



Barry Snelson, Managing Director, Sellafield Ltd

The UK nuclear industry's restructuring that led to the early competition for the Sellafield Site Licence Company (SLC) did not affect our commitment to safety and operational excellence. It was, therefore, disappointing to record an increased number of lost time accidents, most of which were slips, trips, falls and muscle strains.

The Royal Society for the Prevention of Accidents (RoSPA) did reward continuing good safety performance with gold medals for Calder Hall and Capenhurst in 2007 while Sellafield picked up a silver award.

Throughout the year we continued to fully exploit our membership of the World Association of Nuclear Operators, capitalising on world class support and advice.

Operating within tight pollution control regulations we started expressing our impact on the environment in terms of carbon footprint, providing further opportunities for comparison.

Operationally, Thorp remained out of action although we have made good progress towards restart while the Sellafield Mox Plant successfully completed its first campaign of Mox fuel assemblies for the Swiss utility, NOK.

Excellent clean-up and decommissioning performance demonstrated our commitment to deliver safe, accelerated and often innovative nuclear clean-up for the Nuclear Decommissioning Authority (NDA).

Elsewhere in our business, Capenhurst continued its journey towards becoming a long-term storage organisation. Key achievements included the disposal of record levels of waste and the development of a Safety First programme, developed and led by on-site safety representatives.

A Union Learning Centre programme, a partnership between the company and the unions, continued to flourish. In addition, we have promoted NVQ training programmes including a course on business improvement techniques which is already proving its value as a foundation for increased workplace involvement.

We have a long history of supporting our local communities. Working with the NDA our socio-economic plans encourage employee involvement in local activities, charitable donation schemes and inward investment. We have also used our influence to attract new funding in the region.

Looking forward, there are many challenges to face in the new world of competition and change. However, we strive towards ever increasing levels of team work, professionalism and efficiency.

Who we are and what we do

Until 1 April 2007 the SLC, Sellafield Ltd (formerly British Nuclear Group Sellafield Ltd), was a part of British Nuclear Group. In October 2006 it was announced that the SLC which embraces the sites of Sellafield (including Calder Hall), Capenhurst and Windscale would be prepared for competition. The competition process, led by the NDA, to appoint a Parent Body Organisation (PBO) for Sellafield Ltd, is underway. Meanwhile, BNFL has responsibility as the PBO for Sellafield Ltd.

Sellafield Ltd manages and operates its sites on behalf of their owner, the NDA. Activities centre on remediation, decommissioning, accelerated hazard reduction and clean-up of the historic legacy. The Sellafield site is home to the Thorp and Magnox reprocessing plants, the Sellafield Mox fuel manufacturing plant and a wide range of waste management and effluent treatment facilities.

International Nuclear Services (INS)

Sellafield Ltd is also responsible for INS, which employs about 150 people globally and acts as the focal point for utility customers in the UK and overseas that send used fuel to Sellafield for recycling. It handles sales and contracts, dealing both with utilities and with Sellafield to ensure that customers' requirements are met. It also provides a land and sea transport service primarily for bringing spent fuel to the reprocessing plants and delivering waste and Mox fuel to customers. From 1 October 2006 staff were seconded to International Nuclear Services Limited which is 51% owned by Sellafield Ltd and 49% by the NDA.

On behalf of the NDA, INS services the customer liaison and international transport aspects of the contract for Sellafield. This includes the management and operations of the two NDA ships and management of some £600m annual NDA income. On behalf of the Japanese utility customers we procure, manage and operate the PNTL fleet.

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Economic performance

Sellafield managed the operation and decommissioning of the Sellafield, Calder Hall, Capenhurst and Low Level Waste Repository sites during 2006/07. During the year Sellafield generated net NDA fees of £56m (2006: £42m) earning 89% of the available fee pool for performance against the NDA's Performance Based Indicators (2006: 86%). Sellafield generated efficiency savings against the original contract of £89m, producing £23m of the fees noted above.

At 31 March 2007 Sellafield Ltd employed 9,149 staff (2006: 8,499). The increase in numbers largely relates to decommissioning and clean-up activities.

Quality

Sellafield site retained certification to ISO 9001:2000 quality standard following surveillance visits by Lloyd's Register Quality Assurance.

