STRENGTHENING OVERSIGHT OF THE NUCLEAR DECOMMISSIONING AUTHORITY

Further to the recommendations in your report of October 2018, ‘Nuclear Decommissioning Authority: risk reduction at Sellafield’, we have been considering how to address the recommendations relating to the oversight of the NDA. We will consider the oversight function as part of the forthcoming tailored review of the NDA, to ensure it is fit for purpose, and will reflect on your findings as part of that review. Ahead of that, we have taken some initial actions to strengthen the oversight functions and I am writing to update you on this.

The current arrangements for the support and oversight of the NDA’s corporate and delivery performance are managed jointly by UKGI and a BEIS Sponsorship team. You noted in your report that 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’. In order to address this concern we have been considering the current division of responsibilities between UKGI and BEIS. We have considered how revisions could be made in the short term to strengthen the oversight function, while leaving room for further adjustment if necessary in the light of the findings of the Magnox Inquiry and of the forthcoming tailored review, recommended by the NAO.

We believe there is an opportunity to further focus the UKGI shareholder role in supporting the NDA’s corporate performance, by moving to the more traditional model operated by UKGI in the rest of its portfolio. Alongside this, the capability and resources of the BEIS Sponsorship team will be strengthened to provide more effective challenge and support for the development of NDA business cases and oversight of general performance and reporting. This revision will improve upon the previous arrangements where UKGI supported the NDA in the development of business cases and were then also part of the challenge process when business cases were submitted for internal approval by BEIS.

UKGI will continue to have a senior representative as a member of the NDA Board and will provide ongoing monitoring of the NDA’s corporate financial and delivery performance, including the delivery of major projects and programmes. It will report to myself and BEIS Ministers on those matters. UKGI will challenge the quality of business cases at the Board (through its board seat), but will pass the role of challenging and supporting the
development of major project business cases and advising NDA on the approvals processes to the BEIS Sponsorship team.

I believe these revisions to the oversight function will position us to better support and challenge the work being led by the Chief Executive of the NDA to strengthen the NDA’s Executive team’s performance in managing risk reduction at Sellafield and in delivering their decommissioning mission across the wider estate. The more comprehensive tailored review may result in further revisions to strengthen this oversight function. I will, of course, write to the Committee setting out the findings and recommendations of the tailored review and how those will be implemented.

I am copying this letter to Tom Smith, Chair of the NDA, David Peattie, Chief Executive of the NDA, Sir Amyas Morse, Comptroller and Auditor General of the National Audit Office and Richard Brown, Treasury Officer of Accounts.

Yours faithfully,

Alex Chisholm