



Peter Bleasdale, Managing Director, Nexia Solutions

This is our second year of operation and again we focused strongly on environmental, safety, social and financial performance.

In October 2006 the Secretary of State for Trade and Industry announced the intention to establish a UK National Nuclear Laboratory (NNL) with Nexia Solutions as its foundation. We welcome this excellent news and will continue to work hard to help achieve this.

Looking at last year's performance we were delighted to meet all environmental, health and safety targets as well as returning a strong profit performance, before exceptional items. We also achieved the significant milestone of 1.5million hours worked without an accident.

For the fourth year in a row we are thrilled that Nexia Solutions won the prestigious RoSPA Research and Development Industry Sector Award. As RoSPA Sector Awards identify and reward best health and safety performance in each industrial category, Nexia Solutions has again clearly demonstrated that we have had consistently excellent and continuously improving performance. I am proud of our success and the way we take safety so seriously. Our goal is to continually improve and we will endeavour to do this in all aspects of our business.

Environmental performance was again within the targets we set and we remain committed to protecting the environment.

Since the creation of Nexia Solutions we have been tasked with protecting nuclear skills and the national nuclear technology capability. This will also continue with our focus on education by investing in science learning and training. Development of the four Nexia Solutions-managed University Research Alliances goes from strength to strength. There are now more than one hundred postgraduate, post-doctorate and academics employed across the Alliances. The key focus is research that will ultimately benefit the UK nuclear industry by helping to increase safety and reduce costs.

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We also worked with the Smallpeice Trust, a charitable organisation that supports the training of young people in the engineering sector and in January 2007 we offered a unique learning experience to a group of thirty 15-16 year olds to take part in a four-day residential nuclear engineering course at Durham University. The course was a success and a second one, with more than double the number of young people, was run in Manchester at the end of July 2007.

Nexia Solutions also worked closely with Weston Spirit, a charity co-founded by Falklands War veteran Simon Weston OBE, offering inner city youth an alternative to exclusion, apathy, unemployment and crime. Eleven centres around the UK provide young people aged 13–25 with an opportunity to work, learn and socialise together in a safe, non-judgemental environment. One such project, sponsored by Nexia Solutions, is based in Workington, Cumbria.

A professional and committed corporate responsibility strategy will remain a priority for Nexia Solutions and the NNL as we move the business forward. Our first two years of operation have been challenging and ultimately successful for Nexia Solutions. We are looking forward to the next stage of our development as part of the proposed UK National Nuclear Laboratory that we can all be proud of.

Who we are and what we do

Nexia Solutions is a nuclear technology services provider. The business specialises in providing customers with tailored solutions by applying the right level of technical innovation and intellectual support.

In October 2006 the Secretary of State for Trade and Industry announced the UK Government's intention to set up a National Nuclear Laboratory (NNL) based around the British Technology Centre at Sellafield and Nexia Solutions. In addition to existing capabilities the NNL will identify, safeguard and enhance key nuclear scientific skills and facilities and develop a technology skills pipeline into industry, helping to ensure a bright future for the industry.

Economic performance

Financial performance

Nexia Solutions has successfully completed its second year.

Key financial indicators are:

- Turnover - £77m
- Profit before exceptional items - £7m

Reductions in turnover were offset by a series of cost reductions and improved staff utilisation.

Quality

Delivering a quality product to our customers is at the heart of everything we do. In order to implement quality throughout we maintain a separate, focused quality policy the aims of which are delivered through an Integrated Management System.

Independent scrutiny and verification of our management system is important and we have worked hard to maintain and extend our certification to international standards, including the quality standard ISO9001:2000.

Third party assessors visited our facilities and successfully re-assessed the business as compliant against the standard last year.

In addition we achieved certification to the ISO14001:2004 environmental standard last year. These achievements are important to us while reassuring customers of our commitment to delivery and continual improvement of our products and services.

The development and continual improvement of the company management system are central to our delivery of quality for our customers. This year, we have worked hard to restructure our management system and maintain the validity of the material within it.

£77 million

Nexia Solutions successfully completed its second year of operation with a turnover of £77m

Supply chain management

Formed within the last two years, the procurement team is now fully integrated and responsible for a diverse range of supply chain requirements and managing expenditure of around 50% of total turnover.

The team was set up to aid the development of internal and external relationships and generate additional value for our stakeholders. The supply base is being actively encouraged to work more closely with us in order to gain a better understanding of our requirements. This work aims to result in the formation of more partnership-type relationships in specific categories and provide a cornerstone for many of the more medium to long-term supply initiatives.

We continue to maintain our close working relationships with other procurement teams across the BNFL Group, sharing best practice and learning from experience.

Support is regularly provided by our own EHS&Q team who provide guidance and assist in the auditing of suppliers including adherence to ISO14001 and ISO9001. The Chartered Institute of Purchasing and Supply code of conduct provides the ethical framework under which we continue to engage our suppliers.