Bureaucracy was reduced, including streamlining the number of recording practices and document review processes.

The Sellafield Mox Plant (SMP) saw the successful inspection and certification of 16 fuel assemblies for NOK. As well as being the first SMP contract completed it represented a major milestone for the business and provided evidence that our quality systems were effective and fit for purpose.

Supply chain management

Sellafield completed a number of collaborative exercises with key suppliers aimed at improving the effectiveness of our relationships and improving performance. Six further exercises, part of our Supply Chain Relationships in Action programme, are planned for 2007/08.

Sellafield engaged with the Nuclear Industry Association and the NDA to identify wider improvements in our processes to interact with the supply chain and to identify procurement opportunities in collaboration with other SLCs.

Two supplier forums were held in 2006. These were well received, with more than 270 people registering for the November event. Interest on this scale means the current format has been reviewed and future forums will be run like mini-conferences, with several presentation spaces operating throughout the day, opportunities for suppliers to select which sessions they wish to attend and provision of far better informal networking facilities.

A 'Meet the Buyer' event, delivered by West Cumbria Development Agency and West Lakes Renaissance, was held at Sellafield, providing local suppliers with an opportunity to sell their goods and services to major Tier 2 companies.

In line with UK Government policies our procurement award decisions will increasingly take account of suppliers' green credentials which will be factored into our tender evaluation criteria.

Work to improve and refine the procurement plan continued throughout 2006/07 with linkage established for the first time with the P3e planning tool. The procurement plan now provides the supply chain with visibility of our requirements and informs business decision taking across the supply chain. The procurement plan allows suppliers to position themselves for future opportunities and/or work together as alliances to meet our requirements.

During 2006 we joined an elite band of UK purchasing operations by achieving accreditation for our procurement policies and procedures from the Chartered Institute of Purchasing and Supply (CIPS), which we believe is a first for the nuclear industry. Sellafield was also instrumental in establishing a Cumbria branch of CIPS aimed at sharing best practice and strengthening personal and professional development.

We were a finalist in 2006 in the category of 'most improved purchasing operation' and 2007 will see the second year of participation in the CIPS Supply Management Awards.

E-commerce platform

Work continued during the year to enhance the e-commerce platform with a reverse auction capability within the Complete Tender Management (CTM) tool coming on line. With four e-catalogues created and a further six due to come on line within the next few months, these will handle the majority of all maintenance, operational and repair requirements generated within the business. CTM now has over 500 internal users and over 2,380 active suppliers registered.

£56 million

Sellafield generated net NDA fees of £56m representing 89% of the available fee pool as a result of the company's performance against the NDA's Performance Based Indicators, an improvement from 86% in 2006



Environment, health and safety performance

Environmental performance

An environmental vision and supporting strategy was developed to meet our EH&S policy that aims to 'leave the lightest possible footprint on the environment'.

The vision, issued to the regulator, is being piloted to understand what has to be put in place in order to achieve environmental excellence while supporting legacy hazard reduction.

Following consultation and review the revised Radioactive Substances Act 1993 (RSA 93) authorisations for Sellafield (including Calder Hall) and the LLWR became effective from 1 April 2006.

The public consultation phase for Capenhurst's transition to a new authorisation was completed and work is progressing to generate the Compilation of Environment Agency Requirements documentation.

Work is ongoing to integrate Windscale Site to enable Sellafield Ltd to operate under a single authorisation from 1 April 2008.

A primary condition of the RSA authorisation was the development of BPM cases for major operations. All interim cases have been produced and improvements will now be progressed to allow plants to focus initially on control of discharges.

An Environmental Leadership Conference was held in June 2006 and a similar event will be held during 2007 to engage Operating Units through a series of workshops. Environmental protection principles were issued as a management standard and an Environmental Protection 'Duly Authorised Person' workbook was developed and made available for use within operating areas. An environmental awareness training package was developed and rolled out to seafarers within PNTL.

Sellafield, Calder Hall, Capenhurst, the LLWR and INS were re-certified against the environmental management standard ISO 14001:2004.

The inaugural Environment Agency level 2 meeting was held allowing engagement and understanding of views between the Environment Agency and the Sellafield Executive.

