Nuclear
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Nuclear Decommissioning Authority Annual Report & Accounts

2010/2011

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Nuclear Decommissioning Authority
Annual Report & Accounts
2010/2011

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Foreword

Lord Marland

Parliamentary Under Secretary of State, Department of Energy and Climate Change

"I have ministerial responsibility for ensuring the safety and security of the nuclear legacy sites through reducing the hazards and cleaning them up. Doing so is a national priority which must be dealt with vigorously, and as such I have insisted on a more aggressive timetable in dealing with the high hazard legacy. I have been impressed by the focus that the NDA is bringing to the task, and am a regular visitor to West Cumbria where the most significant challenges exist. In March I was pleased to approve the NDA's second Strategy. Real progress is now being made across the estate with major programmes of work planned to tackle the key priorities. However, I continue to challenge the NDA and its contractors to do even better. It is hard to over-emphasise just how important it is to the country for us to get this right. It is essential that we clean up the legacy whatever happens with new build but, in order for a new generation of nuclear power to play a part in the future energy mix, we must be able to show we are tackling the clean-up and waste management of the earlier plants in an effective manner; and that we are demonstrating that the lessons from the past have been learnt."

Chairman's Statement

Stephen Henwood
Chairman

A major preoccupation during the early months of the financial year was to secure appropriate funding for the delivery of our mission from the Spending Review in the context of a very challenging economic climate. Our existing strong relationships and high level engagement with Ministers and officials from the Department of Energy and Climate Change (DECC) and Regulators were a major source of support during this period, assisting us with the finalisation of funding scenarios that had been under development for over a year. All these were underpinned by an absolute commitment to safety and security. Beyond that the focus is on addressing the highest hazards, ensuring continuity for other decommissioning priorities, and incorporating efficiencies across the estate in order to target our available resources.

The outcome of the Spending Review was as positive as we could have hoped for in the current climate and, we believe, reflects the significance of our mission to safely deal with the legacy left by the post-war nuclear research programme and subsequent first generation of nuclear power stations. We did, quite rightly, subject the major components of our mission to exhaustive financial scrutiny, and the programme remains deliverable in a sensible timeframe, with acceleration in some areas and deferral in others.

2010/2011 saw further changes in the membership of the Board. The Board was strengthened by the appointment of David Batters as Chief Financial Officer and Mark Lesinski, Executive Director – Delivery. John Clarke, an existing Executive Director was given additional responsibilities and appointed Executive Director – Business Planning.

There were also changes amongst the Non Executive Directors. Nick Baldwin who was a founding Non Executive Director stepped down at the end of March on his appointment to the role of Interim Chair of the Office for Nuclear Regulation (ONR). David Owens left the Board at the end of December on his appointment as Chief Executive of Spice Limited. I would like to thank them both for their significant contribution to the work of the Board and the NDA.

In parallel with the work to improve the effectiveness of the NDA, commissioned by the Chief Executive, the Board considered the way in which it aligns with the outcome of that work and continues to provide effective governance. As a consequence it was decided to hold fewer Board meetings but of longer duration to achieve the appropriate balance between performance review and consideration of strategic issues. It was decided that the Socio-Economic Committee had fulfilled its initial purpose and that in future the execution task should be delegated to the management while the Board would review progress and consider the strategic aspects of socio-economic policy. Following extensive activity by a working group of the Board it was decided after the end of the year that a Safety and Security Committee of the Board should be established to provide additional assurance in Health, Safety, Security, Safeguards and Environment (HSSSE) matters.

The Board has visited a number of the NDA's key sites over the year, including Sellafield, Dounreay, Oldbury, Hinkley Point A and Berkeley and we intend to continue meeting the staff who are responsible for front-line delivery of the decommissioning mission, and strengthening our understanding of on-the-ground issues.

For the Non Executive Directors whose backgrounds are extremely diverse, this brings particularly valuable insights, while reminding us all of the very real challenges. As a Board our understanding of the challenges across the estate is improving continuously, enabling us to further develop our planning and performance framework. We have clearly defined the outputs that are required, with objectives and incentives carefully aligned across the estate.

As a result of this work, we have been able to accept the Sellafield Performance Plan as a solid basis for performance monitoring and management. This is a key milestone delivered by Nuclear Management Partners (NMP), as agreed when they were appointed as Parent Body Organisation (PBO). It has taken more than two years to develop a fully underpinned plan to deal with Sellafield's unique and complex challenges, and we believe we now have a demanding but deliverable plan for Sellafield, with an emphasis on meeting and then beating the milestones.

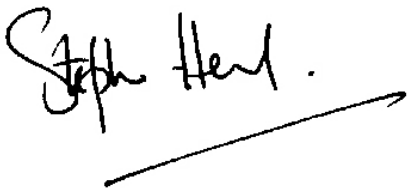
The acceptance of the Sellafield Performance Plan has defined a significant increase in the Nuclear Provision for that site following the pattern we have seen elsewhere. This has been in part offset by reductions in other parts of the estate as we have placed increased emphasis on delivery capturing opportunities for acceleration and efficiency. We expect in time the same outcome to be achieved at Sellafield.

One of the major milestones for the NDA has been the completion of the revised Strategy which builds on our first, produced back in 2006 at a time when we were beginning to understand our inherited legacy. The revised Strategy signals greater clarity in areas such as spent fuel options, waste management and site restoration. Our thanks go to the many stakeholders who took the time to participate in our extensive engagement process.

In the course of the year, we have refined our approach to a number of our enabling activities, in particular the areas of stakeholder engagement, socio-economic development and skills. These changes reflect the increased maturity of our plans, progress since the NDA was formed and recognition of the financial pressures of the Spending Review settlement. However, our commitment to these activities remains strong and we will continue to promote them.

2010/2011 has been a year of considerable progress in performance and delivery. However, events in Japan serve to remind us of the hazards we must remove and of the importance of accelerating the high priority elements of our mission and to do so in a safe, secure and efficient way.

I would like to thank all those in the NDA who have been through considerable change in the year and made this possible, and those in the wider estate who have turned our plans into action.



Chief Executive's Review

Tony Fountain
Chief Executive Officer

This report covers my first full year at the helm of the NDA in which we have seen a period of considerable change both within and around the organisation.

I began my tenure with a determination to deliver our mission more effectively, and over the last year this has gathered momentum especially in my drive to focus on performance and simplify the way we work.

The events in Japan remind us of the need to remain ever vigilant to maintain the UK nuclear industry's strong safety record. They provided confirmation, if it were needed, that our focus on prioritising resources towards the high hazard facilities is absolutely the best course of action and we remain totally committed in this respect. Safety and security are always uppermost in our minds, and we are never complacent about any aspect of our existing safeguards.

We have welcomed the settlement allocated to the NDA under the Spending Review, acknowledging that we emerged with a level of funding that enables us to press ahead with our most important tasks. In advance of the announcement, we had already revisited many of our programmes with a view to maximising efficiencies while taking advantage of the latest technological developments. Our thinking was driven by the economic climate but also by the timely emergence of some cost-effective innovations that not only provide value for money but give additional flexibility and remove some significant future costs. We are determined to deliver the maximum amount of progress from our funding.

Tangible progress is, of course, secured by our contracting partners who are accountable for delivering on the challenging targets we set for them.

Organisational Effectiveness

The NDA itself went through a complete review of its own working model, reviewing its core processes, behaviours, internal structure and the way it engaged with the rest of the estate. At the year end the part of the NDA that manages the estate was operating with approximately 200 employees compared to approximately 280 at the end of the last year, with a focus on delivery and action. These numbers exclude employees in our Radioactive Waste Management Directorate (RWMD) team who are slowly growing to create an organisation capable of becoming a Site Licence Company (SLC) when the geological disposal programme reaches an appropriate stage.

I have restructured our teams with the objective of removing bureaucracy from our decision-making processes and conferring greater authority on team members, while devolving more responsibility to the SLCs: 'delivering through others'. The goal is to achieve clarity of purpose and more effective operations. The acid test will be in the practical implementation and in achieving progress towards our decommissioning targets.

Revised Strategy

A vitally important activity over the last year has been the finalisation and publication of our revised Strategy, produced five years after our first, and outlining a clear way forward for the next 10-20 years.

The revised Strategy has emerged after extensive engagement with the Parent Body Organisations (PBOs), SLCs, Government, Regulators and the local

stakeholders who live in the communities around our sites. We began consultations two years ago, sharing our thoughts and listening to representatives at stakeholder events. Our NDA staff made numerous presentations to organisations and communities around the country, which were well received, and the responses contributed greatly to the refinement of our proposals. The feedback has been invaluable and given us confidence that the various aspects of our new approach have already been debated at length and are broadly supported by our stakeholders. We will continue to engage openly and transparently as our Strategy develops over the years ahead.

For the first time, we have used a series of key strategic themes to set out our priorities and major objectives that will enable our sites to develop detailed plans. As the strategic authority with oversight of all our SLCs, we hold them accountable for the delivery of the agreed plans, on time and within budget.

We believe our revised Strategy will deliver the mission in the most appropriate and cost-effective way. In particular, our absolute top priority must be on addressing and removing the intolerable risks that exist at some of the ageing facilities at Sellafield and Dounreay, followed by a reduction in the more manageable risks and hazards around the estate. These are the most urgent challenges we face and addressing these priorities inevitably influences the allocation of resources for the rest of our sites.

Building on the previous Strategy which led to the definition of Site End States, we are now identifying Interim States which focus on shorter term restoration as a milestone towards completion of the mission. Behind this is the overriding drive to restore our sites and release them for another use.

Ours is a long-term mission and in-year progress is sometimes difficult to bring to life but the following narrative and case studies are designed to give an insight on the achievements and challenges we have encountered in the last year.

Financial Highlights

We have continued our strong financial performance from previous years and established a basis for the continuation of progress on our mission:

- we kept our expenditure within our budget of £2.9 billion while ensuring that key areas of our programme were prioritised, delivering more work than planned for less cost
- income from electricity generation outperformed the budget by £180 million due to continued excellent performance at our remaining power stations
- the first year of our Support and Overhead Cost Reduction (SOCR) initiative achieved over 10% savings exceeding the initial 5% target
- the resulting savings freed up resources of some £65 million for use in higher priority areas of our programme
- our funding for the next four years was determined by the Spending Review, enabling expenditure of approximately £3 billion per annum.

Sellafield

The Sellafield Lifetime Plan has now been rebuilt and renamed the Sellafield Performance Plan. It is based on expected performance and provides the details of how long-standing and complex legacy issues such as Ponds and Silos are to be resolved. We welcome the rigour brought to the process by both Nuclear Management Partners (NMP) and the site which is yielding tangible solutions to these difficult challenges while simultaneously maintaining a very strong focus on health, safety and security and introducing a comprehensive range of actions to enhance productivity.

In line with our hazard reduction priorities, we are making good progress; the Highly Active Liquor (HAL) stocks continue to be managed in line with targets set by the Health and Safety Executive (HSE), while the second phase of work on the new Evaporator D is well underway.

Magnox

Developments within the Magnox fleet have been particularly significant and dynamic over the past 12 months. Magnox North and Magnox South are now re-integrated as a single company, which will deliver cost savings. Equally valuable, however, has been the outcome of investments made in strategy development and technological innovation. This has resulted in a completely innovative approach to decommissioning across the sites that will cut several decades off decommissioning timeframes and reduce costs.

The Magnox Optimised Decommissioning Programme (MODP) has been developed which includes work to accelerate Bradwell and Trawsfynydd into Care and Maintenance around five years ahead of schedule. This will underpin our plan of delivery for the remaining sites, allow learning from the lead sites to be applied with confidence elsewhere, while also providing us with robust cost scenarios. A third site, Berkeley, is likely to join them in Care and Maintenance within ten years.

The Magnox Operating Programme (MOP) team, meanwhile, continue their determined drive to meet the required reprocessing timescales, however, we acknowledge the scale of this challenge as we are reliant on squeezing optimum performance out of ageing facilities which are now well past their design life. Whilst there has been a significant improvement in the delivery of fuel, due in part by much better management of flasks we have taken further action to improve this programme – see Case Study on Page 10.

Defuelling progress for the Magnox fleet, a key element in the decommissioning process, has continued at a good rate and now stands at more than 94% complete. Since the first Magnox reactor started generating in 1956, around 60,000 tonnes of fuel have been irradiated, of which some 55,500 tonnes have now been removed from the reactor cores and reprocessed at Sellafield.

Low Level Waste Repository (LLWR)

LLWR based near Drigg, Cumbria is now beginning to offer a range of recycling, compacting and disposal services that bring to fruition many strands of the new UK Strategy for the Management of Solid Low Level Radioactive Waste from the Nuclear Industry, published by the NDA in August 2010.

The strategy reflects Government policy to minimise the amount of waste generated while managing arisings safely, cost-effectively and in an environmentally acceptable manner. Its publication is the culmination of extensive consultations with both stakeholders and organisations with an interest in Low Level Waste (LLW), from our own sites to hospitals, universities and the non-nuclear commercial sector. A new vault has been opened at LLWR and the use of rail transport has increased. Both are important steps in managing the nation's radioactive waste safely, responsibly and efficiently.

Research Sites Restoration Limited (RSRL)

At Harwell, the Eastern Area of the site has been successfully de-licensed, a key achievement that reduces the site footprint by 23 acres, visibly signalling the completion of decommissioning work and enabling the restored land to be opened up for development. A joint RSRL and Sellafield project team, meanwhile, is developing a strategic business case for the removal of nuclear materials from the site, which would enable a change in the security arrangements at Harwell.

Dounreay Site Restoration Limited (DSRL)

Dounreay has turned in an outstanding performance on the destruction of the sodium-potassium (NaK) coolant, the largest single hazard left over from the fast reactor research programme and the second highest hazard in our estate. The contract award for the first phase of construction work on the Low Level Waste Facility (adjacent to the Dounreay site), following planning consent, also signals excellent progress. Meanwhile I am delighted to see the momentum building on the development of Scrabster Harbour, to which we have made a significant contribution. This development will allow the harbour and the region to take advantage of the emerging marine energy sector and will support the diversification

of the Caithness and North Sutherland economy as Dounreay decommissions – see Case Study on Page 13 .

Geological Disposal Facility (GDF)

Progress is also being achieved in the development of a deep GDF for the permanent disposal of higher activity radioactive waste.

The Government is taking the lead in selecting a suitable location by seeking volunteer communities to open a dialogue on what it might mean for their area. The NDA has responsibility, through its RWMD for the design and planning of the facility itself. An important technical milestone on the path towards implementation of the GDF was the publication of a suite of documents, the Disposal Systems Safety Case (DSSC), outlining the multi-barrier safety and security steps that will be taken to safeguard the public, the workforce and the environment from exposure to radiation.

Nuclear Provision

The NDA accounts for the future cost of the decommissioning and clean-up of the estate by way of the Nuclear Provision (previously called the Nuclear Liability Estimate). As we have improved our understanding of the complex nature of the challenges and tasks across the estate we inherited, we have worked with the SLCs to develop better plans that give us more certainty in terms of costs and timescales to deliver our mission.

For the parts of the estate with the more mature plans, the Nuclear Provision shows a reduction as greater efficiency and innovation have already started to reduce the lifetime costs.

Meanwhile, at Sellafield two years of investigations into the highly complex range of plants and facilities, including the Legacy Ponds and Silos, have resulted in the development of a completely rebuilt programme. For the first time, this sets out clear and credible plans for tackling the issues. As anticipated, the cost of dealing with Sellafield's challenges has risen but this new plan now provides a robust benchmark against which we expect to see future improvements.

The combination of increased Sellafield costs and decreased costs for the rest of the estate has resulted in a net increase of £4.1 billion to the nuclear provision for 2010/2011.

This is in line with the pattern we anticipated when the NDA was established, that costs of dealing with the nuclear legacy would increase as new, more detailed underpinned plans were developed but that over time these costs will start to reduce as efficiencies and innovation kick in.

Commercial

In addition to allocating funds to decommissioning activities - which has now seen more than 150 buildings demolished across our sites - the NDA is also engaged in releasing surplus assets to generate revenue that can assist the clean-up mission. Following the successful land sales of 2009 and the sale of Springfields Fuels Limited to Westinghouse Electric Company, we are exploring opportunities for a new commercial future for our Capenhurst site in Cheshire. In total, around 15% of our land-holdings have been sold to the private sector or are under offer, yielding valuable funds to support decommissioning. We intend to continue looking for maximum returns from our assets, either from further land sales or encouraging the development of business initiatives at sites we own that are not covered by a nuclear licence.

The competition to find a new PBO for Dounreay is progressing well and we anticipate being able to make an announcement on the preferred bidder towards the end of this year. We have undertaken a period of dialogue with two high quality consortia and are confident that the conclusion of the competitive process will bring in the best expertise to take the site on to closure.

H&S

In terms of health and safety this past year has seen significantly fewer events recorded on the International Nuclear and Radiological Event Scale (INES) and none registering above a Level 1(the lowest of seven levels), a tribute to the vigilance exercised by our site workforces in respect

of nuclear safety. Evidence indicates that there has been a decrease in events reported under Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995 (RIDDOR).

The NDA meanwhile has taken a lead in further strengthening our rigorous environmental safety regime by introducing a set of leading performance indicators in a number of areas, which allow for clear and speedy identification of any emerging issues. This follows on from a number of recent international events, including the Fukushima nuclear incident, which has quite rightly led to a greater global scrutiny of process safety.

Forward Look

Looking ahead briefly, the climate looks set to remain challenging and I am, therefore, more determined than ever to demonstrate that we are making good progress on decommissioning while also using taxpayers' money wisely in securing the best possible value from our activities.

The NDA will continue to work collaboratively with EDF (formerly British Energy) on the decommissioning plans for their current generation of reactors. This recent work has seen existing plans being brought into a programme approach that is expected to produce future cost savings.

Areas of attention for the coming year will be operational performance of the MOP aligned with defuelling progress, implementation of the new Sellafield Performance Plan, together with the ongoing construction of Evaporator D, and completion of the competition for a new Dounreay PBO.

Other major challenges are around the effective management of nuclear materials and waste, and here we plan to make use of our existing infrastructure, such as waste processing and storage facilities, to deal with the growing amounts of decommissioning waste.

We are also continuing to support Government on the development of future arrangements for the plutonium stocks at Sellafield.

I would like to recognise the achievements of the NDA team and the entire estate. Working in partnership, their professionalism and dedication underpin our achievements at every level. It is through them that we deliver our mission.

To sum up, it's been a year of good performance, hitting targets that show concrete progress against our tasks. But, it has also been a year in which critical steps have been taken to allow us to focus on delivery over the years ahead – including securing the availability of resources through the Spending Review, a rebuilt Sellafield Performance Plan, a new approach to Magnox delivery, and our own more focused organisation.

Case Studies

The following is a selection of case studies illustrating some of the year's highlights.

Site Restoration

The NDA's goal is to restore each of our sites to a condition suitable for an alternative use, a process that will take many decades and encompass the full range of decommissioning activities. Our approach is influenced by the level of environmental or health risk associated with individual sites or facilities. Addressing these risks is core to our mission. We have agreed Site End States which define long-term objectives and are also identifying Interim States to focus on nearer term restoration goals.

Case study – Berkeley reactors reach UK's first Safestore milestone

In a first for the UK, Berkeley site sealed up both its reactors last December and placed them in a passive state, known as 'Safestore', until the site is finally cleared in around 60 years' time.

Constructed in 1957, the Magnox reactors are two of the UK's oldest and the world's first designed purely to produce commercial nuclear energy.

For the Magnox fleet, placing reactors into Safestore is one of the largest projects on any site in preparation for the period of Care and Maintenance, when all major decommissioning work will have been completed, leaving each site with only a waste store and the reactors, which will be monitored and maintained until final dismantling.

Since the Berkeley project started in 1993, the reactors have undergone major changes, including an 80ft height reduction, removal of the primary gas circuits and the lowering of all 16 boilers. More recent work included the removal of all redundant equipment, preparation of the reactor vessels and the isolation of power supplies.

Sean Sargent, Site Director, said: "I am extremely proud that the world's first purely commercial reactors have been placed into Safestore. This has been a major piece of work achieved by an excellent team and I am sure they will continue to show the same dedication to get the remaining projects completed so that the site can move into Care and Maintenance."

Dr Sara Johnston, Head of NDA Programmes, said: "This is a hugely significant achievement, not just for the site but for the UK nuclear industry as a whole, demonstrating the progress being made in decommissioning. Reaching Safestore at Berkeley will also provide valuable knowledge and expertise that will assist with the remaining Magnox reactors."

The site is now focused on remaining decommissioning projects including the management of the legacy Intermediate Level Waste (ILW) held in the site vaults and the removal of all redundant ancillary buildings.

Spent Fuels

The NDA has a diverse inventory of spent nuclear fuels, together with smaller quantities of non-standard fuels, known as 'exotic fuels'. We are committed to ensuring the safe and secure management of all these, either through continued reprocessing or treatment to enable disposal.

Regarding Magnox fuel, we are aiming to make maximum use of the last of the remaining fuel stocks by seeking to continue generation at Oldbury and Wylfa for as long as it can be safely achieved. This will also provide revenue to support our core decommissioning mission.

Defuelling of the Magnox plants, meanwhile, is scheduled to be completed within the next seven years with all fuel reprocessed to a long-term stable form.

Case study – Improvement in spent fuel deliveries

Over the last year, a number of challenging problems with spent fuel deliveries and flask management have been overcome thanks to a combined effort between Magnox, Sellafield and the NDA's rail transport subsidiary Direct Rail Services (DRS).

The number of flasks available for the five defuelling sites was low with recovery exacerbated by issues of component availability. This resulted in low fuel stocks in Sellafield's Fuel Handling Plant at the start of the year.

A major step forward came with bringing the MOP team together at the Oldbury site and the joint Magnox-Sellafield commitment to introduce a radical improvement programme. All MOP sites carried out a review and, working on a cross-site basis, were able to introduce more flexible working practices, better management of repair work and an improved engineering capability that assisted in proactively identifying and realising opportunities to improve productivity.

The MOP team also worked with the Department for Transport (DfT) to establish a process for internal approval of minor flask modifications, instead of the previous automatic referral to DfT.

Innovative solutions are also being produced for guiding flasks safely into position on the road and rail transporters, reducing the potential for damage. The process for procuring and storing spare parts has also been simplified and brought under greater control. Close cooperation with NDA's train subsidiary DRS, meanwhile, led to the development of a more responsive rail service that was able to offer a wider range of movement options.

The number of flasks now available is 23 with more than 90% in service at any one time, compared to a low of six at one point last year. Coupled with a reduction in the time between empty flasks arriving at sites, being filled and transported to Sellafield this has allowed delivery of 624 tonnes of spent fuel to Sellafield in 2010/2011.This was against a base target of 570 tonnes, and successfully mitigated the risk of reprocessing being constrained by availability of suitable fuel.

National Programme Delivery Manager - Spent Fuel Glenn Vaughan said: "The improvements have been significant. Flask turnaround time is much reduced, more flasks are available and maintenance and repair capabilities have been enhanced. The improvement programme has been successfully implemented and there is a high degree of confidence that the capability is sustainable going forward. The team will be continuing to drive forward those improvements. It's an achievement to be proud of."

Nuclear Materials

Good progress has been made throughout the year to ensure we continue to safely and securely manage our large stocks of uranium and plutonium, and we are also examining options for releasing some of the value held in these assets, particularly in the light of opportunities afforded by the new build agenda.

Case study – Publication of plutonium credible options

The NDA has updated its Plutonium Credible Options Analysis of January 2009 to help inform the UK Government's future approach to dealing with the plutonium stockpile, which, at more than 100 tonnes, is the largest in the world. The Government is responsible for policy on the UK's plutonium including its strategy for long-term management.

In the period since the original paper was published, other countries such as Russia, USA and Japan have all considered their plutonium management strategies and are moving towards the implementation of a re-use policy in domestic energy programmes.

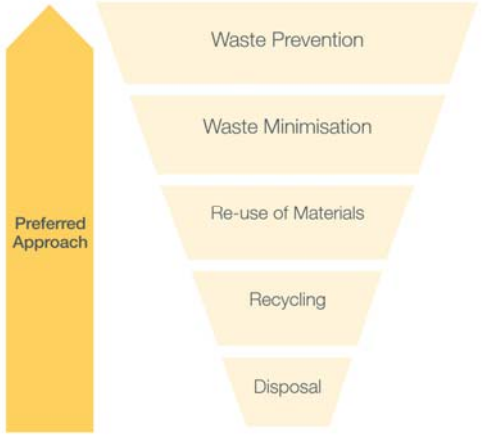
For the update, a new option has been added of re-use of plutonium as Mixed Oxide (MOX) fuel in the UK's planned new nuclear power stations.

The updated report is now with Government with the aim of informing consideration of the future policy framework in this area. To this end, the Government carried out a 12 week public consultation which ended in May and will announce its proposed strategy in due course.

Integrated Waste Management
The NDA is developing a more flexible, multi-site approach to waste storage that includes our own sites and those operated by other UK waste producers.

The focus is on risk reduction, particularly at ageing storage facilities, and robust application of the Waste Hierarchy (see diagram below) as a framework for decision-making and balancing priorities.

Summary of the Waste Hierarchy



Waste is present on all NDA sites and successful site restoration requires both radioactive and non-radioactive waste to be managed effectively. Its management is a multi-step process involving characterisation, minimisation, re-use and recycling, treatment, packaging, storage, transport and final disposal where required.

We are pursuing diverse solutions, including opportunities to share waste management infrastructure across the estate where this brings benefits.
A key milestone during the year was the finalisation and publication of the first UK Strategy for the Management of Solid LLW from the Nuclear Industry, which supports a range of measures to reduce the amounts of waste produced and encourages less reliance on disposal to the LLWR near Drigg.

We are also in the process of testing and refining draft guidelines on the interim storage of Higher Activity Waste (HAW) which will introduce a common system to all sections of the UK's nuclear industry. The guidelines have been drafted following 12 months of research and analysis into current practices in both packaging and storage, as well as the pooling of experiences from all waste producers.

For longer term waste management, we are continuing with development of the deep GDF, and have published two extensive sets of documents during the last year which show how we have confidence in the safety of a GDF whilst satisfying regulator requirements, and continuing to engage with stakeholders. The documents outline the preparatory steps required to deliver the GDF and the multi-barrier approach to ensuring safety and security at all levels of the complex facility, from construction through to the transport of material and operations.

Case study – MiniStores bring flexibility

Eight Magnox sites are taking forward a pioneering approach to interim storage of ILW, using mobile containers known as MiniStores or 'GNS Yellow Boxes'. The 18 tonne self-shielded containers are being brought into use across the NDA estate after undergoing a period of trial and testing at Dungeness A. MiniStores can be stacked on-site in a basic weatherproof building and transported for disposal, providing a flexible, more cost-effective alternative to purpose-built shielded stores.

An initial order of more than 200 MiniStores has been placed, largely to support projects at Berkeley and Bradwell, with teams established at both sites to prepare for box filling.

Dr Brian Burnett, Head of Programme Magnox & RSRL, said: "This shows our clear commitment, not only to deal with waste issues at the Magnox sites, but also to introduce innovation and challenge existing plans to ensure safe, flexible and cost-effective clean-up for the taxpayer."

Initial MiniStores have now been filled at Berkeley, Bradwell, Chapelcross, Dungeness A and Wylfa to meet operational needs and demonstrate the suitability of the containers with a range of different waste types.

The first Fuel Element Debris (FED) has been retrieved from the vaults at Berkeley and placed in a container; while redundant probes (used to check on fuel channels during refuelling) were successfully packaged into a MiniStore at Bradwell. Resin and desiccant waste has also been successfully transferred at other sites, ahead of the first full scale ILW retrieval and box filling which is scheduled to commence at Berkeley and Bradwell next year.

Business Optimisation

Our assets play a key role in helping to maximise revenue, supplementing the funding allocation from Government, and we are always focused on seeking optimum value from them.

Case study – Land released for new use

The NDA has, for the first time, released a plot of land after completing a lengthy process to demonstrate that its decommissioning and clean-up mission has been accomplished.

Eighteen acres at the Capenhurst site in Cheshire have been transferred to the owner of the neighbouring site, Urenco, providing potential for private sector investment in new plant together with job creation.

Under the Energy Act 2004, the release of land requires the Secretary of State to be satisfied that the NDA has discharged all its responsibilities in relation to the decommissioning or cleaning up of the site.

Release of the Capenhurst land - around the size of four football pitches, reduces the NDA's liabilities and secures revenue from the lease. The NDA is continuing negotiations with Urenco over the transfer of the remaining land at Capenhurst.

The possible release in the months ahead of further land at Harwell, Berkeley, and Oldbury will follow the approach taken at Capenhurst. Harwell's eastern area, once home to Western Europe's first reactor, will be released for future residential and science park development; Berkeley Centre, formerly a group of nuclear

research labs will be marketed for business development, while some of the Oldbury land may be used for new build. This is accompanied by a significant reduction in fixed costs for the NDA, plus potential future revenue to support decommissioning.

David Atkinson, the NDA's Head of Property, said: "The de-designation and sale of freehold would reduce the NDA's land-holdings around the nuclear sites to a minimum, bringing in capital receipts and rental income while reducing overheads".

Critical Enablers

The successful achievement of our mission depends on a strong support structure that is able to deliver technological innovation, a skilled workforce and effective site teams that make progress while ensuring value for the taxpayer.

To secure international best practice and expertise in decommissioning, we have opened our sites to private sector management via a competitive process and are expecting to announce the preferred bidder of the new PBO for the Dounreay site later this year.

Alongside this, we need to continue maintaining the confidence of our stakeholders. We have developed a range of engagement opportunities throughout the year to ensure our stakeholders are able to be involved in discussions on key activities. We will continue to listen to feedback on these measures and refine this process where necessary.

We are also talking to nuclear colleagues overseas via a series of bilateral agreements that enable us to share learning, innovation and to agree a common approach on a range of issues that affect the global nuclear community.

Together with our contracting partners we support training initiatives throughout the UK, covering all levels of decommissioning knowledge from on-the-job apprenticeships to post-doctoral research in decommissioning. In particular, we have welcomed the opening in Somerset of the new Energy Skills Centre at Bridgwater College, which received £450,000 from the NDA. It provides a first class learning environment to meet the growing demand for training in science and engineering from local employers. It will also be the location for the South West regional training hub of the National Skills Academy for Nuclear (NSAN).

Case study – Scrabster lining up renewable energy opportunities

Close to Dounreay, work has now started to transform the UK's most northerly mainland port into a key hub for the marine energy industries, as well as the oil and gas sector.

The ambitious £21.5 million project at Scrabster Harbour, which received £2.2 million from Scottish Government and £2 million from the NDA's socio-economic budget, will bring a deep water channel, additional quayside lay-down areas with heavy lifting facilities and an improved range of services including fuel and water at each berth.

The upgraded facilities will help to underpin the growth of wave and tidal energy in the Pentland Firth and Orkney waters. In addition, the harbour will be well placed to play an important support role for the oil and gas fields that are opening up west of Shetland. It is estimated that the new harbour development will help bring approximately 350 jobs to the area over the next few years.

Financial assistance for the project, which is being spearheaded by the Scrabster Harbour Trust, has come from a range of organisations including Scottish Government, Highlands and Islands Enterprise, the European Regional Development Fund and European Fisheries Fund.

As Dounreay is decommissioned, this key project will support the diversification of the Caithness and North Sutherland economy from its nuclear dependence.

Health, Safety, Security, Safeguards and the Environment (HSSSE) Report

This year we have continued with the work to satisfy ourselves of the robustness of Site Licence Companies (SLCs') assurance processes and our surveillance of them. We have focused our own assurance at Executive Director level, holding the SLCs to account for performance. This work has meant that we can appropriately manage the oversight of assurance across our estate.

