

**Notes on a meeting between the AWE Local Liaison Committee and
AWE Management Limited**

**Held at The Manor House, Aldermaston
Wednesday 22 March 2000**

Present

From AWEML:

Dr John Rae, Chief Executive
Everet Beckner, Deputy Chief Executive
Alan Brandwood, Director Assurance
Ian Bowes, Director Human Resources and Strategic Development
Adrian Marks, Director MoD Partnership and Communications
Frank Winter, Director Infrastructure
Paul Hommert, Director Research and Applied Science
Jim Stout, Director Production and Process Technology
Jonathan Brown, Environment
Kevin Johnson, Communications

All titles reflect designated positions at AWE after 1 April.

From AWE:

Dr Andrew Machin, Director System Engineering. Dr Machin will hold a similar post after 1 April.
Avril Burdett, Secretary of the Local Liaison Committee.

Members:

Tony Ferguson, West Berkshire Council
Peter Hobbs, Sulhamstead PC
Colin Thomson, Basingstoke & Deane BC
John Southall, Purley-on-Thames PC
Pamela Bale, Pangbourne PC
Maurice Eden, Theale PC
Tim Whitaker, Mapledurham PC
David Leeks, Tadley TC
Mike Broad, Tadley TC
Shiela Allen, Baughurst PC
Chris Goss, Pamber PC
Angus Campbell, Wasing PM
Dr Murray Roberts, Padworth PC
Roy Waite, Shinfield PC
Malcolm Bryant, Wokingham Unitary Authority
Terry Price, Silchester PC
Hector Clark, Mortimer PC
Bill Cane, Mortimer West End PC

Dr Rae: Welcome to this special meeting. I am pleased to see so many members have been able to attend at short notice.

A copy of the presentation slides is attached.

Questions and answers

Q. David Leeks: Following newspaper reports over the last several weeks, the local community is worried about AWEML taking over the running of AWE, can you give us some assurance?

A Dr Rae: I am not going to defend what happened at BNFL there has obviously been a management problem and something has gone seriously wrong. My management team is not here as representatives of the parent companies but as AWE Management. I have picked six people out of a potential 160,000 in the parent companies as fully paid up, committed members of AWE plc.

From the MoD perspective, the contract with AWEML had been signed before anyone was aware of these problems. MoD then looked at the CVs of the AWE Management Team and established what positions they held when the Sellafield incident had happened and whether any of them had been involved. The Environment Agency and the Nuclear Installations Inspectorate then carried out an equally thorough investigation. Both of them have stated in public documents that they are confident of AWEML's abilities to manage AWE.

Q: David Leeks: There is a lot of public concern about staff redundancies, what is the position?

A: Dr Rae: Everyone at AWE is aware that the requirements of the UK Nuclear programme have changed. In the future Britain will keep a fairly minimal nuclear deterrent, four submarines with their missiles and warheads. Therefore the requirement to produce and maintain that deterrent has also reduced. This is what will determine staff numbers. I have looked at the plans for production and told staff how that will affect their numbers. Over the 10 years of the contract I expect to reduce staff numbers by 1,400. The largest number will come in the first year with a likely reduction of 400 staff. These figures will be achieved by voluntary redundancy wherever possible. This does not mean that there will be a recruitment ban, it is important to maintain a strong scientific base. This means that we will need to keep the workforce rejuvenated. The redundancy deal offered to staff will be the same as the current model.

Q: David Leeks: I have heard rumours about the discontinuation of diversification at AWE, is this true?

A: Dr Rae: There is a view that the decline in staff at AWE could be compensated by diversification. I do not believe that that is possible. AWE will diversify, but in ways closely related to core business as a method of keeping capability alive. There will be no big money involved, but it will keep facilities working and staff challenged.

Q: David Leeks: Will you continue to tell the LLC and the public about every accident to staff at AWE?

A: Dr Rae: If you want a complete list of accidents and incidents you are welcome, this can include every cut finger and grazed knee if that is what you want. I could decide what I think you want, but you must let me know what level of significance you want and I will see that you get it.

Q: David Leeks: Will AWEML continue with the community spirit which Hunting-BRAE has built up?

This meeting is one of the first actions towards maintaining good community relations. AWE needs to build on what Hunting-BRAE has achieved in starting from a very low position and now doing well in the community. Such events as Science Week will continue, as will the Schools Liaison Programme. As far as the press are concerned, I feel that the local press are more important than the national press. It is not my job to persuade the national press that nuclear weapons are good. We must assure the community that the sites are being run safely.

Q: Tony Ferguson: When will the current uncertainty end? When will a decision be made by the MoD about the AWEML contract? What penalties will there be if the Government extend the Hunting-BRAE contract or take AWE back under Government control?

A Dr Rae: I cannot give a full answer because I don't know some of the detail and some of what I do know is commercially sensitive. The contract was signed on the 1st December and if AWEML does not take over on 1st April it would be a breach of that contract and there would be penalties. I don't know what those penalties would be. Nobody has given me any indication that the contract will not come to AWEML. It is merely a question of timing. This has come about following a number of press stories concerning accidents at sites operated by Lockheed Martin. BNFL then became the subject of press interest following a falsification of quality records at their Sellafield site. MoD were then questioned as to whether Lockheed Martin and BNFL were appropriate to take over the running of AWE. The press interest has stirred up both political and parliamentary interest. Ministers have suggested that the current contract be extended for a period until the problem is resolved. The period cannot be very long because of AWE licensing. I have been given no clear indication that that will happen and have been asked to work towards a 1st April start.