A second version of the Integrated Waste Strategy report is under production. Further strategy development will take place in the coming year, including the implementation of an energy strategy proposed for Sellafield Site.

Health and safety

A key element of the Sellafield Improvement Programme was to prioritise nuclear safety – the drive for which is greatly assisted by our membership of WANO. Membership has allowed us to benefit from workshops, seminars, courses, and expert meetings to share good practices, processes, and techniques used by peers worldwide.

Examples of the significant work undertaken to reduce the nuclear hazard include:

- One of Europe's largest cranes successfully installed a major piece of equipment essential to the clean-up of the Pile Fuel Storage Pond to assist in accelerating sludge retrievals;
- Work by the PCM (plutonium contaminated material) stores team resulted in the successful and safe transfer of over 7,000 drums, representing 80% of the store's inventory, into a new purpose-built store;
- The emptying of one of Sellafield's Highly Active Storage Tanks two years ahead of schedule.

A task observation process aimed at improving management visibility and effectiveness has been rolled out. The technique was developed to assist managers in their interaction with plant operators, helping them to understand local issues and generating a thorough understanding of the actual working conditions to allow key safety improvements. This is alongside an associated senior management observation process which was revised in 2007.

The number of classified workers (those people on an internal dose monitoring regime) has reduced from 12,000 to approximately 7,000 people. This has allowed better targeted training, dosimetry and medical support for those who will benefit directly. Radiological safety awareness training for contractors has been rolled out at Capenhurst.

7,000

More than 7,000 drums of plutonium contaminated material were safely and successfully transferred to a new purpose-built store on the Sellafield site



Key performance indicators

Sellafield Ltd (excluding INS)

Measure	Target 2006/07	Actual 2006/07	Actual 2005/06
Days Away Case Rate	0.15	0.33	0.29
Environmental Non-Compliance ^a	6	3	15 ^b
INES Level 2 and above	0	0	0

^a As measured by Environment Agency Compliance Classification Scheme

^b Includes late reported event

A DACR out-turn for 2006/07 of 0.33 equates to 61 accidents, 43 of which resulted in lost time. For INS, a DACR of 0.21 equates to two accidents, one of which resulted in lost time.

The figures show a slight deterioration from last year. However, a number of ongoing campaigns are targeting slips, trips, falls, driver safety and working at heights for further improvement while attention has been given to highlighting individual responsibility for minimising such incidents.

Following the revision of Working at Height regulations during the year an HSE Inspection was carried out in October 2006. A number of areas for improvement were identified.

A code of practice for driving on Cumbrian fell roads was developed and communicated across the workforce and has been adopted by Cumbria County Council as a county-wide initiative.

Calder Hall and Capenhurst were independently recognised by RoSPA who awarded the sites gold medals for their commitment to safety; LLWR at Drigg achieved a RoSPA gold award. Capenhurst were also awarded a certificate of achievement for behavioural safety.

The European Week for Health and Safety at Work this year focused on young people and was marked at Sellafield with workshops and workplace assessments held with apprentices and students. Learning continued at Sellafield with the EHS&Q exhibition held over two days at the Visitors Centre. We were very pleased with the numbers of people who attended this event.

Capenhurst's Safety First programme, led by the site safety representatives, helped to maintain a strong safety culture through active engagement of the workforce.

International Nuclear Services (INS) had an excellent EH&S on-target performance during 2006/07. Continued implementation of the 'Hooked on Safety' behavioural observation process appears to be having a positive effect on performance. Improvements have also been made to supplier evaluation and the management of contractors as well as the planning and management of EHS assurance activities. The focus for 2007/08 includes roll out of a general EHS training plan and introduction of a behavioural safety process based on the Capenhurst model.

Case study

Emphasis on nuclear safety

The company's EH&S policy reinforces nuclear safety as an explicit objective, highlighting 'our overriding business priorities are to ensure nuclear safety'. In support of the policy, standards were issued across the workforce detailing nuclear safety and conservative approach to decisions and behaviours.

A key achievement in the journey towards a strong nuclear safety focus was achieved this year with the introduction of nuclear safety dashboards in key plant areas. The colour-coded dashboards are used to detail a set of key operational parameters specific to that area, allowing a structured approach to safety management. In Thorp the status of these parameters is reviewed daily at an operational focus meeting ensuring complete alignment exists with regard to line management being aware of and understanding any issues.