Our aim remains the same: to achieve safe, secure and environmentally responsible decommissioning by reducing risks and remediating hazards.

Key achievements across the NDA estate have been:

- agreement of the new Sellafield Performance Plan which is based on realistic, credible plans for the removal of highly radioactive material from the legacy facilities. Sellafield Limited has been leading this work, in conjunction with the NDA and engagement with the Regulators
- progress with actual delivery of risk and hazard reduction activities, for example at Sellafield the Liquor Activity Reduction (LAR), isolation of redundant pipe work and the transfer of cans of material out of legacy stores
- planning to deliver some of our reactor sites into accelerated Care and Maintenance states.

The SLC HSSSEQ Directors hold monthly Community of Practice meetings initiated by the NDA. The group shares the details and learning from incidents within each SLC and runs peer assists on important safety topics including safety performance indicators; safe management of contractors; safe management of radioactive sources; and safety in business continuity.

We are incentivising our contractors to focus on long-term improvement programmes around HSSSEQ in line with the NDA's mission. Seeking continuous improvement in performance is important for the NDA, the Regulators and our stakeholders.

SLC HSSE performance

Health and safety performance

Performance monitoring during the year has highlighted the following key points:

- a reduction in events classified under the International Nuclear and Radiological Event Scale (INES) scheme compared to previous years
- a decrease in the number of Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995 (RIDDOR) events compared with the total for last year

Several of our SLCs won RoSPA safety awards at a corporate and site level, showing continued high level safety performance year on year.

Nuclear Safety and INES events

Number of INES events by SLC	2010/ 2011	2009/ 2010
Magnox North	1	2
Magnox South	0	3
RSRL	0	0
DSRL	2	1
LLWR	0	0
Sellafield	3	6
Total	**6**	**12**

There have been no nuclear incidents or accidents with significant consequence over the last year on any part of our estate (i.e. no events classified as above INES level 1). There has also been a decrease in the total number of such events from last year, continuing with the trend over the recent years. Nevertheless, the SLCs monitor and take action on low or no consequence nuclear safety related events in order to ensure continuous improvement and learning from experience.

The number of nuclear events or near misses at Sellafield has greatly reduced compared to the previous year. Those events that have occurred have not led to

any actual significant consequences. Nevertheless, these events and the investigations following them have revealed some organisational weaknesses which Sellafield Limited is now addressing.

Extra safety reviews, covering issues such as operational safety systems, impact of external hazards and emergency arrangements have been undertaken in response to the Fukushima nuclear incident in Japan, especially at Oldbury and Wylfa reactor sites but also across the NDA estate. NDA's Executive and Board endorsed the decision from the SLCs on the safety of continued operations. All the SLCs have been willing participants in the Office for Nuclear Regulation (ONR) review of UK nuclear safety, undertaken on behalf of Government and are co-operating on the actions identified in that review. Any lessons to be learnt will be implemented across our estate.

Conventional Safety and RIDDOR

RIDDOR by SLC	RIDDOR total injuries* rate 2010/11	Number of events	
		2010/ 2011	2009/ 2010
Magnox North	120	10	9
Magnox South	87	3	3
RSRL	459	3	3
DSRL	53	1	0
LLWR	0	0	1
Sellafield	284	28	39
Total	**~232**	**45**	**55**

*RIDDOR total injuries rate is the number of fatal, non-fatal and over-3-day injuries per 100,000 employees.

This performance compares well with other sectors in the UK. For example, HSE statistics for 2009/2010 showed an average UK incident rate of 473 incidents per 100,000 employees*.

**Source HSE 2010;*
http://www.hse.gov.uk/statistics/tables/ridocc.xls

The total number of RIDDOR reportable events for the year decreased to 47 this year from 55* last year. This includes 9 *(7)* major injuries, 9 *(10)* reportable dangerous occurrences, no *(1)* cases of reportable ill health and 27 *(37)* Lost Time Accidents (LTAs)
* Total and (), without Springfields figures from ARAC 2009/2010

Slips, trips and falls still cause the majority of LTAs. However all incidents are investigated and appropriate actions taken in response. This is an area in which we continue to seek improvements.

Sellafield Limited's industrial safety incident rates are good compared to UK industry. However, we continue to encourage Sellafield Limited's Peer to Peer observation scheme as an initiative to improve performance here because there has been shown to be a strong correlation between high numbers of observations and a reduction in incident statistics.

RIDDOR total injuries incident rates for NDA's SLCs range from 0 to 459 incidents per 100,000 employees. The previous year's highest rate was 612 incidents per 100,000 employees – the decrease indicates better safety performance this year.

Sickness absence

Sickness absence rates (days per employee per annum)	2010/ 2011	2009/ 2010
Magnox North	4.59	5.85
Magnox South	4.85	5.25
RSRL	7.92	6.40
DSRL	6.42	7.31
LLWR	8.40	9.10
Sellafield	7.60	8.10

The average SLC sickness rate of 6.9 days per annum per employee, including cases of long term sickness absence, is comparable with the national average of 7.7 days lost per annum per employee**.
***Source CIPD 2010*

Protection of the environment

Number of Environmental non compliances by SLC	2010/ 2011	2009/ 2010
Magnox North	4	4
Magnox South	4	3
RSRL	4	0
DSRL	1	5
LLWR	0	0
Sellafield	7*	17
Total	**20**	**29**

*The Environment Agency is still investigating an event from April 2010 when five bags of LLW were mistakenly sent to the Lillyhall landfill site near Workington, Cumbria from the nearby Sellafield site due to equipment being incorrectly set up. The bags were subsequently recovered.

The number of confirmed environmental non-compliances has decreased compared to last year. These non compliances are mainly minor or administrative in nature with no significant effect on the environment.

The few events of potential significance have been thoroughly investigated with appropriate corrective actions taken or in hand.

In the coming year we will have a renewed focus on the causes of our non-compliances with an aim to improve our performance.

Nuclear security and safeguards

Keeping our hazardous facilities and nuclear material secure against malicious attack is important to ensuring nuclear safety. Similarly accounting for our civil holdings of nuclear materials ('Safeguards') is key to Government's non proliferation commitments.

In support of this:

- security arrangements at our sites are kept under constant review and upgraded as necessary by the SLCs to meet regulatory requirements. In conjunction with key stakeholders the SLCs are undertaking a series of reviews of their security capabilities
- following a review commissioned by DECC a significant programme of work will be undertaken to further enhance security in line with the requirements of the latest standards
- there will be continued governance oversight of SLC security and safeguards performance taking into account findings from the SLCs' own assurance programmes and in particular those of the security regulator, the Office for Civil Nuclear Security (OCNS)
- the NDA's Head of Nuclear Assurance is a Board member of the Civil Nuclear Police Authority governing the operation of the Civil Nuclear Constabulary which protects our sites.

Assurance of SLC performance

NDA has a duty to ensure the sites that it owns are safe which we require the SLC contractors to carry out on our behalf. We conduct assurance to confirm that the contractor's performance meets our expectations and obligations. Where we identify shortfalls or areas for improvement we ensure our contractors address these. To improve our own arrangements for this we have:

- developed proposals for a framework of activities by our contractors which will improve future safety and environmental performance.
- issued updated guidance on the 'NDA model' and the underlying division of responsibilities for HSSSE
- developed an enhanced set of metrics that incorporate both leading and lagging safety performance indicators, and process safety measures
- improved the focus of information received from the SLCs
- consulted upon and delivered the HSSSEQ section of the NDA's Strategy and completed the Strategic Environmental Assessment (SEA) that underpins it.

Regulatory Matters

The SLCs continue to engage with the Nuclear Sector Regulators. Tripartite involvement with Sellafield and Regulators through the Strategy and Programmes Regulatory Forum has contributed to an improved working relationship. Magnox North and South have also held productive meetings with Regulators to achieve re-licensing to a single SLC. There have also

been bilateral discussions between the NDA and Regulators.

During 2010/2011, there were a number of regulatory enforcement actions:

Against Sellafield Limited:

- a Health and Safety Executive (HSE) Improvement Notice to provide safe systems of work for plant modification work activities. This was issued as a result of an incident in a decommissioning plant in August 2010
- two HSE Improvement Notices requiring improvements to safety management arrangements arising from an event in the Highly Active Liquid Evaporation & Storage (HALES) plant in January 2010
- the DfT issued an Improvement Notice requiring action to improve compliance with the transport regulations following the incorrect consignment of Low Level Waste to landfill at Lillyhall in April 2010
- the Environment Agency issued an Enforcement Notice requiring Sellafield Ltd to improve its arrangements following the discovery of damage to the mesh of both the primary and secondary filters on Sea Line 3 during a scheduled filter change in February 2010
- OCNS issued a Security Requirements Notice (SRN). This required improvements to be made in the storage arrangements for protectively marked documents at Hinton House.

Against Magnox North:

- SEPA issued Chapelcross with a 'Final Warning' letter over the uncontrolled release of tritiated water to the local watercourse that occurred in March 2010.

There were no prosecutions of our SLCs. However a Formal Caution presented by the Environment Agency was accepted by Sellafield Limited over a leak from a vessel vent condensate drain line that occurred in January 2009.

NDA's HSSE performance

Health and safety performance

In addition to our obligations as owners of 19 nuclear sites in our estate, we are directly responsible for the health and safety of our own employees.

There were no RIDDOR reportable injuries during the year. The average sickness absence of our employees was 4.5 working days lost per employee per annum for the financial year, a slight increase from 4 in 2009/2010, but still significantly below the national average of *7.7.
**Source CIPD 2010*

Safety training

We have continued to train our staff in health and safety matters including an IOSH Working Safely Training Course for non Line Managers; Safety, Health and Wellbeing for NDA Line Managers; training in CDM and the NEBOSH certificate in Fire Safety & Risk Management.

Driving on company business

Driving on NDA business continues to be one of the most significant risks to our employees and our mileage driven this year has gone down slightly.

Consultation with employees

The NDA Health, Safety & Environment Committee met twice this year under new terms of reference following the Organisational Effectiveness Review.

Security

The NDA's own security performance remains appropriate, effective and compliant with regulatory requirements.

We have addressed all the findings from the previous security penetration test and this year we will prepare for further testing of our networks.

Activities for the coming year will include; reviewing security arrangements in the NDA's offices and developing internal performance metrics.

Environmental performance

The NDA's environmental performance has been good:

- business travel emissions are down by 19%
- emissions from energy consumption were near our target at 1031 te CO_2
- paper usage and copying has reduced to 1.8 million sheets from 2.5 million
- however there has been a slight increase in water consumption.

Financial Review

Introduction

The public sector has faced unprecedented challenges in the 2010/2011 financial year, with the Spending Review (and other government initiatives) putting public expenditure firmly in the spotlight. The NDA has not been exempt from this challenging environment and our current and future expenditure has come under increased scrutiny.

The NDA has engaged in this process, responding to and at times pre-empting the need to reduce and re-prioritise expenditure. We have introduced increased focus on delivery of targets and objectives, ensuring that progress against the mission is maintained and providing a solid platform for maintaining and accelerating this progress in future years.

The NDA has achieved this by streamlining our own internal processes providing clearer channels of engagement with Site Licence Companies (SLCs) such as through the Quarterly Business Review process, and introducing new terms for incentivising contractors and Parent Body Organisations (PBOs) in both delivery and efficiency.

The Annual Report and Accounts have for the second year been produced using International Financial Reporting Standards. This year we have presented them in accordance with Government's standard layout for Non Departmental Public Bodies (NDPB's). This alignment with Government in reporting complements the development made in establishing robust business planning, detailed shorter-term plans and budgets and the clarity of the Nuclear Provision.

Key financial highlights of the 2010/2011 financial year include:

- the continued drive for and achievement of efficiencies within the NDA and across the estate
- the Government Spending Review set the NDA's funding for the next four years
- maintaining the NDA's net expenditure within budget
- the introduction of a new methodology for calculating the Nuclear Provision (formerly the Nuclear Liabilities Estimate).

Meeting fiscal challenges

The NDA has continued to operate within a tight fiscal framework and to respond to the challenges presented by driving efficiency and value for money across the estate, ensuring that funding can be focused on the highest priority areas.

The drive for efficiency began with NDA's own operations, with the organisational effectiveness review resulting in a headcount reduction of approximately 30% (excluding the Radioactive Waste Management Directorate (RWMD)) and associated decrease in salaries and other operating costs incurred directly by the NDA. The resulting lower operating budget for the NDA from 2011/2012 onwards was reflected in the Spending Review settlement and pre-empted HM Treasury's targets for reduced government departmental spending.

The following graph shows the trend in NDA administrative costs (excluding RWMD), illustrating the savings achieved, with expenditure in 2010/2011 of around £45 million.

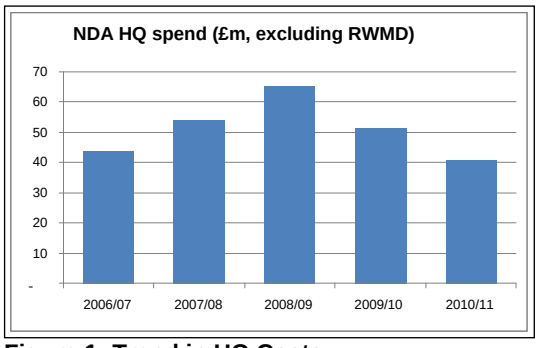


Figure 1: Trend in HQ Costs

The increased scrutiny of administrative and overhead costs was extended to the rest of the NDA estate, through the introduction of the Support and Overhead Cost Reduction (SOCR) initiative, in which clear targets for immediate savings in overhead costs were issued to the SLCs and incorporated into the management and operations contracts. Support and Overhead costs include Environmental, Health, Safety and Security costs as well as Finance, HR, Communications and estate management expenditure.

The SOCR initiative is a four year programme of which 2010/2011 was the first year, with target savings increasing from 5% in 2010/2011 to 10% in 2011/2012, 20% in 2012/2013 and 25% in 2013/14.

In the first year of the initiative, through actions taken by the SLC's in meeting this multi-year challenge, the savings achieved exceeded the target, producing a reduction of almost 11% (circa £65 million) in the applicable cost base.

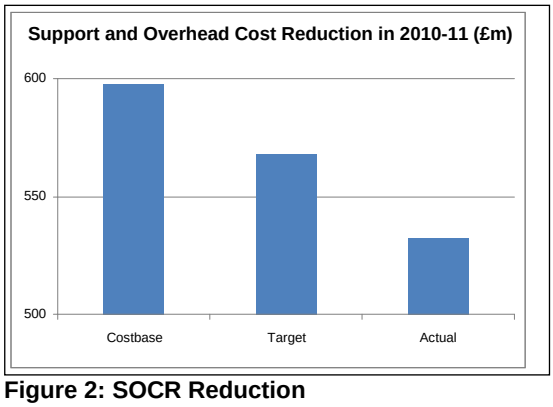


Figure 2: SOCR Reduction

The need to ensure that funding is targeted in the highest priority areas, and to maintain progress in NDA's mission against the challenging financial environment, has driven the development of innovative and flexible plans within the estate, including the Magnox Optimised Decommissioning Programme (MODP). The programme combines the implementation of new technologies and the economies of scale to provide an affordable and achievable route to earlier decommissioning of sites.

The SOCR programme, the optimised plans and other initiatives combine so that a lower proportion of NDA's funding is spent on support costs, freeing up resources to fund the essential new construction programme needed to ensure progress in future decommissioning.

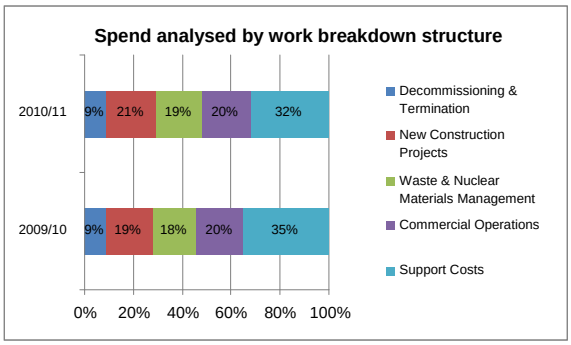


Figure 3: Spend by WBS

Achieving assured funding

During the financial year the NDA's medium term funding was determined by the government's Spending Review. The settlement provides a solid basis for the continuation of progress against the NDA mission.

The result was the culmination of a long period of preparatory work in which every element of the NDA's expenditure and income projections was reviewed.

The work involved the production and assessment of a range of alternative funding scenarios for each of the SLCs and the NDA's own HQ and industry wide budgets. The settlement allows the NDA to maintain a level of expenditure of approximately £3 billion per year for the next four years, despite a projected fall in commercial income from 2010/2011 levels during the period.

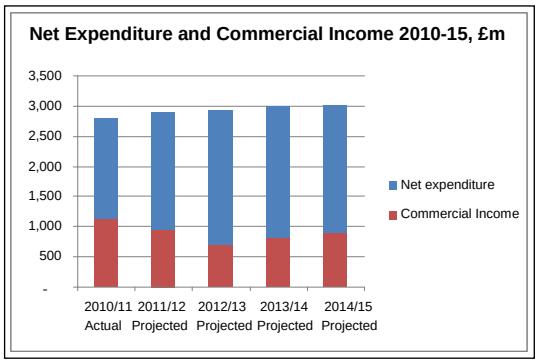


Figure 4: Net Expenditure & Commercial Income 2010-2015

The MODP and other site plans originated from the preparatory phase of the Spending Review and in turn have informed the calculation of the Nuclear Provision, ensuring that the Provision is based on assured, robust plans.

Performance against budget

The NDA's expenditure is funded by a mixture of grant funding and commercial income. We are therefore required to manage expenditure and commercial income so that the grant funding required does not exceed the agreed limits.

In 2010/2011 both expenditure and income were slightly below budget.

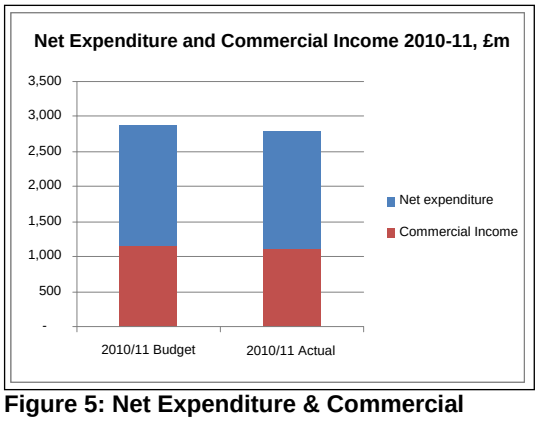


Figure 5: Net Expenditure & Commercial Income 2010-2011

Expenditure

Expenditure on NDA administrative and industry-wide activities was lower than budgeted (reflecting the impact of the Organisational Effectiveness Review and improved control and forecasting) with the resulting savings able to be used in the wider programme (for example to fund essential new construction projects) to ensure further progress on the NDA's mission.

The NDA has encouraged the use of government buying frameworks and other procurement initiatives, for expenditure within the NDA and the SLCs to drive efficiencies and value for money.

Income

Whilst overall income was slightly below budget, the performance against the resource income budget was strong, with electricity generation exceeding the budget amount by £180 million, representing an excellent year's performance with Oldbury's output being its highest since 2003/2004. It is anticipated that both the Oldbury and Wylfa stations will continue to operate, and therefore to generate income for the NDA, into the 2011/2012 financial year.

Capital income was substantially below budget due to a delay – beyond NDA's control - in the completion of a sale of land at Wylfa and Oldbury. The sale is instead forecast to conclude during the next financial year.

The NDA continues to explore commercial opportunities which offer value for the public purse. Following the conclusion of the transfer of the Springfields site and business to the Westinghouse Electric Company, options for the future of the Capenhurst site have been examined and a commercial deal is anticipated to conclude during the next financial year.

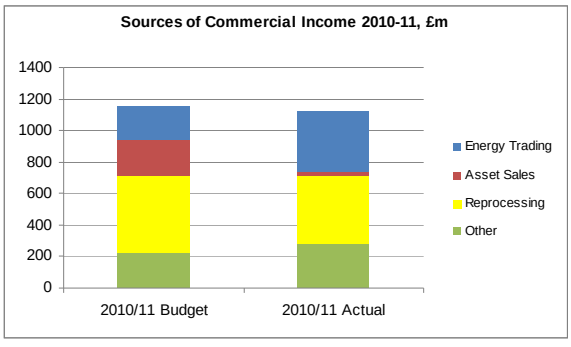


Figure 6: Sources of Commercial Income

Planning future activities

The strategic and financial planning within the NDA is fully aligned following the

conclusion of the Organisational Effectiveness Review, with a planning framework in place (incorporating the Revised Strategy and the Business Plan) which is consistent with the outcome of the Spending Review so that the NDA's priorities and targets are based on an agreed level of funding.

The financial reporting of the NDA is consistent with the new planning framework and also follows developments in central government reporting. The NDA participates in the government's Clear Line of Sight (CLOS) initiative which is designed to encourage transparency and consistency in reporting across government departments. As part of this process the NDA now publishes accounts in the 'NDPB Green' format so that our financial performance is more easily compared to that of other public bodies, and also so that in future years NDA financial information can be more easily consolidated with that of the parent department.

Total discounted nuclear provision by site and SLC

Total discounted nuclear liabilities	2010/11 £m	2009/10 £m	Movement £m
Sizewell A	(789)	(916)	127
Bradwell	(596)	(724)	128
Berkeley	(660)	(608)	(52)
Dungeness A	(709)	(879)	170
Hinkley Point A	(757)	(890)	133
Hunterston A	(707)	(671)	(36)
Oldbury	(939)	(954)	15
Chapelcross	(843)	(804)	(39)
Trawsfynydd	(680)	(796)	116
Wylfa	(876)	(964)	88
Magnox central costs	(708)	(859)	151
Magnox Limited	**(8,264)**	**(9,065)**	**801**
Capenhurst	(635)	(645)	10
Sellafield (including Windscale)	(32,064)	(24,524)	(7,540
Sellafield Limited	**(32,699)**	**(25,169)**	**(7,530**
Dounreay	(2,471)	(2,396)	(75)
Dounreay Site Restoration Site Limited	**(2,471)**	**(2,396)**	**(75)**
Harwell and Winfrith	(1,178)	(1,203)	25
Research Site Restoration Limited	**(1,178)**	**(1,203)**	**25**
LLW Repository Limited	**(252)**	**(290)**	**38**
INS Contracts	**(14)**	**(13)**	**(1)**
NDA central liabilities	**0**	**(2,433)**	**2,433**
Springfields Fuels Limited	**(365)**	**(687)**	**322**
Geological Disposal Facility	**(3,844)**	**(3,767)**	**(77**
Authority	**(49,087)**	**(45,023)**	**(4,064**
NDA group companies	(65)	(60)	(5)
NDA Group	**(49,152)**	**(45,083)**	**(4,069**

Notes:

INS Contracts included in NDA Central liabilities in 2009/10 Annual Report and Accounts.

The liability shown for the Geological Disposal Facility is for the NDA's share of the cost only.

Providing for the future

The NDA accounts for the future cost of the decommissioning and clean-up of the estate by way of the Nuclear Provision (previously called the Nuclear Liability Estimate) in the annual accounts. The provision covers the NDA's 'legacy' sites. It does not provide for the costs of cleaning up the more recent, EDF (formerly British Energy), nuclear power stations, which are covered by the Nuclear Liabilities Fund (NLF), or for the clean-up of any future new build for which the private sector will be expected to make Provision.

The Provision value is calculated using management judgement of future costs based on the plans produced by the SLCs. The recent work in optimising these plans during the Spending Review process means that for many sites the value of the Provision has reduced, reflecting the introduction of new technologies and the elimination of long-term overheads.

As a consequence of the consideration of the range of possible scenarios for each of the SLCs and the selection of the most likely scenario, the centrally held risk Provision has been released.

This year's Provision should be viewed in two parts: a reduction in the Provision for those sites for which mature plans are in place; and Sellafield for which a new revised plan has now been developed.

For the more mature parts of the estate the Provision figure has reduced or remained broadly the same. Optimised plans for dealing with our ten Magnox sites have shown a reduction of £0.8 billion, Dounreay has increased only slightly (and would have shown a reduction had a Dounreay risk held centrally in 2009/2010 been allocated specifically to the SLC) and there have been small reductions at LLWR and the Research Sites. The reduction at Springfields of £0.3 billion follows successful completion of the sale of this business, with NDA retaining only the legacy decommissioning liabilities. This gives us confidence that we and our contracting partners are delivering the programme with greater efficiency and innovation and that this is achieving the anticipated reduction in lifetime costs.

At Sellafield our contract partner has over the last two years investigated the site to gain a greater understanding of the highly complex dimensions of the various plants and facilities including the Legacy Ponds and Silos where the most hazardous wastes are contained.

A rebuilt programme for the site has been developed which for the first time sets out clear and credible plans for tackling the issues at Sellafield. As anticipated, the cost of dealing with Sellafield's challenges has risen from the last detailed assessment in 2007, but this new plan now provides a robust benchmark against which we would hope to see future improvements.

During the year, contractors performed work for a cost of £1.8 billion for which the provision made in 2009/2010 was £2.0 billion. This saving is offset against the change in estimate shown within the accounts.

Analysis of movement in the Nuclear Provision.

The combination of these two components, an increase in Sellafield costs and a decrease in costs for the rest of the estate, has resulted in a net increase of around £4 billion to the Provision in 2010/2011 to just over £49 billion. Of this increase an estimated £2.1 billion is attributable to inflation impact on cost estimates.

The principle components of the Provision are:

- the cost of decommissioning the Magnox sites at £8 billion
- costs for Springfields and Capenhurst of £1 billion
- the cost of establishing and operating waste management facilities (GDF and Low Level Waste Repository) at £4 billion
- the cost of decommissioning the Sellafield site at £32 billion, of which £7 billion related to Legacy Ponds and Silos
- the cost of decommissioning the other sites in the estate which have been predominantly used for operational and research purposes, of £4 billion.

The NDA continues to anticipate and manage a wide range of risks, both financial (including the potential increased costs of major and complex programmes, and the reliance on ageing plants to continue to generate income) and non financial (natural disaster and terrorism). In previous years the NDA included an amount in the Nuclear Liability Estimate for known expenditure risks which fell outside of the actual site plans. This year the NDA has reviewed a range of credible expenditure scenarios for each of the SLCs, centred around the funding profile agreed by Government as part of the Spending Review settlement. In doing so, consideration has been given to the selection of the most likely outcome for use in determining the Provision. However the range of possible outcomes, individually by SLC and in combination across multiple SLCs, together with the period of time covered by the Provision (expenditure through to 2137) means that the Nuclear Provision has a potential range from £46.1 billion to £57.5 billion.

Examples of the range of scenarios covered and sensitivities have included

- sensitivity to change in the discount rate applied – a 0.5% change in discount rate would move the Provision by c£5.5 billion
- delay in Magnox final site clearance by ten years – would decrease Provision by £0.5 billion
- costs of dealing with Legacy Ponds and Silos at the highest end of estimates – would increase Provision by £1.1 billion.

Whilst the legacy, and consequently the Provision, is better characterised than previously it continues to be subject to ongoing risks that could impact on the costs of delivering the NDA mission, such as:

- a significant nuclear safety incident leading to delays in the management of current liabilities and/or increased costs
- the discovery of currently unknown additional hazards or other challenges
- future regulatory changes e.g. changes in security requirements could have a material impact on the cost base
- future Government policy changes e.g. plutonium storage/disposal/re-use
- changes to the final agreed end state for sites.

The NDA will continue to review and update the Nuclear Provision, and to incorporate the impact of new opportunities as they arise – for example acceleration of work on Legacy Ponds and Silos, integrated waste management, optimised decommissioning and site restoration. Some of these opportunities may require us to reprioritise our allocation of funding in the short-term but with a reduction in the full lifetime costs.

The following graph shows the undiscounted Annual Expenditure profile for future years (excluding NDA administrative and other non programme costs but including commercial costs).

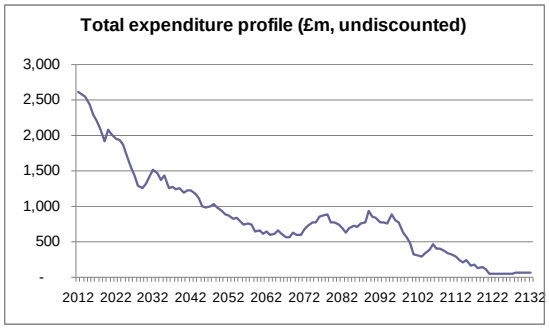


Figure 7: Total expenditure profile

The expenditure profile illustrates a downward trend in expenditure over the next 50 years as sites enter into Care and Maintenance, with subsequent increases in expenditure in the period from 2070 when final site clearance work is undertaken.

Going concern

The accounts show a deficit on the Statement of Comprehensive Net Expenditure of £7,016 million for the year ended 31 March 2011 and net liabilities of £50,600 million on the Statement of Financial Position primarily attributable to the Nuclear Provision.

We acknowledge the support and understanding that DECC has given us and there is no reason to believe that DECC's sponsorship and parliamentary approval will not be forthcoming. On this basis it has been considered appropriate to prepare these financial statements on a going concern basis.

Directors and Executives

The NDA Board

The NDA Executive Team

Directors and Executives

Non Executive Directors

Stephen Henwood
Chairman

Stephen Henwood was appointed Chairman of the NDA on 1 March 2008.

A Chartered Management Accountant, his career has included senior financial and operational roles with, Tate & Lyle plc and BAE Systems.

He left BAE Systems at the end of 2006 and has undertaken a number of Non Executive appointments. He is currently a Non Executive Director of Hampson Industries plc and Aerogility Limited. He is also Honorary Treasurer and a member of Council of the Royal Geographical Society and Chair of the Board of the University of Cumbria.

Alistair Wivell

Alistair Wivell is the Chairman of the NDA Remuneration Committee.

Alistair was formerly on the main board of Balfour Beatty plc and a Group Managing Director. He was responsible for all UK construction, international civil engineering and mechanical and electrical companies within the Balfour Beatty Group. He has remained a consultant to the company since retiring, and has been engaged on a number of significant international projects.

Alistair was awarded the CBE for his services to the construction industry in 1998. He is currently Chairman of the Balfour Beatty Pension Fund.

Non Executive Directors

Janette Brown

Janette Brown is a member of the NDA Audit Committee.

Janette is a Chartered Accountant and currently works as a Managing Director at Santander where she is responsible for UK and Scandinavian global clients in the Industrials and TMT sectors.

Janette has more than 15 years experience in the corporate finance sector, concentrating on providing strategic, financial and transaction advice for a wide range of clients.

A former senior Managing Director of ING Barings and a director of Citigroup, Janette has worked for a number of major clients on acquisitions and raising finance.

Tony Cooper

Tony Cooper is a member of the NDA Remuneration Committee.

Tony is a former senior Trade Union Official with nuclear industry connections and has held a number of public sector Non Executive roles, including in the Forestry Commission and the Postal Services Commission. He was Chairman of the Nuclear Industry Association (NIA) but stepped down from that role in December 2005 following his appointment to the NDA Board.

He was a Non Executive member of the former Department of Trade and Industry (DTI) Strategy Board and the DTI Investment Committee. He also served on the DTI Energy Advisory Committee for the entirety of its ten year life.

Tony is Chairman of the Combined Nuclear Pension Plan (CNPP) Trustees and Trustee Director of the Group Pension Scheme (GPS).

Non Executive Directors

Patrick Dixon

Patrick Dixon is the Chairman of the NDA Safety and Security Committee and a member of the Audit Committee.

