universal Credit	HC 1375
First Special Report	Chair of the Public Accounts Committee's Second Annual Report	HC 347
Second Special Report	Third Annual Report of the Chair of the Committee of Public Accounts	HC 1399