Focus meetings provide a forum for discussion and challenge while allowing the opportunity for continual reinforcement of the correct standards and expectations with the benefit of promoting teamwork and collective learning and development.

The dashboards and focus meetings are to become further embedded in relevant key plant areas during the coming year.

Social performance

Employees

We expanded our annual intake of apprentices and continued to provide an accredited training scheme. Additional schemes are under development to help provide the future skills requirements of the business.

In partnership with our trade unions we provided a Union Learning Centre at Sellafield offering employees and contractors around 1,500 courses in support of lifelong learning. Opened three years ago the Centre continued to expand and has supported 1,000 learners to date, gaining a Centre of Excellence status along the way.

We actively support the development of National Occupational Standards in key skills areas and the development of qualifications for schools and higher education.

Development of new trainee schemes utilising the foundation degree framework are also being undertaken to support our ongoing skill requirements and attract a wider range of candidates to the industry.

Graduates and students

A Talent Management Team facilitates the graduate and student development programmes for the site. The programmes set out to achieve the following aims:

- To help graduates and students gain membership of their relevant professional institution and achieve chartered status;
- To secure a steady supply of high calibre professionals and business leaders to support our long-term business objectives;
- To promote engineering and technical excellence and the reputation of the Sellafield business as a professionally managed operation.

New and existing training schemes

We facilitated a number of training schemes designed to grow our internal talent from shop floor level up to junior management level. These schemes are based on technical modules with some external academic input along with behavioural development and a pay and conditions set aligned to business need.

Capability groups

Nine capability groups are established with the purpose of:

- Creating a Capability Collective Plan to identify, address and prioritise skill shortages within their capability area;
- Identifying and developing strategies to retain and enhance specialist nuclear skills;
- Providing a direct feed into key HR policies and strategies;
- Influencing the appropriate future apprentice, trainee and graduate strategies;
- Identifying development programmes linked to national/professional frameworks.

Nuclear Academy and skills development

Sellafield Ltd is delighted to be working alongside the NDA and the National Skills Academy for Nuclear (NSAN) supporting and shaping the agenda for the academy, due to open in Cumbria in September 2008. The academy is designed to provide skills training for:

- Employers
- School and college leavers
- Graduates
- Adults
- Existing employees
- New entrants to the workforce
- People who are changing career

Without barriers of age or education to joining, the academy will form close links with schools and significantly influence the pattern of education for school leavers. For example, nuclear diplomas are being developed which will provide clear progression routes for young people.

This £19m development in Cumbria will be a world class centre of excellence for nuclear skills development providing vocational training including foundation degrees and apprenticeships to meet changing employer needs. A complementary development is the creation of a modern skills centre network on the Sellafield site focused on meeting changing business needs.

In addition, we entered into a joint venture with the University of Central Lancashire and the NDA to review future skills requirements in the nuclear industry. The overall aim is to enable us to work with local colleges and universities to shape the future content of the courses to ensure alignment to our current and future needs.

Socio-economic criteria in the supply chain

We continued to work with the NDA to support their socio-economic objectives to grow the Cumbrian economy and used appropriate socio-economic criteria in our procurement award process.

We encouraged suppliers and potential suppliers to consider their corporate capability as well as their partners (including their own suppliers) in socio-economic proposals.

International Nuclear Services (INS)

Below are the year's highlights from INS:

- Only one accident resulting in days away from work;
- All staff seconded to INS Limited from Sellafield Ltd;
- Carried out CR audit of INS' largest sub-contractor Mitsui Shipbuilding and Engineering Ltd, builders of MV Pacific Heron;
- INS methodology proposals for substitution of overseas ILW by HLW approved – the final step;
- 'Hooked on Safety' - a Learning from Experience safety initiative launched with the INS sea staff;
- Completion of four deliveries of Mox fuel to Swiss customer NOK completed with no disruption and negligible public protest and media coverage.

1,500

A Union Learning Centre offers employees around 1,500 courses in support of lifelong learning



Case studies

Sellafield site has always taken engagement with local stakeholders and the community seriously. We continue to participate fully in the Site Stakeholder Group and our community investment programme is outlined in the annual socio-economic plan we produce for the NDA. The emphasis is on supporting economic regeneration projects, tackling challenging social issues and assisting in supporting educational activities. The case studies that follow are just a very brief snapshot of the typical activities the site has supported.