His career of more than 30 years in the oil industry has included Executive and Non Executive roles in refining, petrochemicals, trading and marketing in many parts of the world, as well as strategy, operations, mergers and acquisitions and change management. He has broad experience of English and European corporate governance.

David Illingworth

David Illingworth is Chairman of the NDA's Audit Committee.

David is currently Independent Chairman of the Trinity Retirement Benefit Scheme (TRBS). He was President of the Institute of Chartered Accountants in England and Wales (ICAEW) from 2003 to 2004. He served as Chairman of the CCAB (Consultative Committee of Accounting Bodies) and as Director and Deputy Chair of the Financial Reporting Council (FRC). He was a member of the Takeover Panel from 2003 to 2004.

David joined KPMG in 1968 and, after qualifying as a Chartered Accountant and spending 26 years in the partnership, left in 2004.

Executive Directors

Tony Fountain *B*
Chief Executive Officer

Tony joined the NDA in October 2009 following an extensive international career spanning over 25 years with BP, including several postings to the US.

In his last position as Chief Operating Officer (COO) of BP's Fuels Value Chains business, he was responsible for the strategic and operational leadership of BP's integrated businesses in the Eastern Hemisphere, with a multi-billion income stream and 15,000 staff across Europe, Australasia and Africa. This included overseeing refinery operations and all channels of ground fuel sales.

John Clarke *B*
Executive Director - Business Planning

John joined the NDA in 2008 following more than 25 years of working in the nuclear industry. A Chartered Engineer and Fellow of the Institution of Chemical Engineers (FIChemE), his early career involved a range of roles in the design, development, commissioning and operation of nuclear fuel processing plants.

A member of the Sellafield Limited Executive Team for eight years, John spent five years as Head of Environmental, Health, Safety and Quality (EHSQ), followed by three years as Director of Production where he was accountable for the majority of operational activities at Sellafield.

John is Chairman of INS Limited, and a Director of Pacific Nuclear Transport Limited (PNTL) and Britain's Energy Coast West Cumbria (BECWC).

B – Indicates Board Member

Executive Directors

David Batters ***B***
Chief Financial Officer

David, joined the NDA in October 2010 and is a Chartered Management Accountant. His appointment followed more than 20 years with BAE Systems and predecessor companies in which he held a variety of roles primarily in finance including: Planning & Analysis, Reporting, Project Accounting and Finance Director of a number of businesses.

His most recent role was Director of Group Mergers & Acquisitions. These roles took him to many different locations in the UK as well as overseas.

Mark Lesinski ***B***
Executive Director - Delivery

Before joining the NDA in November 2010, Mark was Managing Director of Magnox South Limited, a stand alone subsidiary owned and operated by Energy*Solutions* EU Limited.

Prior to becoming Managing Director, Mark was Chief Nuclear Operating Officer for Magnox South and was Site Director at the twin reactor Hinkley Point Decommissioning Site from 2005-2007.

Mark supported decommissioning works in the United States for nine years before his arrival in the UK. He held senior management roles at both government facilities and commercial reactor sites, transitioning their workforces from operations to successful, accelerated decommissioning.

Mark also spent 15 years involved in large retrofit projects and operations on US reactors across the country, totalling some 33 years in the nuclear industry.

B – Indicates Board Member

Directors

Jim McLaughlin
Director of Human Resources

Jim joined the NDA in April 2008 from the Royal Bank of Scotland where he had worked since 2003, most recently as their Head of Learning.

Jim has more than 25 years of experience in the construction, power generation and supply industries, including the roles of Director of Learning for Scottish Power and International HR Director for Pacificorp based in the USA.

He is a Chartered member of the Institute of Personnel and Development and has an MBA.

Jim is also a Director of DRS and a trustee of two nuclear industry pension schemes.

Jon Phillips
Director of Communications and Stakeholder Relations

Jon joined the NDA in March 2005 from BAA plc where he had worked since 1992 in a number of roles including Community Relations, Media Relations and Public Affairs.

Immediately prior to joining the NDA, Jon was Communications Director at Heathrow where he was involved in building awareness and support for the sustainable growth and physical transformation of the airport, including the construction of Terminal 5.

Jon spent five years working in consultancy public relations before joining BAA and in 1998 he was awarded an MBA from Surrey University.

Directors

Adrian Simper
Director, Strategy and Technology

Adrian joined the NDA in October 2005 from British Nuclear Fuels where he played a key role in setting up the NDA through the transfer of Assets and Liabilities from BNFL to the NDA and the associated re-structuring of BNFL.

He joined the nuclear industry in Research and Development at Sellafield. His subsequent career, all in the nuclear sector, has included strategic roles in R&D and technology; project delivery; commercial and finance both in the UK and the US.

Adrian has a PhD in mathematics and is a Chartered Mathematician.

Adrian is also a Director of INS.

Sean Balmer
Commercial Director

Sean joined the NDA in June 2005 from British Nuclear Fuels where he had worked since October 2002. Prior to his current role at the NDA, Sean was Head of Commercial Revenue and Projects with overall responsibility for revenue management of a portfolio in the region of £1.2 billion per annum from across the NDA estate.

In addition, Sean was the Senior Responsible Officer for the asset disposals including the surplus land at Wylfa, Oldbury, Bradwell and Sellafield and the disposal of Springfields to Westinghouse.

Sean has a degree in Mechanical Engineering, and an MBA. He has more than 20 years of engineering and commercial experience and has worked for most of his career in contracting for a variety of industries.

Sean is also a Director of INS, DRS and Chairman of the Board for NDA Properties Limited.

Directors' Report

The Nuclear Decommissioning Authority is an executive Non Departmental Public Body (NDPB) and was established on 22 July 2004 under the Energy Act 2004.

It was created with the primary objective of overseeing and monitoring the decommissioning and clean-up of the UK's civil nuclear legacy.

Since then the NDA's remit has been extended to include the long-term management of all the UK's radioactive waste by finding appropriate storage and disposal solutions.

Accounts direction

These accounts have been prepared in a form directed by the Secretary of State with the approval of HM Treasury and in accordance with section 26 of the Energy Act 2004.

Directors' interests

Directors of the NDA must declare any personal, private or commercial interests. A register of such interests is maintained by the NDA.

No director has any personal, private or commercial interests which would conflict with his or her role as a director of the NDA.

The directors who served on the Board during the year to 31 March 2011 and their responsibilities were:

Stephen Henwood	Chairman
Nick Baldwin	Non Executive Director (Resigned)
Janette Brown	Non Executive Director
Tony Cooper	Non Executive Director
Patrick Dixon	Non Executive Director
David Illingworth	Non Executive Director
David Owens	Non Executive Director (Resigned)
Alistair Wivell	Non Executive Director
Tony Fountain	Chief Executive and Accounting Officer
David Batters	Chief Financial Officer (Appointed 18 October 2010)
John Clarke	Executive Director - Business Planning
Mark Lesinski	Executive Director – Delivery (Appointed 1 November 2010)
Richard Waite	Delivery Director (Resigned)

External auditors

The NDA Group's auditor, the Comptroller and Auditor General (C&AG), appointed under the Energy Act 2004, audits the NDA's financial statements. The services provided by the C&AG relate to statutory audit work for the NDA.

Disclosure of information to the NDA's external auditor

As Accounting Officer, as far as I am aware, there is no relevant information of which the NDA's auditors are unaware. I have taken all the steps that I ought to have taken to establish that the NDA's auditors are aware of that information.

Employees and employment

The number of the NDA's permanent full-time equivalent employees at 01 April 2010 was 346 which reduced to 265 by 31 March 2011, average of 313. (2009/2010 - start 352, end 347, average 350). The total number of staff employed across the NDA Group averaged 930 during the same period (see note 6 to the accounts for more detail).

Pensions

All Authority employees are entitled to join the Principal Civil Service Pension Scheme (PCSPS). Employees within the group participate in the Group Pension Scheme, the Merchant Navy Officers Pension Fund and the Merchant Navy Ratings Pension Fund. Details of the schemes are given in note 30 to the accounts.

Equal opportunities

The NDA believes that every individual has a right to equal treatment and opportunities. Discrimination or harassment on the grounds of gender, age, marital status, ethnic or national origin, religion, sexual orientation or disability will not be tolerated.

The NDA's Equal Opportunities and Diversity Policy outlines the rights of all employees as well as the responsibility on all staff to comply with equal opportunities legislation. Furthermore, ongoing monitoring of equal opportunities data is undertaken to ensure compliance with this policy.

Learning and development

A comprehensive learning and development programme continues to be rolled out at individual, team and organisational level to meet the needs of the business.

Absence

An average of 4.5 days sickness absence per NDA employee was recorded in 2010/2011 (2009/2010 – 4.0 days). Details on SLC performance are contained in the Health and Safety Report on page 14.

Staff Consultation Group

Employee involvement is critical to the success of the business and to this end a Staff Consultation Group exists to discuss management and policy matters between staff and management.

Better payment practice

The NDA supports the Better Payment Practice Code in its treatment of suppliers. The key principles are to settle the terms of payment with suppliers when agreeing the transaction, to settle disputes on invoices without delay and to ensure that suppliers are made aware of the terms of payment and to abide by the terms of payment. During the year, the NDA has achieved a 95% success rate for payment of suppliers in accordance with terms (2009/2010 - 90%). The average number of payment days from receipt was 24 days and for a valid invoice, (i.e. one entered on the accounting system) was 10 days.

The proportion that is the aggregate amount owed to trade creditors at the year end compared to the aggregate amount invoiced by suppliers expressed as a number of days is 0.55 days. (SI2008/410Sch7).

Charitable and political donations

During the year, the NDA made charitable donations of £Nil (2009/2010 – £Nil). No political donations or contributions were made (2009/2010 - £Nil).

Investment in Socio Economic Developments

In accordance with its remit under the Energy Act 2004, during the year the NDA made socio-economic grants of £7.5 million (2009/2010 £7 million).

Research and development

During the year, the NDA directly funded expenditure of £4.9 million (2009/2010 £11 million) on research and development. In addition, the NDA funded research and development undertaken by our contractors.

Funding, counterparty and foreign exchange risk

Although an NDPB, the NDA is also responsible for certain commercial activities and is, therefore, subject to risks and uncertainties surrounding a commercial operation. Its electricity trading activity is subject to price variation risk and was managed by British Energy Trading Services Limited to hedge energy price exposure. The NDA's foreign exchange risk is managed by the site licensees to hedge foreign currency transactions. Details can be found in notes 3 and 31 of the accounts.

Data security and information risk management

The NDA's IT network is designed and built to comply with Government information security standards and is subject to inspection by the Office for Civil Nuclear Security (OCNS) to ensure that it remains compliant. As an NDPB the NDA is required to apply all new policies concerning IT security, including the restrictions on the use of CDs, DVDs and memory sticks. The NDA network is also subject to annual independent penetration testing, which gives assurance that existing security policies are complied with.

The NDA has appointed a Senior Information Risk Owner (SIRO) who is accountable for Information Risk Management, and whose task is to ensure that the NDA and its wider nuclear estate is compliant with Cabinet Office Guidelines and other regulatory and statutory requirements.

There has been one reportable incident this year, which did not result in sensitive information being generally disclosed. Each of our SLCs has conducted baseline assessments against ISO27001 in preparation for the implementation of the new Security Policy Framework and has nominated an Executive Director to be responsible for Information Risk Management.

Summary of results for the period

The summary of the results for the year is as stated in the Financial Review.

Transfers to and from reserves are detailed in the Statement of Changes in Taxpayers' Equity.

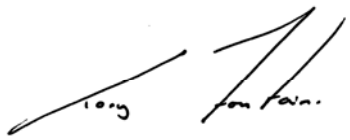
The accounts show a deficit on the Statement of Comprehensive Net Expenditure of £7,016 million for the year ended 31 March 2011, principally arising from changes in provisions and net liabilities of £50,600 million primarily attributable to the Nuclear Provision.

Events after the reporting period

a) The financial statements were authorised to be issued for publication on 30 June 2011.

Going concern

A full explanation of the adoption of a going concern basis appears in the Accounting Policies, note 3 to the Accounts and Financial Review.



Tony Fountain
Chief Executive and Accounting Officer
30 June 2011

Corporate Governance

Best practice

The NDA operates in accordance with the provisions of the Energy Act 2004 and Cabinet Office guidelines for NDPBs. It also seeks to apply, where appropriate, best practice in corporate governance as represented by the revised Combined Code on Corporate Governance.

The Board

Responsibility for ensuring that high standards of corporate governance are observed at all times within the NDA rests with the Board of Directors. In particular, they are responsible for ensuring the maintenance of a control framework in which they can obtain assurance that risk is properly assessed and managed, appropriate internal controls are in force and complied with and business performance is properly monitored. The Board sets out the strategic framework and direction within which the NDA operates.

Matters reserved to the Board include:

- establishing committees of the Board, reviewing their activities and, where appropriate, ratifying their decisions
- ratifying NDA Strategy and plans
- approving and maintaining NDA policies
- ratifying all significant matters relating to the NDA, such as material acquisitions and disposals of assets, major litigation or significant matters related to the public interest or of interest at a ministerial level in Government
- receiving and considering reports from the Audit Committee on the control, risk management and assurance framework
- approving and operating delegated authorities
- reviewing and approving the NDA Annual Report and Accounts following review by the Audit Committee.

During 2010/2011 the Board comprised four Executive Directors (2009/2010 – four) including the Chief Executive Officer (CEO), and eight Non Executive Directors (2009/2010 – eight) including the Non Executive Chairman. From 1 January 2011 the Board operated with seven Non Executive Directors following the resignation of David Owens. The Board met on a monthly basis from April 2010 to November 2010 with the exception of August. From November 2010 the Board frequency was adjusted to bring closer alignment with corporate activities. As a result the Board will have fewer meetings over the course of the year, nominally bi-monthly, but of a longer duration.

The day-to-day business management of the NDA is delegated by the Board to the CEO and Executive Directors. In addition, the Board has delegated certain responsibilities to the Audit Committee, the Remuneration Committee and the Socio-Economic Committee (now dissolved).

The Chairman

The Secretary of State for DECC in consultation with the Scottish Ministers appoints the Chairman of the Board.

The Secretary of State for DECC and Scottish Ministers set the NDA Chairman objectives for the NDA Board. The Chairman is accountable to the Secretary of State for the delivery of the NDA's obligations under the Energy Act 2004. He is responsible for the leadership of the Board and for ensuring that it effectively discharges its responsibilities.

The Accounting Officer and Chief Executive Officer

Tony Fountain is appointed CEO of the NDA by the Board and appointed Accounting Officer by the Permanent Secretary for DECC.

The responsibilities of the Accounting Officer are set out in a letter from the DECC Permanent Secretary, the Accounting Officer Memorandum and the Management Statement and Financial Memorandum.

The Accounting Officer is accountable to Parliament for the activities of the NDA, the stewardship of public funds entrusted to the NDA and the extent to which key performance targets and objectives are met.

He is personally responsible for:

- the propriety and regularity of the public finances for which he is answerable
- the keeping of proper accounts
- prudent and economical administration

- the avoidance of waste and extravagance and the effective and efficient use of all available resources
- the maintenance of public service values within the NDA, and for the transparency and openness of its proceedings.

He is also responsible for taking appropriate action if the NDA Board should consider taking a course that would not comply with these requirements.

The Remuneration Committee

The purpose of the Remuneration Committee is to support the Board in discharging its responsibilities under the Energy Act 2004 to determine the remuneration and terms of service for the CEO and the Executive Directors.

The NDA Remuneration Committee is comprised wholly of Non Executive Directors. During 2010/2011 these members were:

Nick Baldwin (Chair) – resigned 31 March 2011
Tony Cooper
Alistair Wivell (Interim Chair from April 2011)

The Committee typically meets in line with the annual cycle for determining the remuneration and terms of service for the CEO and other Executive Directors, setting the pay remit and approving the performance pay arrangements.

The NDA Chairman also attends these meetings, along with the CEO and the Director of Human Resources, except for the discussion of issues relevant to their own remuneration.

The Audit Committee

The Board has delegated responsibility for reviewing the NDA's system of internal control and monitoring its effectiveness to the Audit Committee. The system is designed to manage rather than eliminate the risk of failure to achieve the NDA's objectives. Any such system can only provide reasonable, and not absolute, assurance against mis-statement or loss.

Through the Audit Committee, the Board has reviewed the effectiveness of the internal control system, including financial, operational and compliance controls and risk management in accordance with best practice.

The NDA Audit Committee is comprised wholly of Non Executive Directors. These members are:

David Illingworth (Chairman)
Janette Brown
David Owens (until 31 December 2010)
Patrick Dixon (from January 2011)

The CEO, in his capacity as Accounting Officer, along with the Chief Financial Officer attends Audit Committee meetings.

The roles and responsibilities of the Audit Committee are set out in the terms of reference approved by the Board and include:

Advising the Board on:

- strategic processes for risk, control and governance and the Statement of Internal Control (SIC) within the core NDA, and across the wider NDA group
- accounting policies, the Annual Report and Accounts, matters arising from the external audit, and Management's Letter of Representation to the External Auditors
- plans, activities and performance of internal and external audit
- adequacy of management response to issues identified by audit activity, including the external auditor's management letter
- board policies, including procurement and any matters relating to assurance on risk management, control or corporate governance
- proposals for tendering for either Internal or External Audit services or for purchase of non-audit services from contractors who provide audit services.

The Audit Committee also has a number of responsibilities, primarily within the core NDA, but also covering as far as possible, operations across the wider NDA estate. These include:

- reviewing and reporting on the Risk Management Strategy and the Internal Audit Strategy
- assessing annually the effectiveness of the risk management and controls assurance processes and reporting its conclusions to the Board
- reviewing and reporting on the Internal Audit plan, the Internal Audit budget

- the review and reporting on, the Head of Audit's opinion in respect of internal control, including the risk management processes, to the Chief Executive. This is a key component of the assurance supporting the Statement on Internal Control (SIC)
- reviewing the annual SIC from the Chief Executive
- reviewing the SICs and the opinion of the Head of Audit from SLCs and their PBOs
- receiving and considering all Internal Audit reports
- assessing annually the effectiveness of Internal Audit and reporting its conclusions to the Board.

The Organisational Effectiveness Review made a small number of recommendations specific to the responsibilities and operational activities of the committees of the Board. These recommendations were made to allow the Board to focus on strategic activities whilst allowing appropriate oversight of tasks that could be managed more effectively through the new organisation structure.

This led to the changes listed below.

The Socio–Economic Committee (dissolved 31 March 2011)

The Board had delegated responsibility for the oversight of the NDA's socio-economic activities to the Socio-Economic Committee. This oversight was performed in accordance with the NDA Socio-Economic Policy.

The Socio-Economic Committee was comprised wholly of Non Executive Directors. These members were:

Janette Brown (Chairman)
Nick Baldwin
Tony Cooper

The roles and responsibilities of the Socio-Economic Committee were set out in the terms of reference and included:

- advising the NDA Board on socio-economic strategy and on the appropriate exercising of the NDA's socio-economic duties
- developing and maintaining appropriate process and evaluation criteria for assessment of socio-economic funding proposals
- assessing and making funding decisions on proposals for socio-economic support from designated representatives of those communities affected by decommissioning
- reviewing progress and outcomes of projects sponsored by the NDA.

The Socio-Economic Committee has been dissolved with effect from 31 March 2011 following new arrangements that place greater emphasis on accountability and delivery with the SLCs for this obligation. The NDA will now act as the intelligent client for the SLCs in their discharge of this commitment and delegations of authority have been adjusted accordingly. Approval of projects over £500,000 will now be through the Executive Sanctioning Committee and those below £500,000 are within the delegated financial authority of the NDA Director of Communications and Stakeholder Relations. A regular report will be brought to the Board to ensure continued visibility of this activity.

Expenditure Review Panel (dissolved 30 November 2010 and replaced by Executive Sanctioning Committee)

The Expenditure Review Panel (ERP) was a committee of the Board managed by the Executive team. The ERP sanctioned, and where appropriate, approved spending across the estate. This helped ensure that expenditure on investments, contracts or projects supported the delivery of the NDA's strategic objectives. On 29 September 2010 the Board approved proposal for the ERP to be replaced by a Sanction Committee made up of the full Executive under the chairmanship of the CEO. The Board also approved a significant increase in financial delegations to both the SLCs and to the NDA with a corresponding increase in accountabilities. These changes, enacted from 1 December 2010, enable the NDA Executive to focus on the high value, high risk activities.

Safety and Security Committee

During the course of the year a Safety Working Group comprising Non Executive Directors, Executive Directors and senior staff members of the NDA provided the Board with an oversight of Health, Safety, and Environmental processes and performance across the NDA estate. In February 2011 the Board made the decision to formalise the group into a committee of the Board, chaired by a Non

Executive Director and with its remit extended to include security aspects.

Attendance Record

	Board	RemCo	Audit	Socio-Economic
S Henwood	10/10	(3)	(4)	
N Baldwin[1]	8/10	4/4		2/3
D Illingworth	10/10		4/4	
A Cooper	10/10	2/4		3/3
A Wivell	10/10	4/4		
D Owens[2]	5/7		2/3	
J Brown	10/10		4/4	2/3
P Dixon	10/10		1/1	
T Fountain	9/10	(4)	(4)	(3)
J Clarke	9/10		(4)	(2)
M Lesinski[3]	5/5			
D Batters[4]	4/5		(3)	
R Waite[5]	4/4			

[1] Nick Baldwin resigned on 31 March 2011
[2] David Owens resigned on 31 December 2010
[3] Mark Lesinski appointed on 1 November 2010
[4] David Batters appointed on 18 October 2010
[5] Richard Waite resigned on 31 August 2010
() in attendance at meeting – not a member

Remuneration Report

The role of the Remuneration Committee

The Remuneration of the Chief Executive and Executive Directors is determined by the Remuneration Committee.

In reaching its recommendations, the Remuneration Committee has regard, amongst other things, to the following considerations:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities
- regional/local variations in labour markets and their effects on the recruitment and retention of staff
- Government policies for improving the public services, including the requirement on departments to meet the output targets for the delivery of departmental services

The Remuneration Committee takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Major Remuneration Committee decisions in 2010/2011:

1. The salary of the Executive Directors was maintained at 2008/2009 levels for the second year in succession, however, to reflect the increased responsibilities of the Executive Director - Business Planning, his salary was increased by £10,000 per annum with effect from 1 November 2010

2. Following extensive searches, the NDA appointed Mark Lesinski as Delivery Director and David Batters as Chief Financial Officer. The structure of their remuneration package is in line with the framework established in 2008/2009.

3. In early 2011 the Remuneration Committee undertook a review of senior executive remuneration supported by the independent remuneration consultants, Hewitt Associates. This review was considered timely as it had been three years since the previous review.

    - The Review concluded that base salary and long-term incentive elements of the package were below the median of the comparator groups but still believed to be adequate in order to recruit and retain the appropriate executive capability for the NDA. The review also concluded that the annual performance related payment scheme element of the package was significantly below the comparator group and could, in time, cause recruitment and retention issues. The Remuneration Committee considered this point and again agreed to maintain the scheme element at current levels but to monitor this during 2011/2012

4. The Remuneration Committee reviewed the impact of the NDA organisational review which resulted in an overall reduction in staffing of around 30%. They concluded that this review had not seriously impacted the capability of the NDA and had created more focus on delivery within the NDA.

5. The Remuneration Committee reviewed the output of the Hutton report on fair pay in the public sector. Their initial view was that the robust and independently supported approach to executive pay taken by the NDA was broadly in line with this report and that a full review would be undertaken once the report recommendations were implemented

Remuneration policy

The remuneration for the Chief Executive and Executive Directors includes base pay, participation in an annual performance related payment scheme and includes a Long Term Incentive Plan.

The individual components of the remuneration packages are:

Salaries and allowances

Salaries and allowances are reviewed annually and, in the first instance, have been benchmarked against industry data. They represent a rate deemed applicable to attract the calibre of employee, with the appropriate level of experience, in the necessary location, required to undertake the role and responsibility of the position.

Performance Related Payment Scheme

These are calculated in accordance with the achievement of corporate and personal objectives, agreed between the Executive Directors and the Board.

The NDA has a total reward strategy comprising both pay and grading arrangements and other rewards and non-pay benefits. This includes a commitment to permit staff, including Executive Directors, to participate in an annual performance related payment scheme. NDA specific objectives, set and approved by the Remuneration Committee, are tracked and monitored throughout the year as part of the performance management process.

Subject to satisfactory performance, payments are awarded as follows:

- for all staff, including the Chief Executive and the Executive Team, 50% of the annual performance related payment is based on corporate objectives and 50% based on personal objectives. Achievement of the personal objectives is auditable and approved by the Remuneration Committee

The final decision on the achievement of personal objectives and the measurement of personal performance for all other employees rests with the Chief Executive.

Long Term Incentive Plan (LTIP)

The NDA LTIP allows participants to receive an award equal to 50% of any annual performance related payment earned in respect of the previous year. This is called the Basic Award and, providing the participant remains in employment, will vest after a period of three years. The LTIP will operate with rolling annual awards and therefore a new Basic Award will be calculated at the start of each vesting period.

At the end of the vesting period the Basic Award will be adjusted prior to payment. This adjustment is based on the level of the average annual performance related payment paid out across the LTIP participant group in respect of the three financial years in the relevant vesting period. Should the average annual performance related payment be paid at stretch level (full payment achieved) then the Basic Award is doubled. Should the average annual payment be paid at target level (50% of full payment potential paid) then the Basic Award remains the same and should the average annual performance related payment be zero then the Basic Award reduces to nil. The adjustment is carried out on a straight-line basis for percentages between these points. This information has been audited:

	2009/2012 LTIP Basic Award	**2010/2013 LTIP Basic Award**	**2011/2014 LTIP Basic Award**
Tony Fountain	-	£67,753	£73,000
John Clarke	£26,979	£26,600	£27,766
David Batters	-	-	£25,813
Mark Lesinski	-	-	£26,825

The Remuneration Committee continues to endorse the approach to senior executive remuneration that includes an annual performance related payment scheme and a Long Term Incentive Plan as key elements of a structure that will attract and retain high quality individuals to lead the NDA team in the delivery of its challenging mission. The annual performance related payment scheme is structured to enable objectives to be set which are both appropriate and stretching. This is shown on the table below.

Performance Related Payment arrangement		
	Target (of salary)	Stretch (of salary)
CEO	25%	50%
Directors	20%	40%

Non Executive Directors

Non Executive Directors are appointed by the Secretary of State for the Department of Energy and Climate Change following the normal process for senior civil service appointments.

The Chairman of the NDA was re-appointed from 1 March 2011 for a second 3 year term. To support the targets set for support and overhead cost reduction across the NDA estate, he offered to waive an element of his fee for his second term. Accordingly his fee will be reduced by 5%, 10% and 15% respectively for the first, second and third years of his term of office

Fees

The remuneration of the Chairman and Non Executive Directors is determined by DECC. Non Executive Directors are not involved in decisions relating to their own remuneration.

Non Executive Directors are entitled to fees that are determined by DECC. The Non Executive Directors and Chairman receive basic fees with the Chairman of the Audit and Remuneration Committees receiving supplementary fees of £10,000 for the performance of those roles.

Non Executive Directors and the Chairman do not receive performance related bonuses or pension entitlements but are reimbursed for reasonable expenses incurred in the performance of their duties as directors.

Service contracts

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Service details of Executive Directors

	Date employment commenced	Notice period
Tony Fountain	1 October 2009	12 months
Richard Waite	4 April 2005	Resigned 31 August 2010
John Clarke	1 June 2008	6 months
David Batters	18 Oct 2010	6 months
Mark Lesinski	1 Nov 2010	6 months

Service details of Non Executive Directors

	Date employment commenced	Duration of current term
Stephen Henwood	1 March 2008	1 March 2011 – 28 February 2014
Nick Baldwin	29 October 2004	Resigned 31 March 2011
Tony Cooper	29 October 2004	1 January 2009 – 31 December 2011
David Illingworth	29 October 2004	1 January 2009 – 31 December 2011
Janette Brown	5 March 2009	5 March 2009 – 4 March 2013
Patrick Dixon	5 March 2009	5 March 2009 – 4 March 2013
David Owens	5 March 2009	Resigned 31 December 2010
Alistair Wivell	5 March 2009	5 March 2009 – 4 March 2013

Directors' emoluments 2010/2011

This information has been audited:

	2010/ 2011 Salaries £	2010/ 2011 Car and other benefits £	2010/ 2011 Performance Related Payment £	2010/ 2011 LTIP payments made £	2010/ 2011 Total emoluments £	2009/ 2010 Salaries £	2009/ 2010 Car and other benefits £	2009/ 2010 Performance Related Payment £	2009/ 2010 Total emoluments £
Non Executive Directors									
Stephen Henwood	199,167	-	-	-	199,167	220,000	-	-	220,000
David Illingworth (i)	35,000	-	-	-	35,000	35,000	-	-	35,000
Nick Baldwin (ii)	35,000	-	-	-	35,000	35,000	-	-	35,000
Tony Cooper (iii)	25,000	-	-	-	25,000	25,000	-	-	25,000
Alistair Wivell	25,000	-	-	-	25,000	25,000	-	-	25,000
David Owens (iv)	18,750	-	-	-	18,750	25,000	-	-	25,000
Janette Brown	25,000	-	-	-	25,000	25,000	-	-	25,000
Patrick Dixon	25,000	-	-	-	25,000	25,000	-	-	25,000
Executive Directors									
Tony Fountain (v) (ix)	365,000	168,747	146,000	-	679,747	182,500	120,235	67,753	370,488
Richard Waite (vi)	79,957	5,000	-	-	84,957	203,500	12,000	52,150	267,650
John Clarke	179,167	12,000	55,532	43,902	290,601	175,000	12,000	53,200	240,200
David Batters (vii) (ix)	79,503	8,180	23,337	-	110,020	-	-	-	-
Mark Lesinski (viii) (ix)	77,083	12,081	22,194	-	111,358	-	-	-	-

(i) Includes additional fees of £10,000 for the role of Chair of the Audit Committee (£10,000 in 2009/2010)
(ii) As above but for Remuneration Committee
(iii) Separately to his remuneration as a Non Executive Director, Tony Cooper also receives a fee for his work as a Trustee of the CNPP, ESP and GPS Pension Schemes. These fees totalled £35,500 in 2010/2011 (£38,000 in 2009/10)
(iv) Resigned 31 December 2010
(v) Other benefits include a re-location allowance of £85,937 under NDA's re-location policy and £70,810 (£35,405 2009/2010) – pension allowance. 2009/10 salary and allowances pro rata from start date of 1 October 2009
(vi) Resigned 31 August 2010
(vii) Appointed 18 October 2010. Benefits include £2,729 under NDA's relocation policy
(viii) Appointed 1 November 2010. Benefits include £7,081 under NDA's relocation policy
(ix) The relocation allowance payable to Tony Fountain, Mark Lesinski and David Batters operates over a three year period. It comprises of a one-off lump sum then amounts payable as an annual allowance equal to 25% of basic salary in the first year dropping to 21% in the second year then 15% in the third year and final year ceasing thereafter.

Civil service pensions

Pension benefits are provided through the Civil Service Pension Arrangements. From 30 July 2007, civil servants may be in one of four defined schemes; either a 'final salary' scheme (Classic, Premium or Classic Plus); or a 'whole career' scheme (Nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under Classic, Premium and Classic Plus and Nuvos are currently increased annually in line with the Pensions Increase Legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for Classic and 3.5% for Premium, Classic Plus and Nuvos. Benefits in Classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum. Classic Plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per Classic and benefits for service from October 2002 worked out as in Premium. In Nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the members' earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with the Pensions Increase Legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set up by the Finance Act 2004.