Environment, health and safety performance

Key performance indicators:

Category	Target	Actual
INES Level 2 and above	0	0
EA Category 1 and 2	0	0
EA Category 3 and 4	2	1
Days Away Case Rate	0.24-0.28	0.00
Days sick per employee	<4	3.82
Total Recordable Incidence Rate	0.36	0.00

In 2006/07, we supplemented our ongoing commitment to continual improvement by implementing personal environment, health and safety objectives. This added to our well-established business EHS&Q enhancement plan (SQEEP) at an individual level, while still linked to the EH&S component of Group incentives.

The aim of implementing personal EH&S objectives was to make further improvements to overall performance and continue to enhance our culture. This approach successfully raised our performance by ensuring that all employees had a personal objective in addition to the day-to-day activity on the management of EH&S.

Relating this approach to incentives, but still linked to hard results, allowed us to further target the positive behaviours needed to underpin robust business performance and give employees ownership of a shared result.

A range of improvements, selected by employees, covered behavioural safety, safe driving, waste minimisation, dose reduction and monitoring and audit. Overall completion of objectives was in excess of 90%. The quality of the objectives was reviewed by both Nexia Solutions EH&S and BNFL and the following criteria were applied to this testing:

- Has the individual pursued EH&S improvements?
- Has the individual been proactive with regards to EH&S improvement?
- Has the individual displayed positive EH&S behaviours?
- Can we say that an EH&S change has occurred?

Individual engagement has been good and we plan to develop this approach further in 2007/08.

Social performance

Employees

At the end of financial year 2006/07 we had 648 employees. During the year our retention averaged at 87% - lower than in previous years. However, this was largely due to a significant amount of uncertainty prior to the UK Government's October 2006 announcement relating to the NNL. Since then, staff turnover has significantly reduced.

On average our employees receive nearly seven days training a year, including behavioural, safety and technical related training.

In response to our 2005 employee survey, last year also saw the launch of our e-learning technical training programme providing online access to standard training packages. Our independently-run survey highlighted the need for improved technical training across the business. In particular, this training is targeted at new starters to give them an overview of the key business issues. The generic courses are supported by a series of capability-specific training modules which provide an extra level of detail for more experienced employees.

We continued to invest in the craft and scientific apprentice schemes: in 2006/07 we took on four craft, two process and three scientific apprentices. In addition, we embarked on the Business Administration apprentice scheme taking on two apprentices at Springfields and two at Sellafield.

£15k

As part of their training, middle management course participants raised £15,000 for Weston Spirit

Community investment

We continued to develop our relationship with The Smallpeice Trust, running the first nuclear engineering course for 14-16 year olds at the beginning of 2007. The course was successful and a second one, with more than double the number of young people, was run in Manchester at the end of July 2007.

Our relationship with Weston Spirit continues to thrive. Our middle management course participants were involved in raising funds for the charity as part of their training and proved very successful with some £15,000 being raised. We also continue to work with Weston Spirit on their Workington-based project.

Once again we have been involved in the Engineering Education Scheme (EES) promoting engineering as a career/discipline to students. Students were set a live project to introduce them to key engineering issues. The programme for 16-17 year olds culminated in a final event at a local university. We provided a technical mentor to work with the students in addressing the project aims and objectives. It also gave students an insight into how Nexia Solutions delivers for its customers.

Nexia Solutions manages four University Research Alliances (URAs) on behalf of the NDA. The URAs continue to go from strength to strength, with the longest-standing of these now in its seventh year and two Nexia Solutions employees recently appointed Visiting Professors at Manchester University. With more than one hundred academics employed across the four Alliances, their key focus remains firmly on research that will ultimately benefit the UK nuclear industry by increasing safety and reducing costs.

We also sponsored the Royal Academy of Engineering's Education Innovation Prize presented in recognition of those who have made significant contributions in the field of engineering education, particularly for showing an innovative approach to teaching the subject. This incidentally was won by a lead academic in one of our URAs!

Case study

Personal safety targets

Experience gained during implementation of a new safe system of work on the Windscale site highlighted other improvements that could be made, in particular in the task briefing process and application of documentation to low hazard tasks.

Since these processes were relevant to the safe and efficient operation of the Windscale team as a whole it was decided to adopt them as part of a team-based objective with each member driving improvements in their area of responsibility.

The additional responsibilities of Task Supervisors under the new system placed extra demands on these individuals in terms of task briefing and control of work. Additional training was initiated offering NVQs in workplace coaching to team members. The result was improved briefing delivery and the preparation of material to assess understanding and competency.

Initially the new process concentrated on high and medium hazard tasks but it was apparent that the same methodology could be applied to low hazard tasks although the process was not sufficiently well defined for this to happen efficiently and consistently.

Since low hazard tasks make up the majority of day-to-day operations, team members worked to help define acceptable requirements for low hazard task documentation and are seeking to implement revised safe systems of work for all required operations. This revision is now substantially complete, leading to improved team engagement with the new process.



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