Q. Tony Ferguson: In your presentation you talked about an extension to the contract from 10 to 25 years, can you tell us more?

- A. Dr Rae:** This is no secret, AWE staff were told about this last December. There is an option for the new contractor to extend the contract to 25 years if they meet certain investment criteria. If AWEML satisfies the MoD by December that it can meet those criteria, then an extension could be awarded. Clearly it is easier to justify long term investment over 25 years than over 10.
- Q. Terry Price:** **The last Hunting-BRAE report shows a turnover of £340 million. If there is a cutback in Government spending how will AWEML grow the business to make the capital needed for the extended contract?**
- A. Dr Rae:** Having decided to make the UK deterrent smaller MoD expects a lower cost, therefore the funding from MoD will come down to a level which allows the programme to be delivered. As a rough guide there will be a 1/3 reduction in staff and funding will be reduced on a similar basis. These changes move AWE to a new stable position, it will not shrink forever. It will give us more flexibility on how and when we spent money. Our capital will be borrowed from banks, in a similar way to your mortgage. Our constraints will be the repayments. This is a Public/Private Partnership deal. The details will be ironed out by December and then it is up to the MoD to decide.
- Q. Tony Price:** **What separated AWEML from the other bidders?**
- A. Dr Rae:** I have been told a little about what was attractive about AWEML's bid but not was less attractive in others. There were six key requirements including safety - which was paramount, infrastructure, technology, site development, stockpile maintenance and management. We understand that AWEML's bid came out top in all six. The bid has been a difficult management challenge and there was not a lot to separate some bidders. MoD has said categorically that Hunting-BRAE did not lose the contract on safety grounds.
- Q. Murray Roberts:** **There is concern locally over job losses because in the 'seventies reductions in staff numbers led to a reduction in the number of safety staff. Nobody realised that a balance had to be maintained between a loss of production staff and a loss of safety staff. It appears that current problems at Sellafield have arisen because management is not being given the support to maintain safety systems. Can you reassure us that this will not happen at AWE?**
- A. Dr Rae:** Whilst I cannot give categorical assurance that no safety staff will go, I will give you the following assurance. I have said to staff that although we are offering voluntary redundancy, just because staff have asked to go, some in key safety positions must stay. We will do our best to allow those to go who wish, but not at any risk to safety. The site licence has 36 complex conditions, and condition 36 says that changes to the management structure have to follow a strict procedure, which will be closely monitored by the NII. NII permission has to be sought before changes are made. We feel we have a sensible plan to deal with the situation.

Alan Brandwood: I will speak about BNFL, although I cannot speak for them as I am now an AWE plc staff member.

I will remind you that the management at Sellafield has changed. We used my method of change management, the staffing level at Sellafield has fallen but there has been a five-fold increase in safety performance. There are areas where it will be necessary to bring people in. We have to be held accountable for our procedures. Where lines of responsibility are not clear or where there is duplication, changes will have to be made, but that does not mean that safety must suffer.

Q John Southall: I agree that safety can be compromised with too many people trying to do the same job, and that reduction in these areas is not necessarily a bad thing. Given that the S-Wales and Foulness facilities no longer form part of the AWE equation, what areas of their work will: -

i) disappear because it is either no longer relevant or no longer required?

ii) migrate into Aldermaston and/or Burghfield?

iii) what might simply be dissipated out into industries or other facilities in the outside world?

A Frank Winter: There is a demolition programme at Cardiff. Essential work has been brought to Aldermaston and all demolition material has a final destination. Land remediation is very important and lessons learned at Cardiff will be applied to Aldermaston and Burghfield.

Q Pamela Bale: Could you give me clarification on a hypothetical issue, if the Pangbourne Pipeline were to leak and contaminate private land, who would the owner sue?

A Dr Rae: The point of the discharge authorisations is that whoever holds them is liable. The authorisations are in the name of AWE plc and, as the Chief Executive, I will carry ultimate responsibility.

Q Bill Cane: Looking at the EA Report on AWE's discharge authorisations what about A91? I understood that this facility would deal with all of AWE's liquid waste, am I now to understand that the building will not be commissioned, but will be pulled down?

A Dr Rae: A91 was designed many years ago to fulfil the then understood waste requirements. There is now a requirement to close the Pangbourne Pipeline within 5 years. AWEML has looked at the volume and activity of liquid waste arisings, and how best the EA's requirements could be achieved. As you maybe aware, A91 has not been fully commissioned and has not yet had active material inside. It is our view that it would be better not to commission it at present, since, once active material is introduced, the

long-term costs will escalate. I do not feel that the fact that it cost a lot in the past is necessarily a good reason to continue.

Frank Winter: As a result of having to close the Pangbourne Pipeline we will go through a best practicable means of assessment with the Environment Agency as part of the licensing conditions. They will then evaluate whether A91 could function. The project will be firmed up over the next 4 months and then we will come up with the right process for handling AWE wastes.

Adrian Marks: As part of this assessment process, we will address the role that A91, and the plant and facilities within A91, would usefully perform in the light of the requirement to cease discharge through the Pangbourne pipeline.

Bill Cane: On behalf of the LLC, thank you for clarifying the position. It has been a worthwhile meeting. Seeing the viewpoints of Lockheed Martin and BNFL has gone some way to allaying fears.

Malcolm Bryant: You seem to have assembled a very good top management team, Dr Rae and I wish you luck over the next 10 or 25 years.