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of Classic, Premium and Classic Plus and 65 for members of Nuvos Pension Scheme.

Further details about the Civil Service pension arrangements can be found at the website www.civilservice-pensions.gov.uk.

Executive Directors' pensions

This information has been audited:

	Real increase in pension during the year 2010/2011 £000's	Real increase in lump sum during the year 2010/2011 £000's	Accrued pension at 31 March 2011 £000's	CETV at 31 March 2010 (iii) £000's	CETV at 31 March 2011 (iii) £000's	Real increase in CETV funded by employer £000's
Tony Fountain (i)	0	0	0	0	0	0
Richard Waite (ii)	0 – 0.25	n/a	20 – 25	284	308	14
John Clarke	2.5 – 5	n/a	10 – 15	82	132	42
David Batters	0 – 0.25	n/a	0 – 5	0	16	13
Mark Lesinski	0 – 0.25	n/a	0 – 5	0	22	20

Notes

(i) Tony Fountain does not participate in a Civil Service Pension arrangement and received £70,810 payment in lieu of pension allowance to fund his own pension arrangement (£35,405 in 2009/2010). 2009/10 salary and allowances pro rata from start date of 1 October 2009

(ii) Richard Waite was a member of the Supplementary Scheme

(iii) The actuarial factors used to calculate CETVs were changed in 2010/2011. The CETVs at 31/03/10 and 31/03/11 have both been calculated using the new factors, for consistency. The CETV at 31/03/10 therefore differs from the corresponding figure in last years report which was calculated using the previous factors

Cash Equivalent Transfer Values

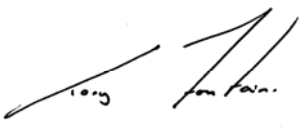
A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the Civil Service Pension Arrangements and for which the Civil Superannuation Vote (CS Vote) has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangements) and uses common market valuation factors for the start and end of the period.

Alistair Wivell
Acting Chairman of the Remuneration Committee
30 June 2011



Tony Fountain
Accounting Officer and Chief Executive
30 June 2011

Statement of the Authority's and Accounting Officer's Responsibilities

Under Section 26 of the Energy Act 2004, the Secretary of State (with approval of HM Treasury) has directed the NDA to prepare a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the NDA and of its income and expenditure, recognised gains and losses and cash flows for the accounting period.

In preparing the accounts the NDA is required to:

- observe the Accounts Direction issued by the Secretary of State (with approval of HM Treasury), including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis

- make judgements and estimates on a reasonable basis

- state whether applicable accounting standards have been followed, as set out in the *Government Financial Reporting Manual,* and disclose and explain any material departures in the accounts

- prepare the accounts on a going concern basis.

The Chief Executive of the NDA has been designated as the Accounting Officer by the Accounting Officer for the Department of Energy and Climate Change (DECC).

The responsibilities of an Accounting Officer including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records for safeguarding the NDA's assets, are set out in the Accounting Officers' Memorandum published by HM Treasury.

Statement on Internal Control

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Nuclear Decommissioning Authority's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities outlined in *Managing Public Money.*

A process of accountability with DECC was established from April 2009. DECC has continued to utilise the skills and services of the Shareholder Executive to provide oversight and governance of the NDA.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level. As it is not feasible to eliminate all risk of failure in the achievement of policies, aims and objectives, the system can, therefore, only provide reasonable and not absolute assurance of effectiveness.

The system of internal control has been in place in the NDA for the period commencing 1 April 2010 up to the date of approval of the Annual Report and Accounts, in accordance with Treasury guidance.

Capacity to handle risk

Together with the Audit Committee and the Board I have been actively involved in the risk management process, including the development and endorsement of both the NDA's risk management policy and the internal audit policy and strategy.

The NDA risk management policy and procedure sets out the NDA's attitude to risk and defines roles and responsibilities throughout the organisation. As Accounting Officer, I have overall responsibility for risk management which I discharge through my management team and wider staff who take 'ownership' of any risks that lie within their domain. The Head of Risk facilitates the effective management of risk and through the culture of 'continuous improvement', and with the support of all staff, continues to enhance the infrastructure to support, embed and report on risk management at every level of the business. In addition, the NDA is committed to ensuring that all members of staff receive the necessary training in risk management and awareness to equip them to carry out their particular role.

The NDA's capacity to handle risk is influenced and supported by its governance structure that supports the decommissioning and commercial operations undertaken under contract by site licensees. Throughout this contractual relationship, we seek assurance of high risk management standards across our estate. Risk management is a key feature of the monthly reporting cycle and reviews and audits are regularly undertaken to ensure these standards are maintained and that continual improvement is embedded.

The risk framework

Accepting that risk is an inherent part of doing business, our risk management framework is designed to capture risk assessments from across the business and to provide assurance that risk is fully understood and managed.

The risk framework serves to capture and promote all magnitudes of risk. As well as risks relating to the nuclear cost estimates, we are exposed to some generic, estate-wide risks as well as specific SLC risks. Risks are frequently reviewed and escalated where required, so as to ensure that senior management is fully apprised of the risks faced, their magnitude, and any proposed mitigating actions.

The principal business risks that we have identified are as follows:

- performance of the ageing operational plants adversely affects commercial revenue and delivery of the mission
- unplanned events may result in the NDA having insufficient funding to meet its planned programme of work
- SLC performance plans do not deliver expected schedule, performance and cost improvements.

Effectively managing our risks is an integral part of the day job for our staff at every level of the business. Regular reviews are carried out at project, department, directorate and strategic level and include risks arising from our contracted decommissioning and commercial operations. They support an effective monthly reporting cycle through a structured framework of review and reporting from operational level through senior management to the Executive

team and on to the Board. This framework is supported by a detailed risk review at the Audit Committee on a quarterly basis. A balanced approach allows both control and support at each of the various levels of the framework.

I have maintained a focus on continual improvement and on process maturity through the year, ensuring the framework remains fit for purpose and delivers the information and control required across the business. Key improvements have included further emphasis on 'top down' review and input by my Executive team which brings additional balance and clarity to the highest risks faced by the business.

In addition, we have continued to engage with our site licensees, upon whom we rely to manage effectively the risks relating to all of their operations and have supported risk management improvement plans as part of the continuous development we seek across our estate.

Internal control framework

The NDA has continued to develop and enhance arrangements to provide assurance on the adequacy of the overall governance arrangements. A significant factor in achieving this was the improvements made in the planning processes and the exercise to restructure the performance management reports. These improvements have been received favourably by the NDA Board, DECC and the Scottish Government.

Following my appointment as Accounting Officer in October 2009, I identified three key areas where I believed improvements to the NDA's overall operating and control environment were required. The first of these was the organisation structure which I believe did not provide sufficient single point accountability within the organisation. In order to address this, I initiated an Organisational Effectiveness Review, which delivered a significantly redesigned organisation structure in October 2010. Many of the policies and procedures to support this new way of working have been developed, but work will continue into 2011/2012 to refine and embed these processes. We have recognized that improvements are required to the processes whereby the NDA gains appropriate assurances throughout the year over the payments made to our contractors in respect of the delivery of contracted obligations. This work is currently under development for implementation during 2011.

I also identified a need to strengthen the overall planning process and so, not only have I introduced additional planning processes and outputs, the organisational restructure now reflects a more integrated approach to this vital function. The new planning processes allow for clearer articulation of the near term activities that will advance the NDA's core purposes and also provide the basis for the performance management of our SLCs.

The final area where significant improvements have been made this year is with our Performance Management System. The improvements are designed to bring greater efficiency and effectiveness to how we deliver corporate aims and objectives, whilst also facilitating the recognition and appropriate reward of the achievements of individuals.

Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control.

My review is informed by the work of the internal auditors, external auditors (the National Audit Office) and other assurance functions both within the NDA and across the estate, as well as the Executive Directors within the NDA who have responsibility for the development and maintenance of the internal control framework. I have been advised on the implications of the results of my review by the Board and the Audit Committee, and plans to address weaknesses and ensure continuous improvement of the system are in place.

I am supported by an Internal Audit unit, operating to the requirements defined in the Government Internal Audit Standards. The internal audit mandate is to look across management systems as a whole and the unit has developed and delivered a robust internal audit plan to assess the effectiveness of the internal controls within the NDA.

Internal Audit has oversight of the assurance work carried out within other functions of the NDA, its subsidiaries and its contractors, and is able to report on these to the Audit Committee on a regular basis.

The Internal Audit function takes a pro-active approach to working with the NDA subsidiaries and contractors to ensure the governance arrangements not only meet legal requirements but are appropriate to the size and complexity

of the work undertaken across the estate. One example of this is the work undertaken this year to agree an increase in the coverage of the Internal Audit activities at the LLWR.

The Internal Audit programme of work is primarily focused on risks to the NDA control environment but has established protocols to enable, where necessary and appropriate, joint audit work.

For 2010/2011 the Internal Audit programme of work programme recognised the impact on the organisation of conducting a major review and restructure project and was therefore developed on a two phase basis to take this into account.

During the year Internal Audit strengthened its relationship with the NDA's subsidiaries by undertaking a specific high level governance and key financial controls review. The results of this review confirmed that controls in this area are rigorous and appropriate.

At the beginning of 2010 I requested that our Internal Audit function undertake a review of the delivery of the Sellafield Parent Body contract and Lifetime Plan (LTP) work. This review formed one element of a programme of assurance activities, utilising both internal and external expertise, focused on the Sellafield contract and reflecting the importance of this element of the NDA's portfolio. A number of findings were raised as a result of the review including, the overall governance arrangements supporting the contractual relationship; the level of challenge provided by the NDA to the contractor's proposals (including the use of independent assurance and benchmarking of estimates); the balance of skills and resources deployed and the need for stronger contingency plans in the event of any significant slippage to the assurance schedule and uncertainty over asset condition and asset care costs.

Initial findings were made available during the course of the audit work and significant issues were acted upon immediately by the business. The final report was issued in May 2010 and categorised as 'red rated' reflecting the significance of the findings and the importance of implementing the rectification actions in a timely manner. A detailed action plan was established to address all of the findings.

Progress of the agreed actions has been monitored over the course of the year and reported to those charged with governance.

I commissioned a follow up review with Internal Audit for commencement in February 2011 to focus on the final phase of the Sellafield contract assurance arrangements, namely the robustness of the assurance arrangements being deployed by the NDA in response to the Performance Plan submitted by the Sellafield SLC in late January 2011. This, combined with the Contract Baseline will provide the basis for contractor fee payments.

Again initial findings and suggested improvements were made available during the course of the audit work and these were implemented immediately. The final report was issued in June 2011 and concluded that the approach taken for final review and acceptance of the Sellafield Contract Baseline with qualifications in October 2010 was pragmatic and appropriate given the prevailing circumstances and that the approach being used to provide assurance of, and challenge to, the Sellafield Performance Plan reflected the improvements put in place following the review in early 2010**.**

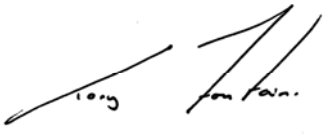
During the year no cases of fraud were detected across the estate, however one joint investigation took place in conjunction with Sellafield Limited based on a 'whistle blower' allegation. Investigation found that there was no fraud involved but as a consequence the NDA made a number of improvements to the clarity and definition of contractor objectives especially as a number of these attract a specified fee for achievement.

During 2010/2011 the NDA has received an NAO Management Letter relating to the external audit of its 2009/2010 Annual Report and Accounts.

The Management Letter detailed a small number of key findings, with recommendations for improvements to the processes for assuring the Nuclear Liability Estimate (Nuclear Provision) and for reporting on its non-current assets. In addition the NAO recommended that we conduct an annual high level review of the Project Implementation Plan for the Geological Disposal Facility (GDF). Work to address these findings is largely complete and has helped to inform the 2010/2011 external audit.

Given that the NDA has taken considerable steps to address issues highlighted by both our internal and external auditors, along with the organisations overall response to audit findings in general, I am satisfied that there has been a relatively sound system of internal control in

place within the NDA throughout 2010/2011, and that current work streams will continue to build upon and improve this further during the 2011/2012 financial year.



Tony Fountain
Chief Executive and Accounting Officer
30 June 2011

The Audit Report of the Comptroller and Auditor General to the Houses of Parliament

I have audited the financial statements of the Nuclear Decommissioning Authority for the year ended 31 March 2011 under the Energy Act 2004. These comprise the Group Statement of Comprehensive Net Expenditure, the Group and Authority Statements of Financial Position, the Group and Authority Statements of Cash Flows, the Group and Authority Statements of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Authority, the Accounting Officer and auditor

As explained more fully in the Statement of the Authority's and the Accounting Officer's Responsibilities**,** the Authority and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with the Energy Act 2004. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Nuclear Decommissioning Authority and group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Nuclear Decommissioning Authority; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Nuclear Decommissioning Authority and group affairs as at 31 March 2011 and of the group's net expenditure for the year then ended; and

- the financial statements have been properly prepared in accordance with the Energy Act 2004 and Secretary of State directions issued thereunder.

Emphasis of Matter – Nuclear Provision

In forming my opinion on the financial statements, which is not qualified, I have considered the adequacy of the disclosures made in notes 3 and 28 to the financial statements concerning the uncertainties inherent in the nuclear decommissioning provision. As set out in these notes, given the very long timescales involved and the complexity of the plants and materials being handled, a considerable degree of uncertainty remains over the value of the liability for decommissioning nuclear sites designated by the Secretary of State. Significant changes to the liability could occur as a result of subsequent information and events which are different from the current assumptions adopted by the Authority.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Energy Act 2004; and
- the information given in the sections of the annual report entitled "Chief Executive's Review", "Health, Safety, Security, Safeguards and the Environment Report", "Financial Review" and "Directors' Report" for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

4 July 2011

Consolidated Statement of Comprehensive Net Expenditure

for the year ended 31 March 2011

	Note	2011 £m	Restated* 2010 £m
Continuing operations			
Expenditure			
Authority administration expenditure	5	45	54
Programme expenditure	7	1,653	1,247
Adjustments to provisions	8	6,205	1,684
Other expenditure	9	184	192
		8,087	3,177
Income		(1,036)	(963)
Net expenditure		7,051	2,214
Interest receivable	10	(14)	(13)
Interest payable	11	2	3
Net expenditure from continuing operations		7,039	2,204
Discontinued operations			
Net (income)/expenditure from discontinued operations	19	(9)	42
Net expenditure for the year		7,030	2,246
Other comprehensive (income)/expenditure:			
Net (gain)/loss on revaluation of property, plant and equipment	14	(9)	30
Actuarial gains on defined benefit pension schemes	30	(2)	(5)
Surplus taken on over year re CNPP Closed Section defined benefit pension scheme	30	(3)	-
Other comprehensive (income)/expenditure for the year		(14)	25
Total comprehensive net expenditure for the year		7,016	2,271

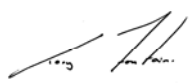
* In accordance with changes in the Government Financial Reporting Manual the 2010 statement has been adjusted to exclude the notional cost of capital credit and the reversal of the notional cost of capital credit. As this adjustment has no impact on the statement of financial position, the statement of financial position as at 31 March 2009 has not been re-presented.

Consolidated Statement of Financial Position

as at 31 March 2011

	Note	2011 £m	2010 £m
Non-current assets			
Property, plant and equipment	14	1,159	1,352
Recoverable contract costs	17	1,280	1,627
Finance lease receivables	24	19	-
Trade and other receivables	25	15	17
Defined benefit pension scheme surplus	30	12	4
		2,485	3,000
Current assets			
Assets classified as held for sale	19	278	296
Inventories	20	118	107
Other investments	22	319	313
Derivative financial assets	23	2	13
Trade and other receivables	25	256	405
Cash and cash equivalents	26	249	232
		1,222	1,366
Total assets		3,707	4,366
Current liabilities			
Derivative financial liabilities	23	(5)	(1)
Trade and other payables	27	(1,249)	(1,164)
Nuclear Provisions	28	(1,959)	(1,900)
Other provisions	29	(137)	(304)
		(3,350)	(3,369)
Total assets less current liabilities		357	997
Non-current liabilities			
Trade and other payables	27	(1,894)	(1,487)
Nuclear Provisions	28	(47,193)	(43,183)
Other provisions	29	(1,869)	(1,530)
Defined benefit pension scheme deficits	30	(1)	(1)
		(50,957)	(46,201)
Net liabilities		(50,600)	(45,204)
Taxpayers' equity			
Transfer reserve		(23,091)	(23,091)
Revaluation reserve		323	336
General reserve		(27,832)	(22,449)
Total taxpayers' equity		(50,600)	(45,204)

The financial statements on pages 55 to 107 were approved by the Board on 30 June 2011 and were signed on its behalf by:



Tony Fountain
Chief Executive and Accounting Officer
30 June 2011

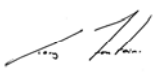
The related notes numbered 1 to 38 form part of these financial statements. Authority refers to the balances within the NDA itself, with NDA Group balances incorporating the Authority and its subsidiaries. Details of subsidiaries are given in note 16.

Authority Statement of Financial Position

as at 31 March 2011

	Note	2011 £m	2010 £m
Non-current assets			
Property, plant and equipment	14	803	1,044
Investments in subsidiaries	16	206	206
Recoverable contract costs	17	1,280	1,627
Finance lease receivables	24	19	-
Trade and other receivables	25	15	17
Defined benefit pension scheme surplus	30	7	-
		2,330	2,894
Current assets			
Assets classified as held for sale	19	278	296
Inventories	20	111	103
Other investments	22	46	61
Derivative financial assets	23	2	13
Trade and other receivables	25	499	563
Cash and cash equivalents	26	214	170
		1,150	1,206
Total assets		3,486	4,100
Current liabilities			
Derivative financial liabilities	23	(5)	(1)
Trade and other payables	27	(1,214)	(1,099)
Nuclear Provisions	28	(1,957)	(1,898)
Other provisions	29	(134)	(301)
		(3,310)	(3,299)
Total assets less current liabilities		170	801
Non-current liabilities			
Trade and other payables	27	(1,886)	(1,486)
Nuclear Provisions	28	(47,129)	(43,125)
Other provisions	29	(1,837)	(1,498)
Defined benefit pension scheme deficits	30	-	-
		(50,852)	(46,109)
Net liabilities		(50,682)	(45,308)
Taxpayers' equity			
Transfer reserve		(23,096)	(23,096)
Revaluation reserve		300	326
General reserve		(27,886)	(22,538)
Total taxpayers' equity		(50,682)	(45,308)

The financial statements on pages 55 to 107 were approved by the Board on 30 June 2011 and were signed on its behalf by:



Tony Fountain
Chief Executive and Accounting Officer
30 June 2011

The related notes numbered 1 to 38 form part of these financial statements. Authority refers to the balances within the NDA itself, with NDA Group balances incorporating the Authority and its subsidiaries. Details of subsidiaries are given in note 16.

Statement of Cash Flows

for the year ended 31 March 2011

	NDA Group		Authority	
	2011 £m	**2010 £m**	**2011 £m**	**2010 £m**
Cash flows from operating activities				
Net expenditure for the year	(7,030)	(2,246)	(7,007)	(2,283)
Adjustments for:				
Interest receivable	14	13	6	7
Interest payable	(2)	(3)	(3)	(1)
Depreciation of property, plant and equipment	128	147	117	139
Impairment of property, plant and equipment	56	55	56	55
Loss on sale of property, plant and equipment	-	1	1	-
Decrease in recoverable contract costs	664	29	665	29
(Increase)/decrease in inventories	(11)	87	(8)	89
Decrease/(increase) in receivables	162	(143)	91	(208)
Increase/(decrease) in payables	494	223	520	224
Increase/(decrease) in nuclear provisions	3,857	781	3,851	781
Increase/(decrease) in other provisions	171	(468)	172	(477)
Net cash outflow from operating activities	(1,497)	(1,524)	(1,539)	(1,645)
Cash flows from investing activities				
Interest receivable	(14)	(13)	(6)	(7)
Interest payable	2	3	3	1
Proceeds on disposal of assets held for sale	-	161	-	161
Proceeds on disposal of investments	-	-	15	6
Purchases of property, plant and equipment	(88)	(201)	(49)	(121)
Purchase of investments	(6)	(9)	-	-
Net cash (outflow)/inflow from investing activities	(106)	(59)	(37)	40
Cash flow from financing activities				
Grants from parent department	1,620	1,629	1,620	1,629
Net cash inflow from financing activities	1,620	1,629	1,620	1,629
Net increase in cash and cash equivalents	17	46	44	24
Cash and cash equivalents at beginning of year	232	186	170	146
Cash and cash equivalents at end of year	249	232	214	170

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2011

NDA Group	Transfer £m	Revaluation £m	General £m	Total £m
Balance at 31 March 2009	(23,074)	526	(22,002)	(44,550)
Changes in taxpayers' equity 2009/10				
Grants from parent department	-	-	1,629	1,629
Transfers between reserves	(5)	(160)	165	-
Net comprehensive expenditure	-	(30)	(2,241)	(2,271)
Holiday pay accrual	(12)	-	-	(12)
Balance at 31 March 2010	(23,091)	336	(22,449)	(45,204)
Changes in taxpayers' equity 2010/11				
Grants from parent department	-	-	1,620	1,620
Transfers between reserves	-	(22)	22	-
Net comprehensive expenditure	-	9	(7,025)	(7,016)
Balance at 31 March 2011	(23,091)	323	(27,832)	(50,600)

Authority	Transfer £m	Revaluation £m	General £m	Total £m
Balance at 31 March 2009	(23,079)	515	(22,051)	(44,615)
Changes in taxpayers' equity 2009/10				
Grants from parent department	-	-	1,629	1,629
Transfers between reserves	(5)	(160)	165	-
Net comprehensive expenditure	-	(29)	(2,281)	(2,310)
Holiday pay accrual	(12)	-	-	(12)
Balance at 31 March 2010	(23,096)	326	(22,538)	(45,308)
Changes in taxpayers' equity 2010/11				
Grants from parent department	-	-	1,620	1,620
Transfers between reserves	-	(33)	33	-
Net comprehensive expenditure	-	7	(7,001)	(6,994)
Balance at 31 March 2011	(23,096)	300	(27,886)	(50,682)

The transfer reserve is used to record the deficit or surplus arising on the transfer of assets and liabilities to the NDA from other parts of the public sector.

The revaluation reserve is used to record the increases in the fair value of property, plant and equipment carried at valuation and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in taxpayers' equity.

The general reserve is used to record the deficit or surplus arising from the Statement of Comprehensive Net Expenditure.

The transfers between reserves relate to the realisation of surpluses on disposal of revalued assets.

Notes to the financial statements

for the year ended 31 March 2011

1. General information

The Nuclear Decommissioning Authority (NDA) is an executive Non Departmental Public Body (NDPB) that was established on 22 July 2004 under the Energy Act 2004 and is currently sponsored by the Department of Energy and Climate Change (DECC). Its headquarters are at Herdus House, Westlakes Science & Technology Park, Moor Row, Cumbria, CA24 3HU. The NDA was created with the primary objective of overseeing and monitoring the decommissioning and clean up of the UK's civil nuclear legacy. The Financial Review on pages 19 to 26 provides further information on the NDA's operations.

These financial statements are presented in pounds sterling and all values are rounded to the nearest million (£m) except when otherwise indicated.

2. Statement of significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared under the accounts direction issued by the Secretary of State for the Department of Energy and Climate Change (DECC) in accordance with section 26 of the Energy Act 2004. The accounts direction requires compliance with the 2011 Government Financial Reporting Manual (FReM), and any other guidance, issued by HM Treasury. The NDA has a specific direction in respect of the accounting for waste management assets on an historical cost basis. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the NDA for the purpose of giving a true and fair view has been selected. The significant accounting policies adopted by the NDA are described below. They have been applied consistently in dealing with items that are considered material to the financial statements, unless otherwise stated.

These financial statements have been prepared on the historical cost basis, except for the revaluation of property, plant and equipment (other than waste management assets). Investments, financial assets and financial liabilities (including derivative financial instruments) are measured at fair value through profit or loss.

The consolidated statement of financial position at 31 March 2011 shows net liabilities of £50,600 million. This reflects the inclusion of liabilities falling due in future years which, to the extent that they are not to be met from the NDA's other sources of income, may only be met by future grants from the NDA's sponsoring department, DECC. Under the normal conventions applying to parliamentary control over income and expenditure, such grants may not be issued in advance of need. Grants for 2012, taking into account the amounts required to meet the NDA's liabilities falling due in this year, has already been included in the DECC's estimates, which have been approved by Parliament. There is no reason to believe that DECC's future sponsorship and future parliamentary approval will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

2.2 Adoption of new and revised Standards

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting of future transactions and arrangements.

IFRS3 Business Combinations (Revised)	The revision of IFRS 3 addressed the issue of providing guidance on the application of the acquisition method.
IFRS 5 Non-current Assets Held for Sale and	The amendment clarifies that where an entity is

Discontinued Operations (Amendment)	committed to a sale plan involving loss of control of a subsidiary, the assets and liabilities of the subsidiary should be classified as held for sale. The amendment also clarifies that IFRS 5, and those IFRSs that specifically refer to non-current assets (or disposal groups) that are classified as held for sale or discontinued operations, specify all the disclosures required for those assets or operations, although additional disclosures may be necessary for held for sale assets or groups to comply with International Accounting Standards 1(IAS).
IAS 1 Presentation of Financial Statements (Amendment)	The amendment clarifies that where an entity has a liability in the form of a convertible instrument, its classification as current or non-current is not affected by an option that would require the entity to settle the liability in shares at any time.
IAS 7 Statement of Cash Flows (Amendment)	The amendment clarifies that only expenditure that results in the recognition of an asset (rather than simply to generate future income and cash flows) can be classified as a cash flow from investing activities.
IAS 17 Leases (Amendment)	The amendment clarifies that where a lease includes both land and building elements, they are separately assessed in accordance with the general guidance on the classification of leases in IAS 17, taking into account that land normally has an indefinite economic life. Thus the land element may be classified as a finance lease, even if title is not expected to pass to the lessee.
IAS 27 Consolidated and Separate Financial Statements (Amendment)	IAS 27 has been amended as a result of the revision of IFRS 3. The most significant changes are that changes in ownership interest in a subsidiary that do not result in a loss of control should be accounted for as equity transactions; that total comprehensive net expenditure should be attributed to the non-controlling interests even if this results in the non-controlling interests having a negative balance; and that where an entity loses control of a subsidiary any gains or loss should be recognised in profit or loss.
IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (Amendment)	The amendment classifies rights issues which allow the acquisition of a fixed number of shares for a fixed amount of any currency, provided they are offered to all existing owners of the same class of shares, as equity rather than a derivative liability.
IAS 36 Impairment of Assets (Amendment)	The amendment clarifies that the cash-generating unit(s) to which goodwill is allocated for the purposes of impairment testing should be no larger than the operating segment level as defined in IFRS 8, before any aggregation of such segments as permitted by that standard.
IAS 38 Intangible Assets (Amendment)	The amendment clarifies that an intangible asset acquired in a business combination that is separable only where linked with a related contract, identifiable asset or liability should be recognised together with the related item as an asset separately from goodwill.

	The amendment also clarifies the description of valuation techniques commonly used to measure intangible assets at fair value where no active market exists.
IAS 39 Financial Instruments: Recognition and Measurement (Amendment)	The amendment clarifies that a loan prepayment option is not separable where the penalties incurred compensate the lender for the loss of interest income; that in respect of contracts for business combinations only forward contracts, and not option contracts, are excluded from the scope of IAS 39; and that gains or losses on a cash flow hedge should be reclassified from other comprehensive income to profit or loss during the period that the hedged forecast cash flows affect profit or loss.
IFRIC 9 Reassessment of Embedded Derivatives (Amendment)	The amendment clarifies that embedded derivatives in contracts acquired in a business combination (as defined in IFRS 3), a combination of entities or businesses under common control, or the formation of a joint venture are outside the scope of IFRIC 9.
IFRIC17 Distributions of Non-cash Assets to Owners	The interpretation provides guidance on accounting for dividends payable, where such dividends are distributions of non-cash assets or distributions that give a choice of non-cash assets or a cash alternative. The interpretation also extends the scope of IFRS 5 to non-cash assets (or disposal groups) that are classified as held for distribution to owners (acting in their capacity as owners).

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not been applied in these financial statements, were in issue but not effective (and in some cases have not yet been adopted by the EU):

IFRS3 Business Combinations (Amendment)	Amendment restricts the option for recognising non-controlling interests in an acquiree.
IFRS 7 Financial Instruments: Disclosures (Amendment)	The amendment requires more disclosure on transfer transactions (e.g. securitisations) involving financial assets, including the extent of any risks which may remain with the entity following the transfer. Further amendments concern the quantitative and credit risk disclosures, including the requirement to disclose the effect of any collateral held on the maximum exposure to credit risk.
IFRS 9 Financial Instruments	IFRS 9 simplifies the classification and measurement of financial assets, removing the numerous categories of financial asset specified in IAS 39, and resulting in one impairment method.
IFRS 10 Consolidated Financial Statements	IFRS 10 includes a new definition of control which applies to all potential parent-subsidiary relationships, including those arising from structured or special purpose entities
IFRS 11 Joint Arrangements	IFRS 11 does not amend the concept of joint control but provides a new classification of joint

	arrangements, as well as new accounting requirements.
IFRS 12 Disclosure of Interests in Other Entities	The main objective of the new standard is to require information that helps users of their financial statements evaluate the nature of and risks associated with interests in other entities, as well as the effects of those interests on financial statements.
IFRS 13 Fair Value Measurement	IFRS 13 provides detailed guidance on the measurement of fair value.
IAS 24 Related Party Disclosures (Revised)	The definition of a related party has been clarified to simplify the identification of related party relationships, particularly in relation to significant influence and joint control.
IFRIC 14 Prepayment of a Minimum Funding Requirement (Amendment)	The amendment allows, in certain circumstances, an entity to treat the prepayment of future contributions to a pension scheme where there is a minimum funding requirement as an asset.

The Authority does not expect that the adoption of these Standards and Interpretations in future periods will have a material impact on the financial statements of the NDA Group.

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the NDA and entities controlled by the NDA (its subsidiary undertakings) made up to 31 March each year. Control is achieved where the NDA has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

2.4 Income recognition

Income, including rental income, is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes, and electricity purchases relating to short-term balancing of output volume and hedging activities. Income received in advance of work performed is held on the statement of financial position (under trade and other payables as payments received on account) and released to the statement of comprehensive net expenditure when the work is completed and the liability extinguished.

Income from contracts is recognised in accordance with the NDA's accounting policy on contracts (see below).

2.5 Contracts

Where the outcome of a contract can be estimated reliably, income and costs are recognised by reference to the stage of completion of the contract activity at the reporting date. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a contract cannot be estimated reliably, contract income is recognised to the extent of contract costs incurred where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract income, the expected loss is recognised as an expense immediately.

For contracts in progress at the reporting date, where costs incurred plus recognised profits less recognised losses exceed amounts invoiced to date the balance is shown under non-current assets as recoverable contract costs. Where amounts invoiced to date exceed costs incurred plus recognised profits less recognised losses the balance is shown under trade and other payables as payments received on account.

2.6 Leasing
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2.6 (a) The NDA Group as lessor
Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. The aggregate costs of any incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

2.6 (b) The NDA Group as lessee
Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between interest charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Interest charges are charged directly to the statement of net expenditure.

