



Nuclear Free Local Authorities Steering Committee

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NFLA Media release - for immediate release, 7th November 2012

National Audit Report on the operation of Sellafield is a wake-up call over the long-term taxpayer costs for nuclear power

The publication today of the National Audit Office's (NAO) report on huge cost overruns of the Nuclear Decommissioning Authority's (NDA) operations at Sellafield is a salutary lesson of the issues around the cost of nuclear power in general in the view of the Nuclear Free Local Authorities (NFLA) (1).

Key parts of the NAO report include:

- Over the five decades that Sellafield's nuclear power plants were in operation, its owners failed to plan how to dispose of the radioactive waste and some of the older facilities have "deteriorated so much that their contents pose significant risks to people and the environment".
- In a period of just 10 months, the NDA's progress in 12 of the 14 major buildings and equipment projects considered "critical" for reducing risk, which have a public cost ranging from £21m to £1.3bn, have failed to achieve what they were supposed to and had not provided good value for money to the taxpayer. These cost overruns had added an extra £0.9 billion to the taxpayer.
- There are significant cost uncertainties across all of Sellafield's liabilities which mean the bill to the taxpayer may continue to rise.
- At current calculations it will cost £67.5 billion (around half the UK's public debt burden) to deal with all of Sellafield's liabilities and at least another 100 years before the job is completed.
- There are gaps in the capacity of subcontractors to undertake the required work.
- There has been a long-standing problem, which existed before the NDA was created in 2005, of the site operator starting construction before design risks had been sufficiently addressed.
- There is significant uncertainty as to how Sellafield Limited can meet the performance plan target to complete the silos direct encapsulation plant project in 2017.
- The Authority does not report externally on the performance of its major projects. It is accountable to the Department of Energy and Climate Change for performance, but these projects are outside the scope of the central government assurance from the Major Projects Authority.
- The Authority faces a considerable challenge in decommissioning at Sellafield owing to past neglect.

On the 6th November It was also reported at the West Cumbria Sites Stakeholder Group that the cost of 'Evaporator D', which is designed to reduce the volume of high liquid wastes by Sellafield's Magnox and Thorp reprocessing plants, was now at £643 million. Its original cost estimate just 6 years ago in 2006 was £90 million. (2)

The NFLA supports the NAO's four main recommendations for the NDA to rectify these shortcomings, which are:

- The NDA must better understand how Sellafield Limited has prepared cost and schedule estimates in the lifetime plan and business cases. The NDA should benchmark these estimates against previous experience and externally, wherever possible.
- To gain better value for money from its cost reimbursement contract with Sellafield Limited, the NDA should gather lessons from other organisations that use this type of contract.
- The NDA should obtain assurance that Sellafield Limited has fully assessed risks to time and cost from its approach to supply chain management and put sufficient mitigations in place, with clear individual responsibilities.
- The Authority should routinely report externally on its major projects, with performance information against original schedules and budgeted costs.

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The NFLA welcomed the creation of the NDA as a public acknowledgement that for decades the nuclear industry had not come to terms with the huge national nuclear waste legacy. The NDA is doing a lot of positive work, but it still has not got to grips with the extent of this waste legacy and it is the long-suffering taxpayer who is footing the bill.

No other industry would have got away with this cost and yet now the nuclear industry plans to create large amounts of new high burn-up radioactive waste if a whole suite of new nuclear reactors are constructed. Such waste will stay on new build sites for over a century, at a time when it is not clear whether a deep-underground repository may go ahead or if the possible venue for it, West Cumbria, is geologically suitable for it.

NFLA Chair, Councillor Brian Goodall said:

“I welcome the National Audit Office report which highlights in stark detail how much nuclear power has cost this country. Given the cost over-runs for Sellafield’s Evaporator D project, it worries me that the NDA is not getting to grips with the national waste legacy to the level it should. When EDF and Hitachi and their allies shot from the rooftops how great new nuclear reactors will be perhaps now we see the problems of new build – billions more of public money required to clean up what they create. We must go for a clean, sustainable and much cheaper alternative – a wide renewable energy mix, energy efficiency and community-led microgeneration projects.”

Ends

Further information - Sean Morris, NFLA Secretary - 0161 234 3244 or 07771 930186.

Notes to editors:

- (1) National Audit Office – ‘Managing risk reduction at Sellafield’, 7th November 2012
http://www.nao.org.uk/publications/1213/sellafield_risk_reduction.aspx
- (2) CORE Cumbria Press Release – ‘Voodoo economics at Sellafield’, 6th November 2012.
<http://www.corecumbria.co.uk/newsapp/pressreleases/pressmain.asp?StrNewsID=309>

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