Fell driving campaign

Sellafield site impacts on many aspects of West Cumbrian life as it lies in an area of great natural beauty with only one major access road. Many of the 10,000 employees travel along an unfenced minor road that snakes through fell grazing land, prompting concerns about driving behaviours.

In response, Sellafield decided to offer positive support and advice to road users even though it was recognised that a road safety campaign would need to be aimed at the whole community as well as visitors.

A group of people representing the company, the fell road communities, Cumbria Police and district and county councils got together to tackle the issue and, in April 2006, the Cold Fell Action Group was formed.

The initiative provided an excellent example of industry working with local people to address a specific problem. The group developed the Fell Road Code, piloted among the Sellafield workforce in late 2006 before being rolled out in a well-publicised Cumbria-wide launch in spring 2007. Recognising that changing behaviours is a long, slow business the group will continue its work of promoting good driving on rural roads.

In a joint statement, members of the Cold Fell Action Group, Yvonne Clarkson of Copeland Borough Council and Norman Clarkson of Cumbria County Council, said: "Sellafield has been wonderfully supportive and this initiative would not have happened without their commitment. The group have been a true cross-section who have understood each other's problems and worked as a team to try to solve a serious issue."



10 years

**Sellafield site
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Sellafield has supported the Prince's Trust to the tune of £1m over the last 10 years. In recognition of the partnership, the Trust presented Sellafield with a bench. Pictured sitting on the bench are John Clarke, Managing Director INS, and Trust-sponsored blacksmith Lucy Sandys-Clarke who made the bench.

The Prince's Trust

The Prince's Trust is the UK charity that helps young people overcome barriers and get their lives working.

Through practical support including training, mentoring and financial assistance, they help 14-30 year olds realise their potential and transform their lives.

They focus their efforts on those who've struggled at school, been in care, been in trouble with the law, or are long-term unemployed.

All of the activities - programmes, partnerships, fundraising - have one overall purpose: to reach young people in the UK who face more barriers than most, and help them get past those barriers so they can get their lives working and make a positive contribution to society.

Sellafield Ltd community initiatives cover environmental, economic and social issues, such as:

- Health, drugs, the elderly and the disabled
- Social exclusion, crime prevention, the homeless and the disadvantaged
- Environmental restoration
- Regeneration
- Arts, music and sport

As part of our overall policy and in line with the Government initiative to reduce social exclusion, we focus our activities on areas of deprivation and those disadvantaged by circumstance.

Our partnership with Prince's Trust has helped to tackle social exclusion over the past 10 years, providing life changing support to thousands of young people in the North West and in particular West Cumbria, an area which has a vast range of social and economic deprivation. The Prince's Trust and Sellafield Ltd share an interest in helping the less advantaged in the community, addressing major social exclusion issues highlighted by Government, as well as ensuring that young people can participate fully in the lives of their communities thus aiding economic regeneration.



Matt McCarry

Matt McCarry is a lower sixth form student at St Benedict's Catholic High school, a specialist engineering college. Matt attended a successful young engineers club and was named young engineer of the year on three successive occasions.

With the club now extended and junior young engineers clubs being established at feeder schools for St Benedict's, Matt is now highly regarded for his work with the various clubs.

In September 2004 Matt started a Young Apprenticeship pilot scheme, including lessons in theory and hands-on industrial experience. Two years later he was named National Young Apprentice of the Year, collecting his award from BBC TV presenters Natasha Kaplinsky and Richard Hammond at the Hilton Hotel, London.

Through the Engineering Education Scheme (EES) Matt, together with fellow students and engineers from Sellafield, embarked on real life projects, joining more than 40 teams at Newcastle University to present their ideas to a team of assessors during an EES celebration and assessment day.

Matt is sponsored by Sellafield under the Arkwright Scholarship Scheme - a prestigious and much coveted award for engineering students who excel. His achievements led to Matt being invited to cut the first earth at the site of the new National Skills Academy for Nuclear.

The young engineer now works part time at the Sellafield Visitors Centre, developing ideas for new presentations and activities.



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