Rentals payable under operating leases are charged to the statement of net expenditure on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

2.7 Foreign currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group entity are expressed in pounds sterling, which is the functional currency of the NDA, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual reporting entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions or at the contracted rate if the transaction is covered by a forward foreign exchange contract. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in the statement of net expenditure in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified as equity and recognised in the Group's general reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

2.8 Retirement benefit costs

The Group participates in various pension schemes, both defined contribution and defined benefit schemes.

For defined contribution schemes the amount charged to operating costs is the contributions payable in the year. Contributions made to multi-employer pension schemes where there is insufficient information to identify the Group's obligations are dealt with as payments to defined contribution schemes.

For defined benefit schemes, the liability recognised in the statement of financial position is the present value of the defined benefit obligation at the reporting date less the fair value of scheme assets, together with any adjustments for unrecognised past service costs, and less any amounts recoverable from third parties. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that have terms to maturity approximating to the terms of the related pension liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in operating costs to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the benefits become vested. The interest cost and the expected return on assets are shown as a net amount of interest costs.

Pension scheme assets are recognised to the extent that they are recoverable and pension scheme liabilities are recognised to the extent that they reflect a constructive or legal obligation.

2.9 Research and development expenditure

Expenditure on research activities not specifically recoverable directly from customers is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised only if all of the following conditions are met:

- an asset is created that can be identified
- it is probable that the asset created will generate future economic benefits
- the development cost of the asset can be measured reliably

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

2.10 Taxation

The tax expense, if any, represents the sum of the tax currently payable and deferred tax. The NDA does not pay tax on any profits arising from its activities in relation to decommissioning, and similarly losses are not deductible in relation to decommissioning.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive net expenditure because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive net expenditure, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets are currently not recognised as the NDA does not anticipate a taxable surplus arising in the foreseeable future. Deferred tax liabilities are currently not recognised as they are offset by deferred tax assets.

VAT is accounted for in that amounts are shown net of VAT except:

(i) Irrecoverable VAT is charged to profit or loss, and included under the heading relevant to the type of expenditure

(ii) Irrecoverable VAT on the purchase of an asset is included in the capitalised purchase cost of the asset

The net amount due to, or from, HM Revenue & Customs in respect of VAT is included within payables or receivables respectively within the statement of financial position.

2.11 Property, plant and equipment

Property, plant and equipment includes assets purchased directly by the Group and assets for which the legal title transferred to the Group under Transfer Scheme arrangements pursuant to the Energy Act 2004.

In accordance with FReM, property, plant and equipment should be carried at fair value. However, in accordance with the accounts direction issued by the Secretary of State for DECC, waste management assets are excluded from this requirement where there is no reliable and cost effective revaluation methodology. Such waste management assets are therefore carried at cost less accumulated depreciation and any impairment charges. Where a reliable and cost effective revaluation methodology does exist, such waste management assets are carried at valuation.

For property, plant and equipment carried at valuation, revaluations are currently performed on an annual basis to ensure that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date. Any accumulated depreciation at the date of revaluation is eliminated and the resulting net amount restated to equal the revalued amount. Any revaluation increase arising is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on revaluation is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset. On the subsequent derecognition of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to the general reserve.

Assets used to support commercial activities are carried at valuation. Property located outside nuclear licensed site boundaries is revalued annually by external qualified valuers. Property located inside nuclear licensed site boundaries is only carried at valuation where a reliable and cost effective revaluation methodology exists. Where this is not possible it is are carried at cost less accumulated depreciation and any impairment charges in line with the treatment of waste management assets.

Where economic facilities have been commissioned, the estimated cost of decommissioning the facilities is recognised, to the extent that it is recognised as a provision under IAS 37 ‘Provisions, Contingent Liabilities and Contingent Assets’, as part of the carrying value of the asset and depreciated over the useful life of the asset. All other decommissioning costs are expensed as incurred. A change in estimated decommissioning costs is added to or deducted from the carrying value of the related asset. To the extent that such a treatment would result in a negative asset, the effect of the change is charged as an expense. The change in depreciation charge is recognised prospectively.

Depreciation is charged so as to write off the cost or valuation of assets, other than assets under construction, to their residual values over their useful lives, using the straight-line method, on the following bases:

Land	Not depreciated
Buildings	10 to 60 years
IT equipment	3 years
Fixtures and fittings	3 to 10 years
Plant and equipment	10 to 20 years
Transport equipment	4 to 14 years

Assets under construction are not depreciated until brought in to use.

Residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

2.12 Investments in subsidiaries

Investments in subsidiaries are stated at cost less, where appropriate, provision for impairment.

2.13 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and all costs to be incurred in marketing, selling and distribution. This is a departure from the FReM requirement to value inventories at current cost but this does not represent a material difference in valuation.

Reprocessed plutonium and uranium inventory is held at nil value. The destination of nuclear waste and materials cannot be confirmed, nor costs estimated, until the Government's reviews of long-term policy around waste disposal have been completed. Long-term options for the disposition of wastes,

uranics, plutonium and Advanced Gas-Cooled Reactor (AGR) spent fuel are being developed, along with their associated cost estimates.

2.15 Assets classified as held for sale

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the asset is available for immediate sale in its present condition and the asset is actively marketed for sale. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

2.16 Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

2.16 (a) FINANCIAL ASSETS
All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those assets classified as at fair value through profit or loss, which are initially measured at fair value (transaction costs are expensed in operating costs).

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), held to maturity investments, available for sale financial assets or loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Group has not classified any financial assets as held to maturity investments or available for sale.

Financial assets at FVTPL
Financial assets are classified as at FVTPL where the financial asset is either held for trading (for example other investments) or it is designated as at FVTPL. A financial asset is classified as held for trading if it has been acquired principally for the purpose of selling in the near future or it is a derivative that is not designated and effective as a hedging instrument. A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise or it forms part of a contract containing one or more embedded derivatives, and IAS 39 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as FVTPL. Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in the statement of net expenditure incorporates any dividend or interest earned on the financial asset.

Loans and receivables
Finance lease receivables, trade and other receivables, and cash and cash equivalents, that have fixed or determinable payments that are not quoted in an active market, are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest rate method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying value of the financial asset.

Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one

or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been impacted.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the statement of net expenditure.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the statement of net expenditure to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Derecognition of financial assets
Financial assets are derecognised only when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

2.16 (b) FINANCIAL LIABILITIES
Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' (FVTPL) or other financial liabilities.

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. A financial liability is classified as held for trading if it has been incurred principally for the purpose of disposal in the near future or it is a derivative that is not designated and effective as a hedging instrument. A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise or it forms part of a contract containing one or more embedded derivatives, and IAS 39 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in the statement of net expenditure incorporates any interest paid on the financial liability.

Other financial liabilities
Other financial liabilities, including trade and other payables, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period, to the net carrying value of the financial liability.

Derecognition of financial liabilities
Financial liabilities are derecognised when, and only when, the Group's obligations are discharged, cancelled or they expire.

2.16 (c) DERIVATIVE FINANCIAL INSTRUMENTS
The NDA enters into derivative financial instruments to manage its exposure to commodity price risk and foreign exchange rate risk, including commodity contracts and forward foreign exchange contracts.

Derivatives are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the statement of net expenditure immediately.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives
Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value through profit or loss.

2.17 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are the Authority's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Nuclear Provisions
The financial statements include provisions for the NDA's obligations in respect of nuclear liabilities, being the costs associated with the nuclear decommissioning of designated sites. These provisions are based on the latest assessments of the processes and methods likely to be used in the future, and represent best estimates of the amount required to discharge the relevant obligations. The NDA's obligations are reviewed on a continual basis and provisions are updated accordingly. Where some or all of the expenditure required to settle a provision is expected to be recovered from a third party, in accordance with IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', the recoverable amount is treated as a non-current or current asset. Provision charges in the Statement of Comprehensive Net Expenditure are shown net of changes in the amount recoverable from customers. Provision changes are accounted for in the year in which they arise.

The Nuclear Provisions and recoverable balances are expressed at current price levels and discounted at 2.2% per annum (2010: 2.2%), being the rate specified by HM Treasury to take account of the time value of money for the very long timescales over which work will be carried out, currently expected to be over 100 years. Provisions movement expenditure in the statement of comprehensive net expenditure includes the adjustments necessary to amortise one year's discount and restate the liabilities to current price levels.

2.18 Grants from parent department

In accordance with the FReM the NDA prepares its financial statements showing grants received from DECC as credited to the general reserve, and as financing in the statement of cash flows.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the NDA's accounting policies, which are described in note 2, the Authority is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

CRITICAL JUDGEMENTS IN APPLYING THE NDA'S ACCOUNTING POLICIES

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that management has made in the process of applying the NDA's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Income recognition

The Group uses the percentage of completion method in accounting for its contracts. Use of the percentage of completion method requires the Group to estimate the work performed to date as a proportion of the total work to be performed.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of property, plant and equipment

Impairment is measured by comparing the carrying value of the asset or cash-generating unit with its recoverable amount. The NDA has therefore reviewed the asset base and all assets are reviewed for evidence of impairment. Given the ageing asset base this calculation has a degree of uncertainty within it. The carrying amount of property, plant and equipment at the reporting date was £1,159 million.

Reprocessed plutonium inventory

The NDA does not value reprocessed plutonium inventory, due to uncertainty over its future use. Future use is an issue to be determined by the Government and is currently subject to public consultation. Until the Government's reviews of long-term policy are completed the eventual costs cannot be estimated.

Nuclear Provisions

The Nuclear Provision represents the best estimate of the costs of delivering the NDA objective of decommissioning the plant and equipment on each of the designated nuclear licenced sites and returning the sites to pre-agreed end states in accordance with the published strategy. This programme of work will take until 2137. The estimates are necessarily based on assumptions of the processes and methods likely to be used to discharge the obligations, reflecting a combination of the latest technical knowledge available, the requirements of the existing regulatory regime, Government policy and commercial agreements. Given the very long timescale involved, and the complexity of the plants and material being handled, considerable uncertainty remains in the cost estimate particularly in the later years, although this is in part mitigated by the impact of discounting for the purposes of provision calculation.

In preparing the estimate of the cost of decommissioning the designated sites, the NDA has focused in particular on the first 20 years, which represents £27.9 billion out of the total £49.2 billion provision. For each of the sites the process commenced with the cost estimates and assumptions used to support the NDA submissions into the Spending Review, which concluded in October 2010. Individual plans were scrutinised and alternatives considered to obtain the best combination of activity to balance the requirements of affordability and scheduling, whilst making clear and demonstrable progress in tackling the hazards. The review process was scrutinised by the sponsoring Department, and included input from the Nuclear Regulators.

As part of the preparation of the financial statements, the principal assumptions and sensitivities for the cost estimates have again been updated and reviewed by the NDA executive and, where appropriate, updates to the estimates have been made to reflect changed circumstances and more recent knowledge. In particular at Sellafield, the provision now reflects the latest delivery plan delivered by the contractor in March 2011. This plan, encompassing £16.4 billion of the provision to 2031, has been subjected to extensive scrutiny and independent assurance by the NDA.

In preparing the best estimate of the provision required to settle the NDA obligations, it is recognised that there remains a significant degree of inherent uncertainty in the future cost estimates. These include:

- potential changes in the NDA funding profile, requiring the tailoring of expenditure across the estate to ensure the right balance between addressing high risk, hazard and affordability; this could emanate from either economic conditions at the next Government Spending Review, or from shortfall in the commercial income that funds 28% of the NDA activity over the next 4 years.
- the length of time over which the necessary programme of work will be delivered – stretching out to 2137;
- interdependencies between programmes of work both within SLCs and across SLC boundaries. For example, a shortage of flasks for transport of spent fuel from the Magnox power stations to Sellafield could delay defueling and increase costs at Magnox, and also impact the production schedule and direct operations costs at Sellafield.
- a lack of detailed information on the design of the Legacy Ponds and Silos at Sellafield and the exact quantities and chemical composition of the historical wastes held in them, resulting in potential significant uncertainty in both the process and costs of dealing with these materials;
- uncertainty over future Government policy positions and potential regulatory changes; and
- possible technological advances which may occur which could impact the work to be undertaken to decommission and clean up the sites.

This has in part previously been addressed by the inclusion of a centrally-held risk provision (£2.4 billion) to provide some mitigation against the uncertainty. However, the uncertainties that surround the Nuclear Provisions mean that quantifying the incremental financial impact of various possible outcomes is very difficult, given the large range of possible alternative outcomes associated with the decommissioning of nuclear sites. Therefore the NDA has elected to change from uplifting the best estimate by inclusion of a single amount for risk provision and instead to provide enhanced narrative around the potential range of possible outcome around a central best estimate of provision. This is provided within note 28 and also within the Financial Review on pages 19 to 26.

4. Operating segments

For management purposes, the NDA is currently organised into various operating units, which are grouped by a combination of revenue generation, SLC activity, NDA Headquarters and NDA owned operating subsidiaries. The segmental analysis in the following table presents the net expenditure for each of the continuing operations, with discontinued operations addressed in note 19.

NDA Group 2011	Sellafield and reprocessing £m	Magnox and electricity generation £m	Dounreay site restoration £m	Research sites restoration £m	Waste management £m	Transport £m	Springfields £m	NDA Admin and other non-programme £m	Subsidiaries and Group adjustments £m	Total 2011 £m
Authority administration expenditure	-	-	-	-	-	-	-	45	-	45
Authority administration expenditure	-	-	-	-	-	-	-	45	-	45
Contractor costs less capitalised	1,483	621	138	59	34	51	-	73	(82)	2,377
Decommissioning costs charged to Nuclear Provision	(1,091)	(396)	(138)	(59)	(9)	-	(44)	(16)	-	(1,753)
Other non-cash items	205	16	-	-	-	(1)	-	-	-	220
Fee, R&D and other programme expenditure	418	72	-	-	1	(0)	-	192	126	809
Programme expenditure	1,015	313	-	-	26	50	(44)	249	44	1,653
Other expenditure	125	5	-	39	1	3	-	1	10	184
Programme expenditure and other non-cash items	1,140	318	-	39	27	53	(44)	250	54	1,837
Nuclear Provision increase/(decrease)	7,906	(84)	(30)	(10)	(5)	-	(7)	(2,367)	-	5,403
Other provisions increase/(decrease)	805	-	-	(2)	-	-	(1)	-	-	802
Provisions increase/(decrease)	8,711	(84)	(30)	(12)	(5)	-	(8)	(2,367)	-	6,205
Income	(520)	(372)	(9)	(4)	(14)	(45)	-	(45)	(27)	(1,036)
Net interest receivable	-	-	-	-	-	-	-	(7)	(5)	(12)
Net expenditure/(income) from continuing operations for the year	9,331	(138)	(39)	23	8	8	(52)	(2,124)	22	7,039

NDA Group 2010	Sellafield and reprocessing	Magnox and electricity generation	Dounreay site restoration	Research sites restoration	Waste management	Transport	Springfields	NDA Admin and other non-programme	Subsidiaries and Group adjustments	Total 2010
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Authority administration expenditure	-	-	-	-	-	-	-	54	-	54
Authority administration expenditure	-	-	-	-	-	-	-	54	-	54
Contractor costs less capitalised	1,377	597	156	56	30	48	-	(18)	(78)	2,168
Decommissioning costs charged to Nuclear Provision	(909)	(423)	(157)	(56)	(12)	-	-	-	-	(1,557)
Other non-cash items	135	-	-	-	-	2	-	5	-	142
Fee, R&D and other programme expenditure	234	4	-	-	-	-	-	194	62	494
Programme expenditure	837	178	(1)	-	18	50	-	181	(16)	1,247
Other expenditure	156	19	-	-	1	7	-	1	8	192
Programme expenditure and other non-cash items	993	197	(1)	-	19	57	-	182	(8)	1,439
Nuclear Provision increase/(decrease)	1,471	263	181	30	-	(1)	-	135	-	2,079
Other provisions (decrease)/increase	(402)	(8)	-	2	-	10	-	-	3	(395)
Provisions increase/(decrease)	1,069	255	181	32	-	9	-	135	3	1,684
Income	(482)	(349)	(12)	(5)	(15)	(44)	-	(27)	(29)	(963)
Net interest receivable	-	-	-	-	-	-	-	(3)	(7)	(10)
Net expenditure/(income) from continuing operations for the year	1,580	103	168	27	4	22	-	341	(41)	2,204

Geographical information
The NDA Group's income is attributed to countries on the basis of the customer's location, as follows:

	2011 £m	2010 £m
Continuing operations:		
United Kingdom	890	791
Germany	47	85
Japan	75	71
Other countries	24	16
	1,036	963
Discontinued operations:		
United Kingdom	60	282
Japan	-	1
Other countries	-	20
	60	303
Total income	1,096	1,266

The Group's non-current assets are primarily located or based in the United Kingdom

5. Authority administration expenditure

Authority	2011 £m	2010 £m
Staff costs (see note 6)	27	32
Administration costs	16	20
Rentals under operating leases - other	1	1
Auditors' remuneration	1	1
	45	54

Auditors' remuneration represents fees payable to the National Audit Office (NAO) for the audit of the Authority and the NDA Group and amounted to £837,500 (2010: £1,037,500 including £46,000 for the audit of the implementation of International Financial Reporting Standards). No other remuneration has been paid to the NAO.

6. NDA Group staff costs

NDA Group	Permanently employed staff £m	Others £m	Total 2011 £m	Total 2010 £m
Wages and salaries	56	1	57	56
Social security costs	5	-	5	5
Pension costs (see note 30)	7	-	7	9
Total staff costs	68	1	69	70

NDA Group staff costs comprise Authority staff costs of £27 million (2010: £32 million) - see note 5 - plus other staff costs of £42 million (2010: £38 million) included within programme expenditure in note 7. NDA Group staff costs include the cost of the exit packages referred to below.

The Group participates in various pension schemes, both defined contribution and defined benefit. Further details can be found in note 30.

Pension costs include only those items included within operating costs. Items reported elsewhere have been excluded. Directors' emoluments are included in the above figures and can be seen in the Remuneration Report on page 45.

The average number of full-time equivalent persons employed during the year was as follows:

NDA Group	Permanently employed staff No.	Others No.	Total 2011 No.	Total 2010 No.
Directly employed - Authority	242	12	254	303
Directly employed – RWMD and subsidiaries	669	7	676	672
Total	911	19	930	975

As a result of the organisational effectiveness review, 74 staff (2010: nil) left the NDA and were in receipt of exit packages as set out in the following table.

Exit package cost band	Number of compulsory redundancies	Number of other agreed departures	Total number of exit packages by cost band	Total cost £
<£10,000	1	11	12	82,684
£10,000 - £24,999	-	16	16	233,093
£25,000 - £49,999	1	14	15	570,548
£50,000 - £99,999	3	16	19	1,310,698
£100,000 - £149,999	-	1	1	100,187
£150,000 - £199,999	-	6	6	1,071,839
>£200,000	1	4	5	1,426,541
	6	68	74	4,795,590

With the exception of one ex-gratia payment, redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the NDA has agreed early retirements, the additional costs are met by the NDA and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the above table. The one ex-gratia payment has been agreed with HM Treasury.

7. Programme expenditure

NDA Group	2011 £m	2010 £m
Contractor costs	2,426	2,279
Less: Decommissioning costs charged to Nuclear Provision (see note 28)	(1,753)	(1,557)
Less: Contractor costs capitalised	(49)	(111)
Contractor costs relating to commercial activity	624	611
M&O contractor fees	117	112
Trading costs	59	45
Skills & socio-economic development programme	11	9
Rentals under operating leases - other	1	-
Insurance	16	17
Research and development costs	5	11
Release of recoverable contract costs (a) (see note 17)	438	206
Unrealised net (gains)/losses on financial assets/liabilities	15	12
Top up of advance payments (see note 27)	205	136
Other costs	162	88
	1,653	1,247

(a) Costs relating to Post Operational Clean Out (POCO) and decommissioning of plant relating to long-term reprocessing and waste management contracts.

8. Adjustments to provisions

NDA Group	2011 £m	2010 £m
Movement in Nuclear Provisions:		
Provided for in the year (see note 28)	4,544	1,298
Unwinding of discount (see note 28)	859	804
Movement relating to discontinued operations (see note 19)	-	(23)
	5,403	2,079
Movement in other provisions:		
Provided for/(released) in the year (see note 29)	772	(466)
Unwinding of discount (see note 29)	30	49
Movement relating to discontinued operations (see note 19)	-	22
	802	(395)
Total provisions movement	6,205	1,684

9. Other expenditure

NDA Group	2011 £m	2010 £m
Depreciation of property, plant and equipment	128	147
Impairment of property, plant and equipment	56	45
	184	192

10. Interest receivable

NDA Group	2011 £m	2010 £m
Bank interest	13	13
Net interest receivable on defined benefit pension schemes (see note 30)	1	-
	14	13

11. Interest payable

NDA Group	2011 £m	2010 £m
Bank charges and interest	2	2
Net interest cost on defined benefit pension schemes (see note 30)	-	1
	2	3

12. Tax

The explanation for the nil tax charge for the year is set out below.

NDA Group	2011 £m	2010 £m
Net expenditure before tax	7,030	2,246
Deficit on ordinary activities before tax at the UK standard rate of corporation tax of 28% (2010: 28%)	1,968	629
Effects of:		

Income and expenditure which is not taxable or tax deductible	(1,778)	(559)
Capital allowances for the year in excess of depreciation	87	95
Unutilised losses	(277)	(165)
Current tax charge for the year	-	-
Deferred tax release	-	-
Total tax charge/(credit)	-	-

The NDA does not pay tax on any profits arising from its activities in relation to decommissioning, and similarly losses are not deductible in relation to decommissioning. Subsidiaries do not pay tax on profits arising as these are offset against the taxable losses of the NDA. A deferred tax asset has not been recognised in respect of any non-decommissioning losses incurred by the NDA as the NDA does not anticipate taxable surpluses arising in the foreseeable future.

13. Total comprehensive net expenditure attributable to the Authority

As a consolidated statement of comprehensive net expenditure is included in these financial statements, the Authority's individual statement of comprehensive net expenditure has not been included. The result for the financial year of the Authority was total comprehensive net expenditure of £6,994 million (2010: £2,310 million). Of this amount £7,003 million related to continuing operations (2010: £2,268 million).

14. Property, plant and equipment

NDA Group 2011	Land £m	Buildings £m	IT Equipment £m	Fixtures & Fittings £m	Plant & Equipment £m	Transport Equipment £m	Assets under Construction £m	Capitalised Decommissioning Costs £m	Total £m
Cost or valuation									
At 1 April 2010	19	3,463	17	114	4,494	47	937	5,201	14,292
Elimination of fully written off assets with no economic value (a)	-	(1,009)	(11)	(79)	(2,214)	(6)	(585)	(1,723)	(5,627)
Additions	-	-	-	-	25	-	59	4	88
Reclassifications	-	11	-	-	107	2	(115)	-	5
Disposals	-	(51)	-	(8)	(408)	(3)	(26)	(214)	(710)
Revaluations (b)	-	7	-	-	-	2	-	(103)	(94)
Transfer of capitalised decommissioning costs (a)	-	-	-	-	3,165	-	-	(3,165)	-
At 31 March 2011	**19**	**2,421**	**6**	**27**	**5,169**	**42**	**270**	**-**	**7,954**
Depreciation									
At 1 April 2010	-	(3,239)	(16)	(112)	(4,119)	(27)	(647)	(4,780)	(12,940)
Elimination of fully written off assets with no economic value (a)	-	1,009	11	79	2,214	6	585	1,723	5,627
Charged in year	-	(36)	(1)	(1)	(65)	(2)	-	(23)	(128)
Reclassifications	-	(6)	-	-	(4)	-	5	-	(5)
Disposals	-	51	-	8	408	3	26	214	710
Revaluations (b)	-	-	-	-	-	-	-	(3)	(3)
Impairments (c)	-	(40)	-	-	(1)	-	(15)	-	(56)
Transfer of capitalised decommissioning costs (a)	-	-	-	-	(2,869)	-	-	2,869	-
At 31 March 2011	**-**	**(2,261)**	**(6)**	**(26)**	**(4,436)**	**(20)**	**(46)**	**-**	**(6,795)**
Net book value at 1 April 2010	19	224	1	2	375	20	290	421	1,352
Net book value at 31 March 2011	**19**	**160**	**-**	**1**	**733**	**22**	**224**	**-**	**1,159**

The net book value of plant & equipment at 31 March 2011 (£733 million) includes £296 million relating to future decommissioning costs.

NDA Group 2010	Land £m	Buildings £m	IT Equipment £m	Fixtures & Fittings £m	Plant & Equipment £m	Transport Equipment £m	Assets under Construction £m	Capitalised Decommissioning Costs £m	Total £m
Cost or valuation									
At 1 April 2009	111	3,494	20	114	4,464	48	831	5,196	14,278
Change in cost estimate (d)	-	-	-	-	-	-	-	6	6
Additions	-	1	-	-	11	-	189	-	201
Reclassifications	-	(20)	(1)	-	38	2	(67)	-	(48)
Disposals	-	(1)	(2)	-	(19)	(2)	(16)	(1)	(41)
Revaluations (b)	(23)	(11)	-	-	-	(1)	-	-	(35)
Reclassified as held for sale – see note 19 (e)	(69)	-	-	-	-	-	-	-	(69)
At 31 March 2010	**19**	**3,463**	**17**	**114**	**4,494**	**47**	**937**	**5,201**	**14,292**
Depreciation									
At 1 April 2009	-	(3,233)	(19)	(112)	(4,092)	(26)	(610)	(4,739)	(12,831)
Charged in year	-	(35)	(1)	(1)	(65)	(3)	-	(42)	(147)
Reclassifications	-	20	2	1	36	-	(11)	-	48
Disposals	-	1	2	-	19	2	15	1	40
Impairments (c)	-	3	-	-	(17)	-	(41)	-	(55)
Revaluations	-	5	-	-	-	-	-	-	5
At 31 March 2010	**-**	**(3,239)**	**(16)**	**(112)**	**(4,119)**	**(27)**	**(647)**	**(4,780)**	**(12,940)**
Net book value at 1 April 2009	111	261	1	2	372	22	221	457	1,447
Net book value at 31 March 2010	**19**	**224**	**1**	**2**	**375**	**20**	**290**	**421**	**1,352**

Authority 2011	Land £m	Buildings £m	IT Equipment £m	Fixtures & Fittings £m	Plant & Equipment £m	Transport Equipment £m	Assets under Construction £m	Capitalised Decommissioning Costs £m	Total £m
Cost or valuation									
At 1 April 2010	17	3,442	16	111	4,298	10	800	5,140	13,834
Elimination of fully written off assets with no economic value (a)	-	(1,009)	(11)	(79)	(2,214)	(6)	(585)	(1,723)	(5,627)
Additions	-	-	-	-	-	-	49	-	49
Reclassifications	-	13	-	-	14	-	(20)	-	7
Disposals	(5)	(64)	-	(6)	(408)	(2)	(26)	(214)	(725)
Revaluation (b)	-	7	-	-	-	-	-	(103)	(96)
Transfer of capitalised decommissioning costs (a)	-	-	-	-	3,100	-	-	(3,100)	-
At 31 March 2011	**12**	**2,389**	**5**	**26**	**4,790**	**2**	**218**	**-**	**7,442**
Depreciation									
At 1 April 2010	-	(3,236)	(16)	(110)	(3,991)	(10)	(648)	(4,779)	(12,790)
Elimination of fully written off assets with no economic value (a)	-	1,009	11	79	2,214	6	585	1,723	5,627
Charged in year	-	(36)	-	-	(58)	-	-	(23)	(117)
Reclassifications	-	(7)	-	-	(5)	-	5	-	(7)
Disposals	-	51	-	6	408	2	26	214	707
Impairments (c)	-	(40)	-	-	(1)	-	(15)	-	(56)
Revaluations	-	-	-	-	-	-	-	(3)	(3)
Transfer of capitalised decommissioning costs (a)	-	-	-	-	(2,868)	-	-	2,868	-
At 31 March 2011	**-**	**(2,259)**	**(5)**	**(25)**	**(4,301)**	**(2)**	**(47)**	**-**	**(6,639)**
Net book value at 1 April 2010	17	206	-	1	307	-	152	361	1,044
Net book value at 31 March 2011	**12**	**130**	**-**	**1**	**489**	**-**	**171**	**-**	**803**

The net book value of plant & equipment at 31 March 2011 (£489 million) includes £232 million relating to future decommissioning costs

Authority 2010	Land £m	Buildings £m	IT Equipment £m	Fixtures & Fittings £m	Plant & Equipment £m	Transport Equipment £m	Assets under Construction £m	Capitalised Decommissioning Costs £m	Total £m
Cost or valuation									
At 1 April 2009	111	3,472	19	112	4,278	12	757	5,141	13,902
Additions	-	-	-	-	11	-	110	-	121
Reclassifications	-	(19)	(1)	(1)	26	(1)	(52)	-	(48)
Disposals	-	(1)	(2)	-	(17)	(1)	(15)	(1)	(37)
Revaluations (b)	(25)	(10)	-	-	-	-	-	-	(35)
Reclassified as held for sale – see note 19 (e)	(69)	-	-	-	-	-	-	-	(69)
At 31 March 2010	**17**	**3,442**	**16**	**111**	**4,298**	**10**	**800**	**5,140**	**13,834**
Depreciation									
At 1 April 2009	-	(3,231)	(18)	(111)	(3,966)	(12)	(612)	(4,737)	(12,687)
Charged in year	-	(35)	-	(1)	(61)	-	-	(42)	(139)
Reclassifications	-	20	1	2	36	-	(10)	(1)	48
Disposals	-	1	1	-	17	2	15	1	37
Impairments (c)	-	3	-	-	(17)	-	(41)	-	(55)
Revaluations	-	6	-	-	-	-	-	-	6
At 31 March 2010	**-**	**(3,236)**	**(16)**	**(110)**	**(3,991)**	**(10)**	**(648)**	**(4,779)**	**(12,790)**
Net book value at 1 April 2009	111	241	1	1	312	-	145	404	1,215
Net book value at 31 March 2010	**17**	**206**	**-**	**1**	**307**	**-**	**152**	**361**	**1,044**

(a) In accordance with FReM, property, plant and equipment should be carried at valuation. However, in accordance with the accounts direction issued by the Secretary of State for DECC, waste management assets are excluded from this requirement where there is no reliable and cost effective revaluation methodology. Such waste management assets are therefore carried at cost less accumulated depreciation and any impairment charges. Where a reliable and cost effective revaluation methodology does exist, such waste management assets are carried at valuation.

Under the Transfer Scheme arrangements which established the NDA, certain fully depreciated waste management assets (with a gross book value of £5,627 million) were transferred into the NDA's financial statements. These assets had previously been owned by BNFL and UKAEA, are held within the boundaries of licensed sites and had previously been used in the course of delivering the operational (income earning) activities of those organisations.

These assets have no ongoing value in use to the NDA. Once decommissioned, they will not be replaced by the NDA as the services they relate to are subject to decommissioning rather than ongoing operational activity. Due to regulatory requirements governing nuclear licensed sites they cannot be sold, other than as scrap material which does not have to be stored as waste, and which realises only occasional, negligible amounts (accounted for as miscellaneous other income). The costs of decommissioning these assets have been provided for, in accordance with IAS 37, in the Nuclear Provisions.

In preparation for HM Treasury's 'Clear Line of Site' (CLOS) project, the NDA has therefore written off non-commercial waste management assets with a gross book value, and accumulated depreciation of £5,627 million. This includes £1,723 million of decommissioning assets which, whilst shown separately, form part of the historical cost and accumulated depreciation of the original assets.

The remaining balance of decommissioning assets (£296 million) represents the net book value of decommissioning assets which still have a value in use to the NDA, and has now been combined with the physical asset to which they relate.

The NDA continues to account for non-waste management assets on nuclear licensed sites, which have an ongoing value in use or realisable value, in accordance with IAS 16 and the requirements of FReM. Assets outside the nuclear licenced site boundaries are revalued in accordance with FReM.

The NDA continues to require SLC's to maintain inventories of all property, plant and equipment held on nuclear licensed sites and which are subject to validation and audit as part of the contractual terms in place between the NDA and license holders.

(b) Land and buildings located outside the nuclear licensed site boundaries, were revalued at 31 March 2011 on the basis of existing use value or market value, as appropriate, by external qualified valuers. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors Valuation Standards (6th Edition) by Dixon Webb Chartered Surveyors. The majority of the monetary revaluation adjustment relates to land identified as having potential for alternative use and where there have been subsequent disposals of land assets. As part of the review of the Nuclear Provision the cost of decommissioning the operational assets of Sellafield has been reviewed resulting in a revaluation decrease of £106 million - this decrease is not reflected in the revaluation reserve, £103 million is reflected in the Nuclear Provision (see note 28) and £3 million reflected in recoverable contract costs (see note 17).

(c) The impairment charge to expenditure of £56 million (2010: £55 million) primarily arose in connection with commercial assets at Sellafield and Magnox North.

(d) In 2010 the change in cost estimate of NDA Group capitalised decommissioning costs of £6 million includes £3 million relating to increases in Nuclear Provisions and £3 million relating to interest charges.

(e) Freehold land and buildings with a net book value of £69 million were reclassified as assets held for sale in 2010. This included assets with a net book value of £18 million sold to Westinghouse Electric UK Holdings Limited on 1 April 2010 as part of the disposal of the Springfields Fuels business.

No reclassifications to assets classified as held for sale were made in 2011 (see note 19).

(f) The Group's obligations under finance leases (see note 32.2) are secured by the lessor's title to the leased assets. Assets held under finance leases and capitalised in transport equipment have a carrying amount of £1 million (2010: £1 million).

15. Intangible assets

NDA Group and Authority	£m
Cost	
At 1 April 2010	35
Additions	-
Elimination of fully written off assets with no economic value (a)	(35)
At 31 March 2011	**-**
Amortisation	
At 1 April 2010	(35)
Charged in year	-
Elimination of fully written off assets with no economic value (a)	35
At 31 March 2011	**-**
Net book value at 1 April 2010	-
Net book value at 31 March 2011	**-**

NDA Group and Authority	£m
Cost	
At 1 April 2009	35
Additions	-
At 31 March 2010	**35**
Amortisation	
At 1 April 2009	(35)
Charged in year	-
At 31 March 2010	**(35)**
Net book value at 1 April 2009	-
Net book value at 31 March 2010	**-**

(a) The intangible assets have no ongoing value in use to the NDA. In preparation for HM Treasury's 'Clear Line of Site' (CLOS) project, the NDA has therefore written off these assets.

16. Investments in subsidiaries

Authority	£m
Cost	
At 1 April 2010	209
Additions	-
At 31 March 2011	**209**
Impairment	
At 1 April 2010	(3)
Charge	-
At 31 March 2011	**(3)**
Net book value at 1 April 2010	206
Net book value at 31 March 2011	**206**

Details of the Authority's subsidiaries at 31 March 2011 are as follows:

Name	Country of incorporation	Nature of business	Proportion of ordinary shares held by NDA
Direct Rail Services Limited	UK	*Rail transport services within the UK*	100%
INS Rokkasho KK	Japan	*Technical support to the nuclear industry*	66%
International Nuclear Services France SA *	France	*Transportation of spent fuel*	100%
International Nuclear Services Japan KK *	Japan	*Transportation of spent fuel*	100%
International Nuclear Services Limited	UK	*Contract management and the transportation of spent fuel, reprocessing products and waste*	100%
NDA Properties Limited	UK	*Property management*	100%
Pacific Nuclear Transport Limited *	UK	*The transportation of spent fuel, reprocessing products and waste*	62.5%
Rutherford Indemnity Limited	Guernsey	*Nuclear insurance*	100%

* Ownership through International Nuclear Services Limited

17. Recoverable contract costs

The NDA and the Authority have commercial agreements in place under which some or all of the expenditure required to settle Nuclear Provisions will be recovered from third parties.

NDA Group and Authority	2011 £m	2010 £m
Recoverable contract costs relating to Nuclear Provisions:		
Gross recoverable contract costs	4,655	4,568
Less applicable payments received on account (see note 27)	(2,780)	(2,910)
Less associated contract loss provisions (see note 29)	(595)	(31)
	1,280	1,627

The movements in the gross recoverable contract costs during the year are detailed in the table below.

NDA Group and Authority	2011 £m	2010 £m
Gross recoverable contract costs at 1 April	4,568	4,806
Increase/(decrease) in year (see note 28)	457	(98)
Unwinding of discount (see note 28)	65	71
Revaluation impacting property, plant and equipment (see note 14)	3	-
Release in year – continuing operations (see note 7)	(438)	(206)
Release in year – discontinued operations	-	(5)
Gross recoverable contract costs at 31 March	4,655	4,568

18. Deferred taxation

Deferred tax liability not recognised

A deferred tax liability of £78 million (2010: £67 million) has not been recognised in respect of assets classified as held for sale as it has been offset by a deferred tax asset arising from accelerated capital allowances. The remaining unrecognised deferred tax asset arising from accelerated capital allowances is disclosed below.

Deferred tax assets not recognised

IAS 12 paragraph 81(e) requires disclosure of all unrecognised deferred tax assets. The following deferred tax assets have not been recognised as the NDA does not anticipate a taxable surplus arising in the foreseeable future:

	2011 £m	2010 £m
Tax losses	557	436
Accelerated capital allowances	439	376
Intangibles	10	10
Short-term timing differences	4	4
Deferred tax asset at UK standard rate of Corporation Tax for 2011 of 28% (2010: 28%).	1,010	826

The UK standard rate of Corporation Tax will decrease from 28% to 26% on 1 April 2011 and by a further 1% in the following year. The NDA does not anticipate a taxable surplus arising in the foreseeable future and therefore no adjustments have been made to its deferred tax asset as at 31 March 2011 as a result of the future changes in the standard rate of Corporation Tax.

19. Assets classified as held for sale and discontinued operations

Assets classified as held for sale

On 29 April 2009, the NDA announced the disposal by auction of land at Oldbury and Wylfa for £226 million. Completion is expected before March 2012, later than planned following delays in publication of the National Policy Statement. On 29 October 2009, the NDA announced the disposal of land at Sellafield for £52 million. Assets at Springfields Fuels were sold on 1 April 2010 following completion of the sale of this business.

NDA Group and Authority	**£m**
At 1 April 2010	296
Disposal of assets at Springfields Fuels	(18)
At 31 March 2011	**278**

Discontinued operations

An agreement was signed on 24 March 2010 for the disposal of the Springfields Fuels operations to Westinghouse Electric UK Holdings Limited. The agreement became effective on 1 April 2010 and therefore the results of the Springfields Fuels operations were treated as a discontinued operation in both the 2011 and 2010 financial statements.

Discontinued operations – Springfields Fuels	**Year ended 2011 £m**	**Year ended 2010 £m**
Programme expenditure	51	344
Movement in Nuclear Provisions (including unwind of discount) – see note 8	-	23
Movement in other provisions (including unwind of discount) – see note 8	-	(22)
	51	345
Income	(60)	(303)
Net (income)/expenditure from discontinued operations	(9)	42

Following the completion of bulk decommissioning activities at Capenhurst, the future strategy for the site is under review, and heads of terms have been signed with URENCO UK (UUK) looking to

maximise potential synergies between the UUK and NDA sites. Capenhurst is not included as a discontinuing operation or as an asset classified as held for sale due to the fact that whilst discussions are continuing no agreement has yet been reached.

20. Inventories

	NDA Group		Authority	
	2011 £m	2010 £m	2011 £m	2010 £m
Nuclear fuels	14	16	14	16
Raw materials and consumables	39	48	36	46
Work-in-progress	65	33	61	31
Finished goods	-	10	-	10
	118	107	111	103

21. Financial instruments by category

The accounting classification of each category of financial instruments, and their carrying values, is set out in the following table:

	Note	NDA Group		Authority	
		2011 £m	2010 £m	2011 £m	2010 £m
Financial assets					
Fair value through profit or loss (FVTPL):					
Other investments	*22*	319	313	46	61
Derivative financial assets	*23*	2	13	2	13
Loans and receivables:					
Non-current finance lease receivable	*24*	19	-	19	-
Non-current other receivables	*25*	15	17	15	17
Current trade and other receivables excluding prepayments and VAT (a)	*25*	194	358	440	520
Cash and cash equivalents	*26*	249	232	214	170
		798	**933**	**736**	**781**

	Note	NDA Group		Authority	
		2011 £m	2010 £m	2011 £m	2010 £m
Financial liabilities					
Fair value through profit or loss (FVTPL):					
Derivative financial liabilities	*23*	(5)	(1)	(5)	(1)
Other financial liabilities:					
Current trade and other payables excluding other taxes and social security, payments received on account, deferred income, and grants (b)	*27*	(661)	(621)	(628)	(558)
Non-current trade and other payables excluding payments received on account, deferred income and grants (b)	*27*	(1)	(6)	-	(5)
		(667)	**(628)**	**(633)**	**(564)**

a) Prepayments and VAT are excluded as this analysis is required only for financial instruments
b) Payments received on account, deferred income, grants and, where applicable, other taxes and social security, are excluded as this analysis is required only for financial instruments

Generally, financial assets and financial liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the NDA in undertaking its activities. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 2.

The fair value of financial instruments represents the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation. Where market values are not available, fair values are calculated by discounting cash flows at prevailing rates. The Authority considers that the carrying amount of loans and receivables and other financial liabilities approximates their fair value.

22. Other investments

	NDA Group		Authority	
	2011 £m	2010 £m	2011 £m	2010 £m
Investments carried at fair value:				
Bank deposits	87	84	46	61
Other investments	232	229	-	-
	319	313	46	61

The above investments are held for purposes other than to meet short-term cash commitments. Bank deposits include £46 million (2010: £61 million) of funds which are held by the NDA within charge over deposit accounts (CODAs). These represent funds provided by customers which are held in accounts controlled and owned by the NDA, over which the customer has a legal charge until the associated work has been completed. These funds will become payable to the NDA once the work is completed and the charge released. Interest on the accounts accrues to the benefit of the NDA. Other investments included funds held within Rutherford Indemity Limited in order to allow it to provide insurance for assets across the NDA estate.

23. Derivative financial instruments

	NDA Group		Authority	
	2011 £m	2010 £m	2011 £m	2010 £m
Derivative financial assets carried at fair value through profit or loss:				
Commodity supply contracts	2	13	2	13
Forward foreign currency contracts	-	-	-	-
	2	13	2	13
Derivative financial liabilities carried at fair value through profit or loss:				
Commodity supply contracts	(5)	(1)	(5)	(1)
Forward foreign currency contracts	-	-	-	-
	(5)	(1)	(5)	(1)

The NDA aims to reduce commodity price risk by forward selling a proportion of forecast electricity production without exposing itself to the risk of failing to meet production targets. The fair value of these instruments at 31 March 2011 is £3 million net liability (2010: £12 million net asset). The estimate is based on a comparison between the contracted price (specified at the date of the deal) and the price for a similar contract at the reporting date (based on available market data).

The NDA is exposed to foreign currency risk through its operations as certain transactions are denominated in foreign currencies, primarily Euros or US dollars. The NDA manages the exposure by implementing a policy of selling or purchasing forward foreign currency. Forward foreign exchange contracts are held in relation to sales of MOX fuel and purchases of various components.

24. Finance lease receivables

	NDA Group		Authority	
	2011 £m	2010 £m	2011 £m	2010 £m
Amounts receivable under finance leases:				
Not later than one year	1	-	1	-
Later than one year and not later than five years	3	-	3	-
Later than five years	103	-	103	-
	107	-	107	-
Less: unearned finance income	(88)	-	(88)	-
Present value of minimum lease payments receivable	19	-	19	-

	Present value of minimum lease payments			
	NDA Group		Authority	
	2011 £m	2010 £m	2011 £m	2010 £m
Amounts receivable under finance leases:				
Not later than one year	-	-	-	-
Later than one year and not later than five years	-	-	-	-
Later than five years	19	-	19	-
Present value of minimum lease payments receivable	19	-	19	-

	Present value of minimum lease payments			
	NDA Group		Authority	
	2011 £m	2010 £m	2011 £m	2010 £m
Of which:				
Non-current assets	19	-	19	-
Current assets	-	-	-	-
Present value of minimum lease payments receivable	19	-	19	-

The finance lease receivable relates to land and buildings of the Springfields Fuels operation which was sold to Westinghouse Electric UK Holdings Limited on 1 April 2010. The interest rate inherent in the lease is fixed at the contract date for all of the lease term. The average effective interest rate contracted approximates to 3.50% per annum.

The finance lease receivable balance is secured over the assets leased. The NDA is not permitted to sell or repledge the collateral in the absence of default by the lessee.

The maximum exposure to credit risk of the finance lease receivable is the carrying amount. The finance lease receivable is not past due and not impaired.

25. Trade and other receivables

	NDA Group		Authority	
	2011 £m	2010 £m	2011 £m	2010 £m
Non-current:				
Other receivables	15	17	15	17
	15	17	15	17
Current:				
Trade receivables	133	276	379	441

Less: allowance for doubtful debts	(3)	(3)	(3)	(3)
	130	273	376	438
Accrued income	53	74	52	71
Other receivables	11	11	12	11
	194	358	440	520
Prepayments	10	12	8	9
VAT	52	35	51	34
	256	405	499	563

Non-current other receivables relate to lump sum payments made under early retirement arrangements to individuals working for SLCs who have retired early, or who have accepted early retirement, before 31 March 2011. These payments are refundable to the NDA from the appropriate pension scheme at or after the date on which the individual concerned would have reached normal retirement age.

Credit risk
British Energy Trading Services Limited (BETS) sells electricity as agent for the NDA to a number of counterparties. The credit risk of each counterparty and the amount of permitted credit for each counterparty is reviewed monthly by the Electricity and Output Trading Committee (an NDA committee attended by representatives from BETS). Credit limits are set at a low level preventing any significant losses in the unlikely event of a default. BETS can only trade with counterparties and on exchanges approved by the Electricity and Output Trading Committee.

Included in the NDA Group's current trade receivables balance are receivables with a carrying amount of £5 million which are past due at the reporting date for which the NDA has not recognised an allowance for doubtful debts as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Ageing of current trade receivables:

	NDA Group		Authority	
	2011 £m	2010 £m	2011 £m	2010 £m
Neither impaired nor past due	125	268	372	435
Impaired (net of allowance for doubtful debts)	-	-	-	-
Not impaired but past due in the following periods:				
within 30 days	4	2	3	1
31 to 60 days	1	2	1	2
61 to 90 days	-	-	-	-
91 to 120 days	-	-	-	-
over 120 days	-	1	-	-
Total	130	273	376	438

Movement in the allowance for doubtful debts:

	NDA Group		Authority	
	2011 £m	2010 £m	2011 £m	2010 £m
Balance at 1 April	3	8	3	8
Amounts recovered during the year	-	(5)	-	(5)
Balance at 31 March	3	3	3	3

In determining the recoverability of a trade receivable the NDA considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the Authority believes that there is no further provision required in excess of the allowance for doubtful debts.

26. Cash and cash equivalents

	NDA Group		Authority	
	2011 £m	2010 £m	2011 £m	2010 £m
Balance at 1 April	232	186	170	146
Net change in cash and cash equivalent balances	17	46	44	24
Balance at 31 March	249	232	214	170
The balances at 31 March were held at:				
Commercial banks	38	68	3	6
Government Banking Service	211	164	211	164
	249	232	214	170

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less.

27. Trade and other payables

	NDA Group		Authority	
	2011 £m	2010 £m	2011 £m	2010 £m
Current:				
Trade payables	434	420	428	401
Other payables	2	2	-	-
Accruals	225	199	200	157
	661	621	628	558
Other taxes and social security	8	7	7	5
Payments received on account	578	529	578	529
Deferred income	1	6	-	6
Grants	1	1	1	1
	1,249	1,164	1,214	1,099
Non-current:				
Finance leases (see note 32.2)	1	1	-	-
Other payables	-	5	-	5
	1	6	-	5
Payments received on account	1,891	1,479	1,884	1,479
Deferred income	-	-	-	-
Grants	2	2	2	2
	1,894	1,487	1,886	1,486

	NDA Group		Authority	
	2011 £m	2010 £m	2011 £m	2010 £m
Movement on payments received on account				
Balance at 1 April:				
Current	529	537	529	537
Non-current	1,479	1,202	1,479	1,202
	2,008	1,739	2,008	1,739
Revalorisation (see note 7)	205	136	205	136
Movement in amount deducted from recoverable contract costs (see note 17)	130	84	130	84
Reclassification	(45)	(14)	(45)	(14)
Reclassified from other provisions (see note 29)	66	7	66	7
Cash received	717	587	710	587

Released to income	(612)	(531)	(612)	(531)
Balance at 31 March	2,469	2,008	2,462	2,008
Of which:				
Current	578	529	578	529
Non-current	1,891	1,479	1,884	1,479
	2,469	2,008	2,462	2,008

Trade and other payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The NDA has procedures in place to ensure that all payables are paid within the pre-agreed credit terms. Payments received on account relate to amounts which customers have paid for the provision of services under long-term contracts. These payments will be recognised as income when the services are provided. Payments received on account are shown net after deduction of any applicable recoverable contract costs (see note 17).

28. Nuclear Provisions

	NDA Group		Authority	
	2011 £m	2010 £m	2011 £m	2010 £m
Balance at 1 April	45,083	44,504	45,023	44,451
Provided for in the year charged to Statement of Comprehensive Net Expenditure (see note 8)	4,544	1,298	4,540	1,296
Provided for in the year charged to recoverable contract costs (a) (see note 17)	457	(98)	457	(98)
Unwinding of discount charged to Statement of Comprehensive Net Expenditure (see note 8)	859	804	857	802
Unwinding of discount charged to recoverable contract costs (a) (see note 17)	65	71	65	71
Decommissioning costs utilised in the year (see note 7)	(1,753)	(1,557)	(1,753)	(1,557)
Provision changes impacting property, plant and equipment (see note 14)	(103)	3	(103)	-
Provision changes offset by reclassification from other provisions	-	58	-	58
Total change in provision	4,069	579	4,063	572
Balance at 31 March	49,152	45,083	49,086	45,023
Of which:				
Current	1,959	1,900	1,957	1,898
Non-current	47,193	43,183	47,129	43,125
	49,152	45,083	49,086	45,023

(a) The NDA has commercial agreements in place under which a portion of the expenditure required to settle certain elements of the Nuclear Provision are recoverable from third parties. Changes in the future cost estimates of discharging the Nuclear Provision are therefore matched by a change in recoverable contract costs. In accordance with IAS 37, these recoverable amounts are not offset against the Nuclear Provision but are treated as a separate asset. The amount recoverable at 31 March 2011 (NDA Group and Authority) is £4,655 million (2010: £4,568 million) - see note 17.

The Nuclear Provisions and recoverable contract costs balances are expressed at current price levels and discounted at 2.2% per annum (2010: 2.2%), being the rate specified by HM Treasury to take account of the time value of money for the very long timescales over which work will be carried out, currently expected to be over 100 years. The discount implicit in recognising Nuclear Provisions is

unwound over the life of the provisions, with the impact of the amortisation of one years discount shown in adjustments to provisions in the Statement of Comprehensive Net Expenditure. This was previously shown within 'finance costs'. An increase of 0.5% in the discount rate would reduce the provision to £43.5 billion, whilst a decrease in discount rate of 0.5% would increase the provision to £55.0 billion.

Changes in the cost estimates of discharging the Nuclear Provision (representing increase or decrease in future decommissioning costs, less under or overspend of decommissioning delivered in year) are charged to the adjustments to provisions in the Statement of Comprehensive Net Expenditure. This charge includes the impact of restating liabilities from March 2010 values to current price levels, which was previously shown separately within finance costs. The overall increase in the provision was £4,069 million (2010: £579 million) of which the Authority estimates that £2,100 million related to changes in price levels (2010: £1,700 million).

Actual costs of £1,753 million (2010: £1,557 million) incurred in discharging provisions in the year have been charged against the Nuclear Provision. Any variance between the costs incurred discharging the provision and the amount provided for discharging the provision is incorporated within the change in amount provided. This showed a credit of £157 million - actual costs lower than scheduled costs (2010: credit of £147 million).

Changes in the estimated future cost of decommissioning, related to commercial property, plant and equipment, are offset by matching changes in the value of the IAS 37 property, plant and equipment asset. A reduction of £103 million (2010: increase of £3 million) was recognised in the year.

Analysis of expected timing of discounted cashflows for the NDA Group Nuclear Provision is as follows:

NDA Group	Waste £m	Research £m	LPS £m	Sellafield £m	Fuel manufacturing and generation £m	Total £m
Within 1 year	32	239	425	673	590	1,959
2 – 4 years	76	635	1,377	2,009	1,895	5,992
5 – 20 years	1,217	2,626	3,514	8,442	4,185	19,984
After 20 years	2,770	705	1,987	13,162	2,593	21,217
	4,095	4,205	7,303	24,286	9,263	49,152
Sensitivity (see below):						
Provision increase	1,600	650	1,100	3,400	1,600	
Provision reduction	(300)	(350)	(450)	(1,500)	(450)	

The NDA's decommissioning programme of work will take until 2137, with further analysis shown below:

- waste activities cover the Low Level Waste Repository and the Geological Disposal facility. Construction of the latter facility is currently planned to allow receipt of waste from around 2040. Key sensitivity is around the geology of the rock in which the facility would be constructed – potentially increasing costs by £1,600 million; a delay in constructing the facility by 5 years would reduce discounted costs by c£300 million
- activities on the sites primarily used for research (Dounreay, Harwell, Winfrith and Windscale) are concerned with final decommissioning of assets and site clearance. Sites will be cleared by 2064. Options are being explored to accelerated site clearance, which could reduce the provision by c£200 million in respect of Winfrith. No account is taken of benefits that may arise from the competition for the Dounreay PBO
- Legacy Ponds and Silos ('LPS'); represent the major hazard and decommissioning challenge at Sellafield, with activity scheduled for completion in 2036; shown without inclusion of site overheads. Principal sensitivities are around the technical challenges in emptying the facilities (which may result in increased costs of £1,100 million), with faster emptying of the facility potentially reducing the provision by c£450 million
- Sellafield (other than LPS) represents activities associated with operation of the site, reprocessing and eventual decommissioning includes all site overhead. Principal sensitivities

are around the failure of the contractor to deliver planned efficiencies embedded within the performance plan, particularly in the later years.

- fuel manufacturing and generation (which for this purpose includes Magnox, Capenhurst and Springfields) programme of work includes defueling the generating stations and preparing for interim Care and Maintenance (complete by 2030) followed by a final site clearance phase around 2070 to 2102. There is a wide range in potential provision values, driven by timing of final site clearance (e.g. delaying Magnox final site clearance) by 10 years may reduce provision by c£450 million, or by deferring work in the short term and therefore incurring 'hotel costs' to keep sites in a safe and secure manner. Although this would achieve same site clearance date as the provision of 2102, it would incur significant short-term costs and could increase the provision by c£1,600 million.

29. Other provisions

	NDA Group		Authority	
	2011 £m	2010 £m	2011 £m	2010 £m
Restructuring provision	100	104	99	102
Contract loss provision	1,859	1,681	1,859	1,681
Other provision	47	49	13	16
	2,006	1,834	1,971	1,799
Of which:				
Current	137	304	134	301
Non-current	1,869	1,530	1,837	1,498
	2,006	1,834	1,971	1,799

NDA Group	Restructuring £m	Contract loss £m	Other £m	Total £m
Balance at 1 April 2010	104	1,681	49	1,834
(Provided for)/released in the year (see note 8)	(6)	780	(2)	772
Unwinding of discount (see note 8)	2	28	-	30
Reclassified to payments received on account (see note 27)	-	(66)	-	(66)
Movement in contract loss provision deducted from recoverable contract costs (see note 17)	-	(564)	-	(564)
Balance at 31 March 2011	100	1,859	47	2,006

Authority	Restructuring £m	Contract loss £m	Other £m	Total £m
Balance at 1 April 2010	102	1,681	16	1,799
Provided for/(released) in the year	(5)	780	(3)	772
Unwinding of discount	2	28	-	30
Reclassified to payments received on account (see note 27)	-	(66)	-	(66)
Movement in amount deducted from recoverable contract costs (see note 17)	-	(564)	-	(564)
Balance at 31 March 2011	99	1,859	13	1,971

Restructuring provisions have been recognised to cover continuing annual payments to be made under early retirement arrangements to individuals working for SLCs who retired early, or had accepted early retirement, before 31 March 2011. These payments continue at least until the date at which the individual would have reached normal retirement age. Lump sums paid to individuals on retirement are held as receivables, since they are refundable to the NDA from the appropriate pension scheme at or after the date on which the individual concerned would have reached normal retirement age.

Contract loss provisions have been recognised to cover the anticipated shortfall between total income and total expenditure on relevant long term contracts. The above balances are shown net after deduction from any applicable recoverable contract costs (see note 17).

Other provisions include provisions for insurance claims and early retirements not covered by the restructuring funding arrangements with DECC.

30. Retirement benefit schemes

Defined contribution schemes
NDA employees have pension benefits provided through the Principal Civil Service Pension Scheme (PCSPS). The PCSPS is an unfunded multi-employer defined benefit scheme but the NDA is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007 and details can be found in the resource accounts of the Cabinet Office: Civil Superannuation at www.civilservice-pensions.gov.uk. In accordance with guidance issued by HM Treasury, the PCSPS is accounted for as a defined contribution scheme in these financial statements.

Direct Rail Services Limited (DRSL) employees joining after 1 April 2008 participate in the DRSL section of the defined contribution structure of the GPS Pension Scheme.

International Nuclear Services Ltd (INSL) employees participate in the United Kingdom Atomic Energy Authority (UKAEA) Combined Pension Scheme, the GPS Pension Scheme and the Magnox Electric Group section of the Electricity Supply Pension Scheme. Participation in these schemes is in sections with other employers and INSL is unable to identify its share of the underlying assets and liabilities. Consequently INSL's participation in these schemes is accounted for as if they were defined contribution schemes, as permitted under IAS 19.

Pacific Nuclear Transport Ltd (PNTL) employees participate in two industry wide defined contribution schemes: the Merchant Navy Officers' Pension Plan (MNOPP) and the Merchant Navy Ratings' Pension Plan (MNRPP).

The total cost charged to expenditure of £3,998,000 (2010: £6,632,000) represents contributions payable to these schemes by the Group at rates specified in the rules of the schemes. No contributions were outstanding at this or the previous year end.

Defined benefit schemes
The Group participates in various pension schemes which are accounted for as defined benefit schemes.

Direct Rail Services Limited section of the GPS Pension Scheme (DRS)
Direct Rail Services Limited (DRS) participates in the GPS Pension Scheme. The GPS Pension Scheme is a defined benefit (final salary) funded pension scheme. The scheme was available to all DRS employees until 31 March 2008. The defined benefit structure of the scheme was closed to new entrants on 1 April 2008 and a defined contribution structure made available for all new employees from that date.

Nirex Pension Scheme (Nirex)
The Nirex Pension Scheme is a defined benefit (final salary) funded pension scheme. The scheme was closed to new entrants on 1 April 2007 and during 2010 the last remaining active member retired.

Merchant Navy Officers Pension Fund (MNOPF)
Pacific Nuclear Transport Limited (PNTL) employees participate in the Merchant Navy Officers Pension Fund (MNOPF). The MNOPF is an industry wide defined benefit (final salary) funded pension scheme. The scheme was closed on 1 November 1996. All costs relating to 'Pacific' vessels are recoverable under contract from customers and hence a recoverable amount is recognised to offset the related pension scheme deficit.

Merchant Navy Ratings Pension Fund (MNRPF)
PNTL employees participate in the Merchant Navy Ratings Pension Fund (MNRPF). The MNRPF is an industry wide defined benefit (final salary) funded pension scheme. The scheme was closed on 31 May 2001. The liabilities of the scheme have been capped at the level of benefits accrued to employees at the closure date, subject to adjustment for future actuarial valuations. All costs relating to 'Pacific' vessels are recoverable under contract from customers and hence a recoverable amount is recognised to offset the related pension scheme deficit.

Closed Section of the Combined Nuclear Pension Plan (CNPP)
On the disposal of the Springfields Fuels operation the NDA took over direct responsibility of the pension liability within the Springfields Fuels section of the CNPP on 1 April 2010. The Closed Section (formerly the Springfields Fuels Section) of the CNPP is a defined benefit (final salary) funded pension scheme. The scheme was closed to new entrants and further accrual on 31 March 2010. The pension scheme surplus taken on over the year was £2,953,000.

Actuarial valuations for the various defined benefit schemes referred to above have been updated at 31 March 2011 by independent actuaries using assumptions that are consistent with the requirements of IAS 19 and the results of those calculations have been incorporated in the figures below. Investments have been valued for this purpose at fair value.

The principal actuarial assumptions used at the reporting date are as follows:

Valuation at:					
2011	**DRS**	**Nirex**	**MNOPF**	**MNRPF**	**CNPP**
Discount rate	5.5%	5.5%	5.5%	5.5%	5.5%
Rate of salary increase	4.0%	n/a	4.0%	4.0%	n/a
Rate of price inflation	3.5%	3.5%	3.5%	3.5%	3.5%
Rate of increase of pensions in payment	3.5%	3.4%	3.5%	3.5%	3.5%
Rate of increase of pensions in deferment	3.5%	3.4%	3.5%	3.5%	3.5%
Life expectancy for a male pensioner aged 65 (in years)	21.3	21.3	21.3	21.3	21.3
Life expectancy for a male non pensioner currently aged 45 from age 65 (in years)	21.9	21.9	21.9	21.9	21.9
2010					
Discount rate	5.7%	5.7%	5.7%	5.7%	5.6%
Rate of salary increase	4.1%	4.1%	4.1%	4.1%	n/a
Rate of price inflation	3.6%	3.6%	3.6%	3.6%	3.6%
Rate of increase of pensions in payment	3.6%	3.5%	3.6%	3.6%	3.6%
Rate of increase of pensions in deferment	3.6%	3.6%	3.6%	3.6%	3.6%
Life expectancy for a male pensioner aged 65 (in years)	21.5	20.8	20.8	20.8	22.9
Life expectancy for a male non pensioner currently aged 45 from age 65 (in years)	22.6	22.1	22.1	22.1	24.3

Mortality assumptions:	**2011**	**2010**
DRS	S1NA Year of Birth tables with CMI 2009 projections subject to minimum improvements of 0.5% p.a. for males and 0.25% p.a. for females	S1NA Light Year of Birth tables with the medium cohort improvements projection subject to a minimum improvement of 0.5% p.a. for males and 0.25% p.a. for females and 1 year age rating (no age rating females)
Nirex	S1NA Year of Birth tables with CMI 2009 projections subject to minimum improvements of 0.5% p.a. for males and 0.25% p.a. for females	S1NA Light Year of Birth tables with the medium cohort improvements projection subject to a minimum improvement of 0.5% p.a. for males and 0.25% p.a. for females and no age rating

MNOPF	S1NA Year of Birth tables with CMI 2009 projections subject to minimum improvements of 0.5% p.a. for males and 0.25% p.a. for females	S1NA Light Year of Birth tables with the medium cohort improvements projection subject to a minimum improvement of 0.5% p.a. for males and 0.25% p.a. for females and no age rating
MNRPF	S1NA Year of Birth tables with CMI 2009 projections subject to minimum improvements of 0.5% p.a. for males and 0.25% p.a. for females	S1NA Light Year of Birth tables with the medium cohort improvements projection subject to a minimum improvement of 0.5% p.a. for males and 0.25% p.a. for females and no age rating
CNPP	S1NA Year of Birth tables with CMI 2009 projections subject to minimum improvements of 0.5% p.a. for males and 0.25% p.a. for females	SAPS CMI projection, 90% k factor, 1% long term trend

Amounts recognised in the financial statements in respect of the various defined benefit schemes are set out in the tables below. Amounts relating to the Nirex Pension Scheme and the Closed Section of the CNPP are recognised in the financial statements of the Authority.

2011	DRS £'000	Nirex £'000	MNOPF £'000	MNRPF £'000	CNPP £'000	Total £'000
Analysis of amounts charged to operating costs:						
Current service cost	2,153	10	325	-	-	2,488
Past service cost	585	-	-	-	-	585
Total cost	2,738	10	325	-	-	3,073
Analysis of amounts charged to interest payable:						
Expected return on scheme assets	(1,797)	(1,469)	(1,206)	(593)	(3,771)	(8,836)
Interest on scheme liabilities	1,334	1,246	1,403	868	3,006	7,857
Net (benefit)/cost	(463)	(223)	197	275	(765)	(979)
Analysis of amounts recognised in other comprehensive (income)/expenditure:						
Actual return less expected return on scheme assets	19	(121)	(2,302)	(87)	(497)	(2,988)
Experience (gains)/losses arising on the scheme liabilities	(994)	480	2,684	-	515	2,685
Changes in assumptions underlying the present value of the scheme liabilities	756	293	528	626	(2,914)	(711)
Actuarial (gain)/loss	(219)	652	910	539	(2,896)	(1,014)
Recoverable from third parties	-	-	(802)	(481)	-	(1,283)
Actuarial (gain)/loss recognised in other comprehensive (income)/expenditure	(219)	652	108	58	(2,896)	(2,297)
Cumulative amount of (gains)/losses recognised in the statement of comprehensive net expenditure since adoption of IFRS	(3,858)	412	1,318	(1,093)	(2,896)	(6,117)
Amounts recognised in the statement of financial position:						
Present value of defined benefit obligations	(26,004)	(23,889)	(28,820)	(16,420)	(53,875)	(149,008)
Fair value of scheme assets	31,528	23,456	24,997	13,061	60,627	153,669

Surplus/(deficit) in scheme	5,524	(433)	(3,823)	(3,359)	6,752	4,661
Recoverable from third parties	-	-	3,410	2,996	-	6,406
Asset / (liability) recognised in the statement of financial position	5,524	(433)	(413)	(363)	6,752	11,067
Movements in the present value of defined benefit obligations:						
At 1 April 2010	(21,817)	(22,939)	(25,022)	(15,532)	-	(85,310)
Obligation taken on over year	-	-	-	-	(54,068)	(54,068)
Current service cost	(2,153)	(10)	(325)	-	-	(2,488)
Interest cost	(1,334)	(1,246)	(1,403)	(868)	(3,006)	(7,857)
Employee contributions	(568)	(2)	(140)	-	-	(710)
Past service cost	(585)	-	-	-	-	(585)
Actuarial gain/(loss)	238	(773)	(3,212)	(626)	2,399	(1,974)
Benefits paid	215	1,081	1,282	606	800	3,984
At 31 March 2011	(26,004)	(23,889)	(28,820)	(16,420)	(53,875)	(149,008)
Movements in the fair value of the scheme assets:						
At 1 April 2010	26,312	22,926	20,861	12,683	-	82,782
Assets taken on over year	-	-	-	-	57,021	57,021
Employer contributions	3,085	19	1,770	304	138	5,316
Employee contributions	568	2	140	-	-	710
Actuarial (loss)/gain	(19)	121	2,302	87	497	2,988
Benefits (paid)	(215)	(1,081)	(1,282)	(606)	(800)	(3,984)
Expected return on scheme assets	1,797	1,469	1,206	593	3,771	8,836
At 31 March 2011	31,528	23,456	24,997	13,061	60,627	153,669
Estimated expected employer contributions over the next financial year	2,737	-	1,060	323	-	4,120

2010	**DRS £'000**	**Nirex £'000**	**MNOPF £'000**	**MNRPF £'000**	**CNPP £'000**	**Total £'000**
Analysis of amounts charged to operating costs:						
Current service cost	1,695	21	248	-	-	1,964
Analysis of amounts charged to interest payable:						
Expected return on scheme assets	(1,162)	(1,058)	(811)	(501)	-	(3,532)
Interest on scheme liabilities	1,184	1,261	1,599	906	-	4,950
Net cost	22	203	788	405	-	1,418
Analysis of amounts recognised in other comprehensive (income)/expenditure:						
Actual return less expected return on scheme assets	(4,818)	(4,581)	(3,952)	(2,195)	-	(15,546)
Experience gains arising on the scheme liabilities	-	(564)	(2,635)	-	-	(3,199)
Changes in assumptions underlying the present value of the scheme liabilities	1,938	3,492	2,596	1,590	-	9,616
Actuarial gain	(2,880)	(1,653)	(3,991)	(605)	-	(9,129)
Recoverable from third parties	-	-	3,566	540	-	4,106
Actuarial gain recognised in other comprehensive (income)/expenditure	(2,880)	(1,653)	(425)	(65)	-	(5,023)

Cumulative amount of (gains)/losses recognised in the statement of comprehensive income since adoption of IFRS	(3,639)	(240)	1,210	(1,151)	-	(3,820)
Amounts recognised in the statement of financial position:						
Present value of defined benefit obligations	(21,817)	(22,939)	(25,022)	(15,532)	-	(85,310)
Fair value of scheme assets	26,312	22,926	20,861	12,683	-	82,782
Surplus/(deficit) in scheme	4,495	(13)	(4,161)	(2,849)	-	(2,528)
Recoverable from third parties	-	-	3,711	2,541	-	6,252
Asset/(liability) recognised in the statement of financial position	4,495	(13)	(450)	(308)	-	3,724
Movements in the present value of defined benefit obligations:						
At 1 April 2009	(16,574)	(19,383)	(24,266)	(13,611)	-	(73,834)
Current service cost	(1,695)	(21)	(248)	-	-	(1,964)
Interest cost	(1,184)	(1,261)	(1,599)	(906)	-	(4,950)
Employee contributions	(505)	(5)	(111)	-	-	(621)
Actuarial (loss)/gain	(1,938)	(2,928)	39	(1,590)	-	(6,417)
Benefits paid	79	659	1,163	575	-	2,476
At 31 March 2010	(21,817)	(22,939)	(25,022)	(15,532)	-	(85,310)
Movements in the fair value of the scheme assets:						
At 1 April 2009	17,472	17,909	16,347	10,315	-	62,043
Employer contributions	2,434	32	803	247	-	3,516
Employee contributions	505	5	111	-	-	621
Actuarial loss	4,818	4,581	3,952	2,195	-	15,546
Benefits (paid)	(79)	(659)	(1,163)	(575)	-	(2,476)
Expected return on scheme assets	1,162	1,058	811	501	-	3,532
At 31 March 2010	26,312	22,926	20,861	12,683	-	82,782
Estimated expected employer contributions over the next financial year	2,435	25	831	342	-	3,633

The analysis of the various defined benefit scheme assets and the expected rates of return at the reporting date are as follows:

	Expected return			Fair value of assets		
	2011	**2010**	**2009**	**2011**	**2010**	**2009**
				£'000	**£'000**	**£'000**
DRS scheme						
Equities	8.2%	7.6%	7.4%	16,292	14,111	7,966
Fixed Interest Gilts	4.2%	4.6%	4.4%	3,688	2,963	2,898
Index Linked Gilts	4.2%	4.6%	4.4%	5,311	4,227	3,805
Corporate Bonds	5.5%	5.7%	6.7%	6,104	5,011	2,803
Other	2.0%	-	-	133	-	-
				31,528	26,312	17,472
Nirex scheme						
Equities	8.2%	8.4%	7.4%	11,686	11,363	8,313
Index Linked Gilts	4.2%	4.3%	5.1%	5,603	5,471	4,541
Corporate Bonds	5.5%	5.7%	5.1%	5,380	5,492	4,466

Cash	-	0.5%	0.5%	0	49	59
Other	4.0%	4.0%	4.0%	787	551	530
				23,456	22,926	17,909
MNOPF scheme						
Equities	8.2%	8.5%	8.0%	12,879	10,749	8,082
Property	7.2%	7.5%	7.0%	1,225	1,022	1,112
Fixed Interest Gilts	4.2%	4.5%	4.0%	6,998	5,840	5,538
Corporate Bonds	5.5%	5.2%	6.0%	3,595	3,000	1,599
Other	2.0%	0.5%	0.5%	300	250	16
				24,997	20,861	16,347
MNRPF scheme						
Equities	8.2%	8.5%	8.0%	3,266	4,054	2,084
Property	7.2%	7.5%	7.0%	914	662	578
Fixed Interest Gilts	4.2%	4.5%	4.0%	3,187	2,960	2,259
Corporate Bonds	5.5%	5.2%	6.0%	4,780	4,440	5,188
Other	2.0%	0.5%	0.5%	914	567	206
				13,061	12,683	10,315
CNPP scheme						
Equities	8.2%	n/a	n/a	42,650	n/a	n/a
Fixed Interest Gilts	4.2%	n/a	n/a	6,077	n/a	n/a
Index Linked Gilts	4.2%	n/a	n/a	6,013	n/a	n/a
Corporate Bonds	5.5%	n/a	n/a	5,787	n/a	n/a
Other	2.0%	n/a	n/a	100	n/a	n/a
				60,627	n/a	n/a

The overall expected rate of return on asset assumptions have been derived by considering the expected long-term rate of return on each major asset category for each scheme as at 31 March 2011 and weighting these rates of return broadly in line with the underlying asset allocation.

The history of experience gains and losses for the various defined benefit schemes is as follows:

	2011	**2010**	**2009**	**2008**	**2007**
DRS scheme					
Difference between expected and actual return on scheme assets:					
amount – (loss)/gain (£'000)	(19)	4,818	(3,133)	(606)	n/a
percentage of scheme assets	0%	18%	18%	4%	n/a
Experience gains and losses arising on scheme liabilities:					
amount – gain/(loss) (£'000)	994	-	-	(2)	n/a
percentage of scheme liabilities	4%	0%	0%	0%	n/a
Total actuarial gain:					
amount (£'000)	219	2,880	759	599	n/a
percentage of scheme liabilities	1%	13%	5%	4%	n/a
Nirex scheme					
Difference between expected and actual return on scheme assets:					
amount – gain / (loss) (£'000)	121	4,581	(5,393)	(445)	(821)
percentage of scheme assets	1%	20%	30%	2%	3%
Experience gains and losses					

arising on scheme liabilities:					
amount – (loss)/gain (£'000)	(480)	564	325	(1,458)	(689)
percentage of scheme liabilities	2%	2%	2%	6%	2%
Total actuarial (loss)/gain:					
amount (£'000)	(652)	1,653	(1,413)	731	2,664
percentage of scheme liabilities	3%	7%	7%	3%	9%
MNOPF scheme					
Difference between expected and actual return on scheme assets:					
amount – gain / (loss) (£'000)	2,302	3,952	(4,270)	(3,413)	3,853
percentage of scheme assets	9%	19%	26%	17%	18%
Experience gains and losses arising on scheme liabilities:					
amount – (loss)/gain (£'000)	(2,684)	2,635	-	3,683	(4,603)
percentage of scheme liabilities	9%	11%	0%	14%	16%
Total actuarial (loss)/gain:					
amount (£'000)	(910)	3,991	(1,635)	194	(1,763)
percentage of scheme liabilities	3%	16%	7%	1%	6%
MNRPF scheme					
Difference between expected and actual return on scheme assets:					
amount – gain / (loss) (£'000)	87	2,195	(1,729)	(1,068)	(357)
percentage of scheme assets	1%	17%	17%	9%	3%
Experience gains and losses arising on scheme liabilities:					
amount – gain / (loss) (£'000)	-	-	(770)	-	-
percentage of scheme liabilities	0%	0%	6%	0%	0%
Total actuarial (loss)/gain:					
amount (£'000)	(539)	605	1,086	(1,410)	(990)
percentage of scheme liabilities	3%	4%	8%	9%	6%
CNPP scheme					
Difference between expected and actual return on scheme assets:					
amount – gain / (loss) (£'000)	497	n/a	n/a	n/a	n/a
percentage of scheme assets	1%	n/a	n/a	n/a	n/a
Experience gains and losses arising on scheme liabilities:					
amount – gain / (loss) (£'000)	(515)	n/a	n/a	n/a	n/a
percentage of scheme liabilities	1%	n/a	n/a	n/a	n/a
Total actuarial gain:					
amount (£'000)	2,896	n/a	n/a	n/a	n/a
percentage of scheme liabilities	5%	n/a	n/a	n/a	n/a

The history of experience gains and losses for the DRS scheme prior to the NDA taking over as principal employer on 1 April 2008 can be found in the group financial statements of British Nuclear Fuels plc. The history of experience gains and losses for the Closed Section of the CNPP prior to the NDA taking over as sponsoring employer on 1 April 2010 can be found in the financial statements of Springfields Fuels Limited.

31. Capital commitments

	NDA Group		Authority	
	2011 £m	2010 £m	2011 £m	2010 £m
Contracted capital commitments at 31 March not otherwise included in these financial statements				
Property, plant and equipment	240	464	240	424

32. Commitments under leases

32.1 (a) Operating leases - NDA as lessee

	NDA Group		Authority	
	2011 £m	2010 £m	2011 £m	2010 £m
Minimum lease payments under operating leases recognised as an expense in the year	2	1	1	1

Total future minimum lease payments under operating leases are given in the table below:

	NDA Group		Authority	
	2011 £m	2010 £m	2011 £m	2010 £m
Buildings and other:				
Not later than one year	2	8	1	1
Later than one year and not later than five years	6	12	3	3
Later than five years	4	19	2	3
	12	39	6	7

Operating lease payments represent rentals payable by the Group for some of its properties and various plant and equipment.

32.1 (b) Operating leases - NDA as lessor

Property rental income earned during the year amounted to £7 million (2010: £10 million).

Total future minimum lease receivables under operating leases are given in the table below:

	NDA Group			Authority		
	2011 £m	2010 £m	2009 £m	2011 £m	2010 £m	2009 £m
Buildings:						
Not later than one year	4	4	1	1	3	-
Later than one year and not later than five years	2	5	1	1	5	-
Later than five years	2	9	-	1	9	-
	8	18	2	3	17	-

32.2 Finance leases – NDA as lessee

Total future minimum lease payments under finance leases are given in the table below:

	NDA Group		Authority	
	2011 £m	2010 £m	2011 £m	2010 £m
Other:				
Not later than one year	-	-	-	-
Later than one year and not later than five years	1	1	-	-
Later than five years	-	-	-	-
	1	1	-	-
Less: interest element	-	-	-	-
Present value of obligations due for settlement after 12 months (shown as non-current trade and other payables in note 28)	1	1	-	-

The average finance lease term is five years. For the year ended 31 March 2011, the average effective borrowing rate was 7.5% (2010: 7.5%). Interest rates are fixed at the contract date. All finance leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. All finance lease obligations are denominated in sterling. The Group's obligations under finance leases are secured by the lessors' rights over the leased assets disclosed in note 14.

33. Financial risk management

The NDA is financed by a combination of Government funding and commercial activities, and as such is not exposed to the degree of financial risk faced by other business entities. Consequently, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. It does however experience some degree of risk due to the variability of commercial income.

The NDA applies for funding as part of the Government Spending Review, with the latest four-year funding cycle having concluded in October 2010. This set the annual expenditure limit net of the NDA's commercial income, derived from ageing power stations and reprocessing plants. The NDA is required to prioritise and allocate funding to deliver the required programme of work within this net limit, whilst mindful of the potential vulnerability of commercial income to plant breakdown. This is achieved through the use of an extensive reporting and control mechanism, which supports a portfolio based approach to managing the opportunities and risks within both the expenditure and commercial income. The approach has enabled the NDA to consistently control net expenditure within the prescribed limits set by the funding regime.

Separately the NDA has developed an extensive programme to embed risk management practices, covering both operational and financial risks, across all its functions and to provide contractual mechanisms to obtain assurance of good risk management practices from the SLCs.

The primary financial risks faced by the NDA are commodity price risk and credit risk. Foreign currency risk, liquidity risk and interest rate risk are not considered to be significant risks for the NDA.

Commodity price risk
Commodity price risk is the risk or uncertainty arising from possible price movements and their impact on the commercial income and therefore ultimately on the funding requirements of the NDA. The primary risk is that electricity prices will move adversely affecting commercial income between the time that the NDA's funding requirements are set and the time when revenues are recognised.

Credit risk
Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the NDA. The NDA has two types of contract, commodity contracts and supply and reprocessing contracts.

British Energy Trading Services Ltd (BETS) sells electricity as agent for the NDA to a number of counterparties. The credit risk of each counterparty and the amount of permitted credit for each counterparty is reviewed monthly by the Electricity and Output Trading Committee (an NDA committee attended by representatives from BETS). Credit limits are set at a low level preventing any significant losses in the unlikely event of a default.

34. Contingent liabilities

Under the transfer scheme of 1 April 2005, the NDA has assumed responsibility for all occurrences relating to the designated nuclear sites that took place up to that date.

a. A contingent liability exists in relation to the costs of clean-up of Sandside Beach in Caithness. The liability is subject to resolution.

b. At 31 March 2011 the NDA held inventories of reprocessed plutonium and uranic material. These materials are currently held at nil value, due to uncertainty over their future use. Following recent consultation the Government is expected to clarify its policy regarding the future use of such materials which may necessitate recognition of these inventories either as an asset or as a liability.

c. Whilst not the lead employer, the NDA is the lead organisation and has ultimate responsibility for certain nuclear industry pension schemes, including the CNPP, the Magnox section of the Electricity Supply Pension Scheme (ESPS), and the GPS pension scheme. Provisions for known deficits are included within Nuclear Provisions (note 28), however, movements in financial markets may adversely impact the actuarial valuations of the schemes, resulting in an increase in scheme deficits.

Contingent liabilities not required to be disclosed under IAS 37 but included for parliamentary reporting and accountability purposes:

The NDA has non-quantifiable contingent liabilities arising from indemnities given as part of the contracts for the management of the Low Level Waste Repository and Sellafield. These indemnities are in respect of the uninsurable residual risk that courts in a country which is not party to the Paris and Brussels Conventions on third party liability in the field of nuclear energy may accept jurisdiction to determine liability in the event of a nuclear incident. These are not treated as contingent liabilities within the meaning of IAS 37 since the possibility of a transfer of economic benefit in settlement is considered too remote.

35. Related parties

Government bodies
The NDA is an Executive NDPB sponsored by DECC, which is regarded as a related party. During the year, the NDA has had various material transactions with DECC and with other entities for which DECC is regarded as the responsible department. The NDA receives grant financing from DECC.

In the course of its normal business the NDA enters into transactions with Government owned banks. In addition, the NDA has a small number of material transactions with other Government Departments and other central Government bodies.

Directors' transactions
During the year, no Board member, key manager or other related party has undertaken any material transactions with the NDA.

Related party transactions
During the year, group companies entered into the following transactions with related parties:

Trading transactions
Transactions between the Authority and its subsidiaries were as follows:

Sales of goods to related parties were made at arms length prices. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties.

	Sales of goods		Purchase of goods		Amounts owed by related parties		Amounts owed to related parties	
	2011	2010	2011	2010	2011	2010	2011	2010
	£m	£m	£m	£m	£m	£m	£m	£m
Direct Rail Services Ltd	(25)	(23)	-	-	7	8	-	-
International Nuclear Services Ltd	(8)	(54)	21	25	229	188	(224)	(182)
Nuclear Services France SA	(1)	(3)	-	-	-	-	(1)	(1)
Nuclear Services Japan KK	(2)	(1)	-	-	-	-	-	-
NDA Properties Ltd	-	-	-	-	17	-	-	-
Pacific Nuclear Transport Ltd	(17)	(21)	-	-	226	182	-	-
Rutherford Indemnity Ltd	-	-	-	-	-	-	-	-

Loans to related parties
Amounts owed by Direct Rail Services Limited represents a loan which is interest bearing at a fixed percentage above Bank of England base rate. The loan is repayable on 31 March 2013.

Key management compensation
Key management includes executive and non-executive directors together with those members of senior management who form part of the Executive Team. The compensation paid or payable to key management for employee services is set out below in aggregate for each of the categories specified in IAS 24 'Related Party Disclosures'. Further information about the remuneration of individual directors is provided in the audited part of the Remuneration Report on pages 42 to 47.

Authority	2011 £'000	2010 £'000
Short term employee benefits	2,724	2,374
Post-employment benefits	374	324
Other long-term benefits	409	307
Termination benefits	-	232
	3,507	3,237

36. Intra-Government balances

NDA group - intra-government balances	Receivables: amounts falling due within one year £m	Receivables: amounts falling due after one year £m	Payables: amounts falling due within one year £m	Payables: amounts falling due after one year £m
Balances with other central government bodies	51	-	-	-
Balances with local authorities	-	-	-	-
Balances with NHS trusts	-	-	-	-
Balances with public corporations and trading funds	-	-	-	-
	51	-	-	-
Balances with bodies external to government	205	15	(1,249)	(1,894)

At 31 March 2011	**256**	**15**	**(1,249)**	**(1,894)**
Balances with other central government bodies	54	-	(1)	-
Balances with local authorities	-	-	-	-
Balances with NHS trusts	-	-	-	-
Balances with public corporations and trading funds	-	-	-	-
	54	-	(1)	-
Balances with bodies external to government	351	17	(1,163)	(1,487)
At 31 March 2010	**405**	**17**	**(1,164)**	**(1,487)**

37. Losses and special payments

The disclosures in this note are in accordance with 'Managing Public Money', and the purpose of this note is to report on losses and special payments of particular interest to Parliament.

Total losses during the year were £1,392,648 (2010: £7,576,054).

Type of loss	2011 Total £	2011 Number of cases	2010 Total £	2010 Number of cases
Cash losses	-	-	-	-
Stores losses	853,862	100+	4,298,080	11
Losses of pay, allowances and superannuation	45,000	5	-	-
Fruitless payments	72,490	44	110,115	92
Constructive losses	115,916	1	2,184,170	2
Claims waived or abandoned	-	-	5,775	1
Book-keeping losses	89,622	5	-	-
Failure to make adequate charges	-	-	-	-
Exchange rate fluctuation losses	215,758	41	977,914	1
Total	1,392,648		7,576,054	

The total store losses for the year were £853,862.These relate to stock disposals, stock rationalisation and movements in obsolete stock provisions. There was no individual stock loss of over £250,000.

Losses of pay and allowances relate to contractual mortgage differential payments which have been overpaid, £33,935 of which is expected to be repaid in future years.

Constructive losses relate to abortive design work on a new administration centre for Magnox South as a result of the strategic decision to re-merge South with North.

Included within exchange rate fluctuation losses are no cases that individually exceed £250,000, the losses relate to cumulative annual losses on sub-contract deals due to fluctuations on the Euro.

Total special payments during the year were £1,540,000 (2010: £2,200).

Type of special payment	2011 Total £	2011 Number of cases	2010 Total £	2010 Number of cases
Compensation payments	1,530,000	2	2,200	2
Extra-contractual	10,000	2	-	-
Total	1,540,000		2,200	

38. Events after the reporting period

a) The financial statements were authorised to be issued for publication on 30 June 2011.

Introduction to the Site Licence Company Reports

The following pages give a brief report on each of the NDA's operating sites grouped by Site Licence Company (SLC).

The reports cover progress towards delivering key milestones and activities outlined in our 2010/2013 three year Business Plan. The reports also include key earned value performance data, income and expenditure and an overview of safety and environmental performance during 2010/2011.

How to read the SLC reports

Below are some definitions of key concepts and terminology that are used throughout this section of the Annual Report and Accounts.

Earned Value performance data

'Earned Value' refers to the positive variance of work delivered by our contractors against the original budgeted cost and planned schedule of work.

To help us measure earned value data, the following key concepts are used:

- **Original Budgeted Cost of Work Scheduled (BCWS)**
  BCWS is the budgeted cost of the work that our contractors set out to complete at the beginning of the year

- **Budgeted Cost of Work Performed (BCWP)**
  BCWP is the budgeted cost of work actually completed during the year

- **Actual Cost of Work Performed (ACWP)**
  ACWP is the actual cost of work completed in the year.

To determine the earned value of our contractors' performance, the following formulae are used:

- **Cost Variance (CV)**
  = BCWP – ACWP
- **Schedule Variance (SV)**
  = BCWP – BCWS
- **Cost Performance Index (CPI)**
  = BCWP/ACWP
- **Schedule Performance Index (SPI)**
  = BCWP/BCWS

For example, when the BCWP is higher than the BCWS, this means that more work has been completed than planned. When the ACWP is lower than the BCWP, then the work has been completed at a lower cost than planned.

A key tool used by the NDA to help ensure that our contractors deliver work in line with our strategic priorities is portfolio management – that is, the reallocation of funds from one site or site licensee to another in order to bring forward work planned for future years. This sometimes results in an adjustment to the original BCWS to reflect the revised funding levels. Where appropriate, these revised BCWSs are used throughout this report in order to determine the earned value of our contractors' performance.

Summary of health, safety, security & environmental performance

The reports on the SLCs provide an overview of the health, safety and environmental incidents reported during 2010/2011.

The following points define the different types of reportable incidents at a nuclear licensed site, as well as other health, safety and environmental information:

- **Total Recordable Incident Rate and Days Away Case Rate** are standardised measures that we use to monitor industrial health and safety performance
- **RIDDOR** stands for the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations, 1995. It applies to all work activities but not to all incidents that may occur
- **The International Nuclear and Radiological Event Scale (INES**) is a scale for communicating the safety significance of events reported at nuclear installations. There are seven levels on the INES scale, ranging from an anomaly (Level 1), which indicates the least serious incident on the INES scale, to a major accident (Level 7), which is the maximum on the INES scale. The data provided in this section indicates the frequency of incidents reported rather than the severity of the incidents.
- **Environmental non-compliance** is a breach of a permit condition set by the Environment Agency (EA) or the Scottish Environment Protection Agency (SEPA) that prevents or controls the risk of pollution to the environment

Key milestones and deliverables

Key milestones are agreed at the start of each financial year to enable the effective measurement of progress against objectives through agreed reporting procedures. The milestones and activities listed for each site are taken from the 2009/2010 NDA Business Plan.

- **Completed** – the key milestone or activity has been completed during the financial year (2009/2010)
- **On Schedule** – the key milestone or activity was due for completion after 31 March 2010 and as at that date was on track to be completed to schedule
- **Behind Schedule** – the key milestone or activity was due for completion after 31 March 2010 and as at that date there had been a delay to the schedule
- **Deferred** – Activity deferred due to re-prioritisation and/or reallocation of funding.

Other site information

- **Site Licensee or Site Licence Company (SLC)**
  This is the entity that holds the nuclear site licence and discharge authorisations in respect of a nuclear licensed site and which is directly responsible for day to day site management and operations
- **Parent Body Organisation (PBO)**
  In the NDA's contracting structure a PBO bids to own a SLC. The PBO may form a holding company to hold the shares in that SLC. This PBO then appoints a management team to run the SLC.

Sellafield Limited

Sellafield Limited is the SLC responsible for the operation of Sellafield (including Calder Hall), Capenhurst and Windscale. The PBO of the company is Nuclear Management Partners Limited (NMP).

Todd Wright
Managing Director
Sellafield Limited

"This is my first review as Managing Director of Sellafield Limited, having taken over the role from Bill Poulson in February 2011. The achievements at Sellafield over the year are a great credit to Bill's leadership and commitment throughout his tenure in the role.

In terms of core mission accomplishments during 2010/2011, we have a lot to be proud of in our delivery of the NDA's mission. We have:

- successfully transferred over 200,000 litres of legacy radioactive liquid waste from the 50 year old Magnox Swarf Storage Silo to a treatment plant
- continued to stabilise conditions at the high hazard facilities and completed the work necessary to advance high hazard risk reduction including:
  - removing 16 skips from the Pile Fuel Storage Pond
  - desludging 6 of 12 decanning bays in the Pile Fuel Storage Pond
  - active commissioning of the First Generation Magnox Storage Pond purge unit
  - active commissioning of the Pile Fuel Cladding Silo off gas system
- completed the Calder Hall asbestos removal project (the largest project of its type in Europe at the time)
- substantially improved the performance of the Sellafield MOX Plant that is allowing continued operation
- completed the first ever returns of highly active waste (to Japan and the Netherlands)
- completed the construction of the Sellafield Product and Residues Store (a world class facility for the storage of fissile nuclear material) ahead of schedule and under budget.

Another great achievement has been the creation of an agreed and fully underpinned plan for the Sellafield site. We have invested two years researching the performance of the site and using the combined experience of our Sellafield Limited employees and global experts from the parent organisations to seek out ways to improve that performance. We look forward to formally launching the plan in this financial year and delivering against it."

Key developments in 2010/2011

- **Performance Plan -** Considerable progress has been made on the development of a rebuilt Sellafield Performance Plan. The inherited plan was never endorsed by the NDA as it was not considered to be either robust or achievable.

  In line with contractual requirements NMP / Sellafield Limited first had to develop a revised baseline plan that was robust and achievable but based upon historic levels of performance. The contract also requires the agreement of a new performance plan that sets out future targets for achievement. It is the management of this plan that will drive improvements in performance and deliver the efficiencies necessary to ensure value for money.

  The performance plan was delivered to the NDA, in accordance with contractual timescales, at the end of the financial year and is currently being reviewed to ensure that it is underpinned with high confidence levels of delivery. Once agreed we will have a plan for Sellafield, including performance targets, against which success can be realistically judged.

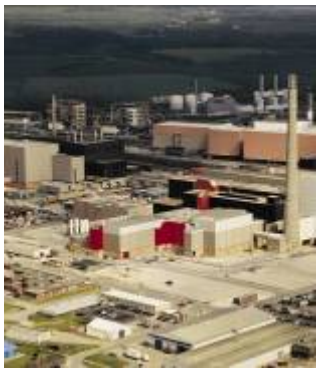
- THORP reprocessing **-** A total of 350.5 tonnes was reprocessed through THORP against a target of 200 tonnes

- Liquor Activity Reduction (LAR) has now transferred 245.4m³ (containing approximately 1677 TBq) this financial year, exceeding the stretch year target of 180m³
- Sludge Removal **-** Good progress has been made with sludge removal from the Plutonium Finishing and Storage Plant
- Sellafield Inventory Retrievals Project (SIRP) **-** Completion of the SIRP programme to relocate cans from historic Stores 1 – 4 into more modern stores. Achieved, 13 months ahead of schedule
- Baseline target of 598m³ for the transfers of historic floc from historic storage tanks has been surpassed with 608m³ achieved
- Support and overhead cost reduction - Savings of 5% compared to 2009/2010 costs
- Sellafield MOX Plant - Programme on schedule.

Safety and Environmental Performance

Issue	**Number**
Total Recordable Incident Rate	0.48
Days Away Case Rate	0.27
RIDDOR major injury	7
RIDDOR lost time accident	19
RIDDOR dangerous occurrence	2
INES incidents	3
Environmental non-compliance	7

Sellafield (including Calder Hall and Windscale)



Sellafield is a large and complex nuclear chemical facility located in West Cumbria. The site has played a pivotal role within the nuclear industry since the 1940s. Site operations include fuel reprocessing, fuel fabrication and storage of nuclear materials and radioactive wastes. Calder Hall, located on the site, was the world's first commercial nuclear power station. Generation started in 1956 and ceased in 2003. Windscale, also located on the site, comprises three reactors. Two of the reactors were shut down in 1957 and the third one was closed in 1981. Substantial damage by fire to one of the reactors in 1957 has created significant additional decommissioning challenges.

Key Activities

2010/2011 Business Plan Activities	Status	Progress Report
Site Restoration		
Continue programme of asset improvements to manage ageing infrastructure of plant and buildings.	On schedule	Pilot assessment undertaken and update of asset condition risk profile.
Continue preparations for retrieval of legacy wastes.	On schedule	Implementation of Waste Hierarchy. Liquor Activity Reduction (LAR) has now transferred 245.4m³ and approximately 1,677 TBq this financial year, exceeding the stretch year target of 180m³.
Continue decommissioning and demolition of redundant facilities.	On schedule	The internal Head Gear Platform associated with the Pile 1 Chimney has now been successfully lowered to the ground without incident or injury, the first significant step in readying the chimney for final removal after many years of inactivity.
Spent Fuels		
Reprocess 703 tonnes of fuel from Magnox stations.	Behind Schedule	Not achieved due to issues relating to secondary containment in pipe bridge 3. Reprocessed 233 tonnes.
Reprocess 200 tonnes of fuel through THORP (this includes fuel from British Energy as well as overseas oxide fuel).	Completed	A total of 350 tonnes was reprocessed by the end of the financial year.
Integrated Waste Management		
Highly Active Liquor (HAL) vitrification throughput 2,285 TeU*.	Behind Schedule	Reduced output achieved of 1,008teU, which equates to 96 containers due to poor plant performance. Highly Active Liquor (HAL) stocks continue to be managed in line with targets set by the Health and Safety Executive (HSE).
Continue programme to export vitrified HAL to overseas customers.	On schedule	HLW flasks loaded ready to be exported back to overseas customers - 1 flask loaded.
Construct Evaporator D to provide additional evaporative	Behind Schedule	Construction work progressing but behind schedule. Work has been delayed due to design, fabrication

2010/2011 Business Plan Activities	Status	Progress Report
capacity – complete structure and make weathertight.		quality issues and procurement delays.
Retrieve 598m^3 of flocculent from the flocculent storage tanks and passivate.	Completed	607m^3 of flocculent transferred and treated.
Ongoing waste treatment activities to support both commercial operations and decommissioning.	On Schedule	Waste treatment activities continued to support commercial operations and decommissioning.
Manage Nuclear Materials		
Sellafield MOX Plant – convert overseas plutonium (Pu) to MOX fuel for export and progress options for future contracts.	Completed	Work on eight assemblies was completed during the year and were made available for export.
Critical Enablers		
Sellafield Integrated Change Programme (ICP) – commence delivery of the ICP improvement programme driving performance in the following areas: - effective working and resource mobility - project delivery improvements - support service efficiency - production optimisation	On schedule	Organisation development and project management training delivered this year.

*tonnes equivalent uranium (TeU) is the current metric for vitrified waste. For Magnox spent fuel 10 TeU equates to one container of vitrified waste.

Regulatory Matters

Further development of a collaborative working relationship between the Regulators, NDA and Sellafield Limited in order to facilitate accelerated risk and hazard reduction.
Development of an appropriate process for monitoring progress against decommissioning milestones.
Continued delivery of HAL stock reduction.
Further integration of Windscale into the wider Sellafield site.
Completion of the Safety Improvement Programme.

Non Accounting Financial Measures – incl. Capenhurst (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
1,594.3	1,595.3	1,486.4
The Original BCWS was £1,603.4m.		

Capenhurst

Capenhurst is located near Ellesmere Port in Cheshire. It was home to a uranium enrichment plant and associated facilities that ceased operation in 1982. The main focus for the site during this plan period is to complete waste disposals to the Low Level Waste Repository (LLWR).

Key Activities

2010/2011 Business Plan Activities	Status	Progress Report
Site Restoration		
Complete waste disposals to LLWR.	Behind schedule	LLWR disposals behind schedule.
Integrated Waste Management		
Continue to process uranic residues.	On Schedule	Progress continues on schedule.
Continue to process legacy uranium hexafluoride bottles.	On Schedule	Progress continues on schedule.
Manage Nuclear Materials		
Continue the safe storage of uranium.	On Schedule	Progress continues on schedule.

Regulatory Matters

Development of the site as an asset as part of the NDA's Strategy.
Delivery of the enhanced uranium hexafluoride management plan.

Magnox Limited

In January this year, Magnox North Limited and Magnox South Limited merged to become Magnox Limited. Magnox Limited is the SLC responsible for the management and operation of the Berkeley, Bradwell, Chapelcross, Dungeness A, Hinkley Point A, Hunterston A, Oldbury, Trawsfynydd, Sizewell A and Wylfa sites and is owned by Energy*Solutions* EU Limited.

Neil Baldwin
Managing Director
Magnox Limited

"This has been an outstanding year for Magnox Limited. Our safety record remains excellent and reflects the dedication of our workforce to safely deliver our plan. I am very proud of what they have achieved.

In conjunction with our supply chain partners, we have made strong progress accelerating two of our sites towards an early Care and Maintenance state, many years ahead of the previous schedule.

I am also delighted with the performance of our generating and defuelling sites, who have stepped up to the plate and delivered against some very demanding targets.

This has also been the year in which we have recast the future Magnox story. The investment made in strategy development and technological innovation has allowed a strong case to be made through what was the most challenging Spending Review the UK has seen in a generation.

The Magnox Optimised Decommissioning Programme (MODP) has been the output of that work and has given a clear, cohesive and challenging mission for Magnox over the next five years. The MODP has already resulted in a change to our plans with a £801 million reduction in discounted decommissioning costs for the taxpayer whilst simultaneously bringing forward hazard reduction."

Key developments in 2010/2011

- reintegration into a single SLC, which will deliver significant cost savings over the coming years and enable more funding to be spent on decommissioning work
- extending the operating lives of Wylfa and Oldbury, together with excellent generation performance, safely yielding over 8 TWh of output and over £300 million of income to the NDA
- improvement in spent fuel deliveries, with over 600 tonnes of fuel shipped to Sellafield
- transformation of the way we deliver major projects by implementing these across Magnox as programmes of work
- introduction of Fuel Element Debris (FED) and Intermediate Level Waste (ILW) technology changes into our baseline
- a UK first at Berkeley site as it became the first commercial nuclear power station in the UK to enter its reactors into Safestore.

Safety and Environmental Performance

Issue	Number
Total Recordable Incident Rate	0.23
Days Away Case Rate	0.13
RIDDOR major injury	1
RIDDOR lost time accident	5
RIDDOR dangerous occurrence	7
INES incidents	1
Environmental non-compliance	8

Magnox North Support Office (MNSO)

Magnox North Limited was the SLC responsible for the management and operation of Chapelcross, Hunterston A, Oldbury, Trawsfynydd, Wylfa (including Maentwrog) and MNSO sites prior to the merger with Magnox South Limited to become Magnox Limited in January 2011. MNSO consists of a series of functional organisations that provide both leadership and strategic direction and act to ensure demonstration of improved value for money to the NDA.

Activity in the reporting period was focused on the continued functional and organisational redesign and leadership of staff in preparation for the transition to Magnox Limited.

Key Activities

2010/2011 Business Plan Activities	Status	Progress Report
Site Restoration		
Integrated review of Magnox sites and programme and priorities and baseline updates as required.	On Schedule	The integrated review of the Magnox Programme resulted in the Magnox Optimised Decommissioning Programme (MODP) which was sanctioned by the NDA. Work is progressing on developing the change controls to insert the innovations associated with the MODP. Changes that promise to deliver in excess of £889m saving have been inserted in the baseline with a consequent reduction in the Nuclear Provision.
Spent Fuel		
Defuelling and transport of spent fuel to Sellafield in line with the MOP.	Completed	Original Target 570 tonnes, Stretch Target 750 tonnes, Delivered 623 tonnes.
Review of the MOP and update as appropriate.	Completed	MOP8 Rev2 submitted in August 2010. Approved September 2010.

Non Accounting Financial Measures (Earned Value - excluding income)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
53.9	54.5	50.8
The Original BCWS was £26.9m. The BCWS has increased during the year by £27.0m**.** The major additions to the baseline were £20.0m for reprioritisation of the July 2012 Pension Deficit Payment, Combined Nuclear Pension Plan (CNPP) deficit payment of £0.5m and £5.7m for up to 50 severances in the support and overhead area. Two new projects were also introduced this year: support of the re-integration of Magnox North and Magnox South £0.4m and development of a replacement for SAP and Peoplesoft Business Systems £0.3m.		

Chapelcross

Chapelcross site is located near Annan in South West Scotland. Electricity generation started in 1959 and ceased in February 2004. Following completion of the fuel route commissioning, defuelling commenced in 2008 and is planned to be completed in 2012. Work continues to prepare the site for entry into Care and Maintenance which is currently planned for 2027.

Activity during the reporting period was focused on reactor defuelling and other high hazard reduction activities such as asbestos removal, ILW retrieval and disposal from the Chapelcross Processing Plant and LLW shipments of metals for recycling. In addition to this the electrical overlay project has started in order to mitigate the safety concerns around the use of historical electrical distribution equipment.

Key Activities

2010/2011 Business Plan Activities	Status	Progress Report
Site Restoration		
Complete asbestos stripping from 8 of the 16 heat exchangers.	Completed	The eighth heat exchanger was completed ahead of plan in December 2010.
Commence ponds drain and seal.	Completed	The draining of the ponds was commenced in January 2011.
Manage Nuclear Materials		
Complete shipments of Magnox Depleted Uranium (MDU) to Capenhurst.	Completed	Final clean-up of the MDU Store was completed in June 2010.

Regulatory Matters

Regulatory oversight and approval of authorisations for:
- environmental discharges
- defuelling, decommissioning and demolition.

Non Accounting Financial Measures (Earned Value - excluding income)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
55.6	55.9	50.6
The Original BCWS was £53.4m.The increased BCWS during the year reflected acceleration of ponds decommissioning work (£2.5m) and inclusion of central ponds programmisation costs (£0.8m), offset by the impact of the introduction of MiniStores (- £1.7m).		

Hunterston A

Hunterston A site is located in Ayrshire in South West Scotland. Electricity generation started in 1964 and ceased in 1989. Work continues to prepare the site for entry into Care and Maintenance which is planned for 2022.

Activity during the reporting period was focused on construction of both solid and liquid ILW retrieval and processing facilities, development of the concept for a near site, near surface graphite disposal facility and preparation of the ponds for draining and sealing.

Key Activities

2010/2011 Business Plan Activities	Status	Progress Report
Site Restoration		
Complete inactive commissioning of ILW Solid Waste Retrieval plant and equipment.	Behind Schedule	The construction of the facility is complete however adverse weather has delayed completion of inactive commissioning by three months. Work to complete inactive commissioning will run into the first quarter of the next financial year.
Complete bulk desludging ($31m^3$) and retrieval of all orphan wastes from Cartridge Cooling Pond (CCP).	On Schedule	Work to prepare the pond for draining will complete to schedule. During bulk de-sludging two high dose rate items were identified and contained. A plan to manage these items off site has been agreed and is being implemented.

Regulatory Matters

Regulatory oversight and approval of authorisations for:
- environmental discharges
- decommissioning.

Non Accounting Financial Measures (Earned Value - excluding income)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
43.1	41.8	39.4
The Original BCWS was £49.0m. The main changes that have happened in the year to BCWS are deferral of scope associated with Solid ILW retrieval (-£5.3m) to facilitate MODP opportunities elsewhere, whilst the site completes a review of its ILW strategy in order to align with the recently published Scottish Government policy on higher level wastes.		

Oldbury

Oldbury power station is located in South Gloucestershire. Electricity generation started in 1967 and approval has been secured to extend its operational life to mid-2011. Approval has been secured to operate one of the two reactors to the end of 2012. In parallel, work is also progressing to prepare the site for defuelling which is due to be carried out between 2011-2014, with entry into Care and Maintenance planned for 2027.

Activity during the reporting period was focused on continued generation and the actions associated with preparations for extending generation beyond mid-2011.

Key Activities

2010/2011 Business Plan Activities	Status	Progress Report
Spent Fuels		
Generate 1.93 TWh of electricity.	Completed	Generation output 3.02 TWh.

Regulatory Matters

Generation optimisation.

Non Accounting Financial Measures (Earned Value - excluding income)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
88.4	88.5	82.5
The Original BCWS was £72.6m. During the financial year the site has imported scope from Wylfa for the management of the MOP £9m and has carried out MOP improvement activities £2.2m. In addition the site has completed additional scope to support generation £0.4m and as part of the Generation Optimisation programme of works for generation extension £3.9m.		

Trawsfynydd

Trawsfynydd site is located at Trawsfynydd in Gwynedd, North Wales. Electricity generation started in 1965 and ceased in 1991. Reactor defuelling was completed in 1995. The site continues to prepare for entry into Care and Maintenance planned for 2016.

2010 saw the implementation of the Accelerated Care and Maintenance Business Case, and activity during the reporting period was focused on the delivery of an accelerated decommissioning plan.

Key Activities

2010/2011 Business Plan Activities	Status	Progress Report
Site Restoration		
Reactor 1 & 2 capping roofs all steelwork fabricated and erected.	Completed	All capping roof structural steelwork activities completed ahead of schedule this year.
Continue to retrieve Fuel Element Debris (FED) from the South FED vault.	Completed	13 FED boxes retrieved. Revised design for improved retrieval for South and North FED is being developed.
Review the Height Reduction Project.	Completed	MODP change control submitted on schedule (March 2011) to defer the project until 2020.

Regulatory Matters

Regulatory oversight and approval of authorisation for:
- environmental discharges
- decommissioning.

Non Accounting Financial Measures (Earned Value - excluding income)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
85.9	80.4	69.8

Original BCWS value £56.1m. The scope delivered during the year has increased to £86.0m as a result of the delivery of Year 1 of the early Care and Maintenance Plan to accelerate entry into care and Maintenance from 2021 to 2016. Additional work has been undertaken in the following areas:

- segregation and disposal of ILW from the active waste vaults
- capping structure steel work completed
- ponds scabbling progressed
- North and South FED enhanced retrievals project design progressed
- procurement of remotely operated vehicles for FED project
- progress of sludge and resin retrievals equipment design and manufacture.

Significant contributors to the year end ACWP were cost savings of £2.0m for the North & South FED programmes, £1.6m for the Active Waste Vault retrievals for disposal of compactable waste, £1.6m for utility savings for electricity and a rates rebate, £1m for the ponds north void and £1.1m for efficient utilisation of engineering resources

Wylfa

Wylfa power station is located on Anglesey in North Wales. Electricity generation started in 1971 and, following extension approval during 2010, is currently planned to cease in December 2012. Defuelling is planned to take place between 2012 and 2016 with entry to Care and Maintenance planned for 2025.

Activity during the reporting period was focussed on maintaining nuclear safety and material condition of plant to enable reliable generation output, achieved though plant enhancements and a Reactor 2 outage.

The NDA also owns the Maentwrog hydro-electric power station, which was opened in 1928 and is situated near the Trawsfynydd site.

Key Activities

2010/2011 Business Plan Activities	Status	Progress Report
Spent Fuels		
Complete Dry Store Cell 4: Damaged Element Recovery Project.	Behind Schedule	Final fuel elements recovered from DSC4, however scope associated with cell verification and removal of flask, has been delayed due to requirement consents from Department for Transport to move flask and reprioritisation of work within secondary route DSC5.
Generate 4.77 TWh of electricity.	Completed	Generation output of 5.18 TWh hours achieved.

Regulatory Matters

NII engagement and acceptance of extended generation at the site.
Safety case approvals for Dry Store Cell 4: Damaged Element Recovery Project.
Post Generation Defuelling Safety Case (PGDSC) development.

Non Accounting Financial Measures (Earned Value - excluding income)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
99.3	98.3	97.3
The Original BCWS was £105.5m, key changes to the BCWS include the transfer of MOP and DRS scope to Oldbury (- £9m), additional scope associated with security enhancements (£0.9m), plant material condition improvements and enhancements (£1.3m) and statutory outage project work (£2.3m) and the alignment of the plan with generation activities (- £3.2m).		

Magnox South Support Office (MSSO)

Magnox South Limited was the SLC responsible for the management and operation of the Berkeley, Bradwell, Dungeness A, Hinkley Point A, Sizewell A and MSSO sites prior to the merger with Magnox North Limited to become Magnox Limited in January 2011. MSSO consists of a series of functional organisations that provide both leadership and strategic direction and act to ensure demonstration of improved value for money to the NDA.

Activity in the reporting period was focused on the continued functional and organisational redesign and leadership of staff in preparation for the transition to Magnox Limited.

Key Activities

2010/2011 Business Plan Activities	Status	Progress Report
Site Restoration		
Integrated review of Magnox sites programme and priorities and baseline updates as required.	On Schedule	The integrated review of the Magnox Programme resulted in the MODP which was sanctioned by the NDA. Work is progressing on developing the change controls to insert the innovations associated with the MODP. Changes that promise to deliver in excess of £889m saving have been inserted in the baseline with a consequent reduction in the Nuclear Provision.
Spent Fuels		
Defuelling and transport of spent fuel to Sellafield in line with the MOP.	On Schedule	Original Target 570 tonnes, Stretch Target 750 tonnes, delivered 623 tonnes.

Non Accounting Financial Measures (Earned Value - excluding income)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
35.9	36.0	32.1
The Original BCWS of £34.6m was increased through a combination of reduction through the transfer of Decommissioning Strategies scope to programme (- £3m) and transfer of the Berkeley Centre Site Separation Project (- £0.8m). Additional scope was incorporated during the year including: scope for executive restructuring (£1.2m), commercial and project management organisational change and governance arrangements (£1.6m).		

Berkeley

Located in Gloucestershire, this was one of the UK's first nuclear power stations. It operated from 1962 until 1989 when it ceased electricity generation. Defuelling was completed in 1992. Work continues to prepare the site for Care and Maintenance which is now planned for 2021.

Activity during the reporting period was focused on completion of the works to enter the two reactor buildings into Care and Maintenance, completion of the physical works in support of the Periodic Safety Review (PSR) and progressing the solution for ILW treatment.

Key Activities

2010/2011 Business Plan Activities	Status	Progress Report
Site Restoration		
Progress solution for ILW treatment.	On schedule	Work has been undertaken to retrieve graphite samples from the vaults which have subsequently been successfully dried. Drying trials have been undertaken on resins and sludges. Further samples have been retrieved from the containerised waste in Vault 3 for characterisation. A site-specific Best Practicable Environmental Option (BPEO) for each of the ILW waste streams on site has been prepared and stakeholder review is in progress. The first MiniStores have been filled with FED from Vault 2.
Design and manufacture of retrieval equipment for the Active Waste Vaults (AWV).	On schedule	A concept design has been prepared to cover retrieval of all operational ILW from the vaults, CRP (Caesium Removal Plant) and Shielded Area. The safety case strategy for the retrieval, processing, conditioning and storage of ILW has been accepted by the NSC (Nuclear Safety Committee). The scope of the project has been agreed together with the management arrangements. A preliminary safety case has been prepared and is in verification.

Regulatory Matters

Regulatory concurrence on retrieval and interim storage.

Non Accounting Financial Measures (Earned Value - excluding income)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
37.8	37.7	37.4
The Original BCWS was increased from £27.3m to £37.8m due to the insertion of £6.3m for the introduction of the Magnox ILW Programme team, additional site infrastructure and asset management scope (£1.8m) and organisational structure changes (£2.6m).		

Bradwell

Bradwell site is located in Essex. Electricity generation started in 1962 and ceased in 2002 with defuelling completed in 2006. Work continues to prepare the site for entry into Care and Maintenance which is planned for 2015.

Activity during the reporting period was focused on the first year of delivery of the early Care and Maintenance plan and baseline insertion to support the MODP.

Key Activities

2010/2011 Business Plan Activities	Status	Progress Report
Site Restoration		
Complete review of feasibility studies and preparation of design for the wet and solid waste retrieval and processing facilities.	Closed	A baseline change means that encapsulation is no longer the preferred option for ILW treatment with FED Dissolution being the preferred method. This in turn means that there is no longer a need to design or build wet and solid retrieval and processing facilities.
Complete ponds drain and seal.	Complete	Main ponds drain and seal completed September 2010.

Regulatory Matters

Regulatory oversight of the preparation and design of the FED retrieval and processing facility.
Pro-active engagement with NII on Care and Maintenance entry definition continues.

Non Accounting Financial Measures (Earned Value - excluding income)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
62.6	61.3	52.4

The Original BCWS was £35.2m.The scope delivered during the year has increased as a result delivery of Year 1 of the Early Care and Maintenance plan accelerating the planned entry into Care and Maintenance from 2027 to 2015. Additional work has been undertaken in the following areas:

- safety case submissions for ponds and Safestore end states made to the Regulators
- reference design achieved for FED Dissolution plant
- Decommissioning of the ponds area
- Turbine Hall demolition commenced
- tank removed from vault 3b
- the first MiniStore with ILW filled
- concept agreed for weather protection facility
- 10 half height ISO (HHISO) and 4 full height ISO (FHISO) of waste shipped to Low Level Waste Repository
- 5000 tonnes of spoil removed from site.

Significant contributors to the year end ACWP were cost savings of £2.3m for the Turbine Hall and ancillary buildings, £1.6m for the FED Retrieval and processing facility and £3.2m for the Pond Complex decontamination and deplant.

Dungeness A

Dungeness A site is located in Kent. Electricity generation started in 1965 and ceased in December 2006. Reactor defuelling commenced in 2007 and is scheduled to be completed in 2012. Entry to Care and Maintenance is planned for 2029.

Activity during the reporting period was focused on continuing with the defuelling programme and processing of Fuel Element Debris (FED), along with programmes associated with Care and Maintenance preparations, including developing a programme to accelerate the site into Care and Maintenance seven years early.

Key Activities

2010/2011 Business Plan Activities	Status	Progress Report
Site Restoration		
Progress hazard reduction, ILW retrieval and interim storage solutions.	On schedule	Removal of spent fuel from both reactor cores has continued subject to the availability of Irradiated Fuel Road Transport Flasks from Sellafield and level of National Wet Fuel Stocks within approved limits. Dissolution of FED through the Magnox Dissolution Plant has progressed ahead of schedule. Stored ILW generated over the operational lifetime of the site has been homogenised and sampled in readiness to mix with concrete for off-site disposal as LLW. Preparatory work commenced to accelerate the site to Care and Maintenance seven years earlier than the previous plan.

Regulatory Matters

Regulatory oversight and approval of authorisations for defuelling, environmental discharges, decommissioning activities and agree restructuring management of change.

Non Accounting Financial Measures (Earned Value - excluding income)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
40.0	39.8	36.4
The Original BCWS was £41.7m. The major changes to the scope during the year were: deferral of Electrical Overlay Site Reconfiguration (- £2.6m), re-baseline Retrieval, Processing & Disposal of Sludge (- £0.9m), insertion of Interim Care & Maintenance Enabling works (£0.9m).		

Hinkley Point A

Hinkley Point A site is located in Somerset. Electricity generation started in 1965 and ceased in 2000, with defuelling completed in 2004. Entry to Care and Maintenance is currently planned for 2025.

Activity during the reporting period was focused on completing fuel free verification of the site, completion of ILW skip processing and removal from site, securing the secondary containment of settling tanks 1, 2 and 3, preparing the turbine hall for back-fill.

Key Activities

2010/2011 Business Plan Activities	Status	Progress Report
Site Restoration		
Continue decommissioning of the cooling ponds and complete skip processing.	Completed	The last of the LLW pond skips and skip stores left site in August for metal melt at Bear Creek in the U.S. Innovative work in size reduction and packing techniques made it possible to reduce the number of containers required, resulting in much reduced transport and handling costs.
Progress hazard reduction, ILW retrieval and interim storage.	On Schedule	Dissolution treatment trials have been completed and work is progressing on plant enhancements to the safety case to support interim storage until final retrieval. The baseline was changed to align with the strategy of using MiniStores for the recovered waste, preventing double-handling and meeting the regulatory commitment to relocate the waste by June 2014.
Spent Fuels		
All fuel off-site in line with the MOP – establish fuel free verification.	Completed	Fuel free verification was confirmed in October following the final flask leaving site in September. This project began in 2005 and has proved an intensive task for the team involved.

Regulatory Matters

Regulatory oversight and approval of authorisations for defuelling, environmental discharges, decommissioning activities and agree restructuring management of change.

Non Accounting Financial Measures (Earned Value - excluding income)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
34.7	34.3	31.4
The Original BCWS was £30.9m.The main changes through the year have been additional asset management and asbestos removal (£1m), turbine hall preparatory works (£0.8m), FED treatment programme management (£1.9m), and the introduction of MiniStores for storing the settling tank inventory (£0.4m).		

Sizewell A

Sizewell A site is located in Suffolk. Electricity generation started in 1966 and ceased in December 2006. Defuelling commenced in 2007 and is planned to be completed in 2013, with entry to Care and Maintenance planned for 2027.

Activity during the reporting period was focused on working towards the completion of defuelling and the actions associated with Care and Maintenance preparations.

Key Activities

2010/2011 Business Plan Activities	Status	Progress Report
Site Restoration		
Progress hazard reduction, ILW retrieval and interim storage solutions.	On Schedule	Successful dispatch of 40 flasks to Sellafield, against a target of 17.
Asbestos Containing Materials Project.	Behind Schedule	Behind schedule mainly due to slippage in the schedule of the Tier 3 sub-contractor's work. The site Project Manager and the Tier 2 and Tier 3 sub-contractors are working to a recovery schedule to complete this work.

Regulatory Matters

Regulatory oversight and approval of authorisations for defuelling, environmental discharges, decommissioning activities and agree restructuring Management of Change.

Non Accounting Financial Measures (Earned Value - excluding income)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
44.1	43.9	38.6
The original BCWS was £43.1m. Additional work has been delivered in Asset Management (System & Structural Preservation Project) (£1.4m), asbestos containing materials removal (£1.8m) and Tank Inspections (£1m) and introduction of the asbestos programmisation team (£1.6m). The Cleaning & Restoration scope (-£4.5m) has been deferred to align with the MODP.		

Dounreay Site Restoration Limited (DSRL)

Dounreay Site Restoration Limited (DSRL) is the SLC responsible for the operation of the Dounreay site. The current PBO of the company is UKAEA Limited which is owned by Babcock International Group (BIG) Limited.

Simon Middlemas
Site Director DSRL

"In a year of significant change on and off the site, it's great to see decommissioning delivery continuing to improve with matching safety and environmental performance."

- a new Remote Operated Vehicle (ROV) was manufactured, tested and deployed to detect and retrieve radioactive particles from the seabed
- the entire plan for dismantling Protoype Fast Reactor (PFR) and Dounreay Fast Reactor (DFR) was revised
- three significant evolutions to the Dounreay Lifetime Plan were made during 2010/2011:
  - deferred shaft and silo and liquid ILW immobilisation and storage capital build projects until post PBO competition
  - inclusion of the revised Reactor decommissioning approach and levelling the baseline plan to a flat £150 million/yr budget profile to assist with the PBO bid competition process
  - over 200 Baseline Change Proposals (BCPs) were processed to enhance the baseline scope, budget and schedule quality.

Key developments in 2010/2011

- 20 of 22 Base Operating Plan Targets were achieved in the period and 3 of 5 Stretch Operating Plan Targets met or exceeded their goal
- levels of Dounreay's highest hazard – Bulk Sodium/Potassium (NaK) metal were significantly reduced in year with the completion of 120 batches destroyed. This represents a 50% improvement over 2009/2010 due to operational enhancements
- a new ventilation system serving the former processing facilities within the Fuel Cycle Area (FCA) was completed, commissioned and handed over to operations during the period
- significant progress continues to be maintained on decommissioning active facilities across the FCA. This includes the decommissioning of shielded cells, laboratories and legacy waste facilities
- workforce restructuring to reduce support/overhead posts continues to progress without the need for compulsory redundancy. This has resulted in the reduction of 147 posts without jeopardising safety, security or quality
- an alternative storage option for Intermediate Level Waste (ILW) referred to as "MiniStores" was researched and thus far proved to be preferable to construction of a shielded facility to house ILW
- the contract to construct the New Low Level Waste Facility has been signed under seal with Graham Construction, one month ahead of programme.

Safety and Environmental Performance

Issue	Number
Total Recordable Incident Rate	0.17
Days Away Case Rate	0.11
RIDDOR major injury	1
RIDDOR lost time accident	0
RIDDOR dangerous occurrence	0
INES incidents	2
Environmental non-compliance	1

Dounreay

Dounreay is located in Caithness on the north coast of Scotland. It was established as a research site in the mid-1950s with fuel production and processing facilities. There were three reactors, the last of which ceased operation in 1994.

Radioactive sodium potassium (NaK) liquid metal that was used as coolant in the reactor systems is the most hazardous material present on the site. The destruction of this material began in 2008 and destruction of Bulk NaK in DFR is scheduled to be completed by 2012. Activity during the reporting period was focused on destruction of alkali metals, immobilisation of high activity liquor in the Dounreay Cementation Plant (DCP), and decontamination and strip-out of active facilities in the FCA. The PBO contract will be awarded at the end of 2011 along with the announcement of the preferred bidder. The current contract will be extended until 2 April 2012 which is the date for the share transfer and the start date for the new contract between the NDA and DSRL.

Key Activities

2010/2011 Business Plan Activities	Status	Progress Report
Site Restoration		
Complete integration and active commissioning of FCA ventilation system.	Completed	Project was completed on schedule and received favourable feedback from the NII.
Complete 50% of bulk NaK destruction at DFR – deliver 90 batches in this period, bringing the total number of batches to 165.	Completed	Total number of NaK batches processed in 2010/2011 was 120 bringing the total number processed to 220.
Continue the retrieval of offshore particles in line with the Dounreay Particles Advisory Group (DPAG) recommendations.	Completed	28% more coverage in hectares was achieved in 2010/2011 than planned even though weather downtime was planned at 25% and was actually 38%. 429 particles were recovered including 74 in the 'significant' category.
Spent Fuels		
Liaise with other SLCs to investigate off-site transfers of fuels to mitigate the long-term requirements for on-site storage and security.	Completed	Agreement has been reached on options for the transfer of fuels.
Integrated Waste Management		
Complete sanction and validation for Phase 1 of new LLW facility.	Completed	Sanction has been granted by DSRL, Babcock and the NDA Executive.
Complete Low Active Drain (LAD) enabling work for the shaft and silo waste treatment plant.	Completed	New LAD has been installed.

2010/2011 Business Plan Activities	Status	Progress Report
Complete Phase 4 Pre-Construction Safety Case Review design of Remote Handling Intermediate Level Waste (RHILW) immobilisation and encapsulation facility.	Deferred	The construction of the immobilisation, encapsulation and storage facility plant has been postponed to allow the site to stay within the site funding limit. Alternative strategies are being considered for the functions this plant was to carry out. Specifically consideration is being given to the modification of the existing cementation plant to enable it to immobilise all remaining liquid ILW and consideration is being given to storing solid ILW in shielded containers.
Encapsulate 100m^3 of highly active liquors in cement at the Dounreay Cementation Plant (DCP).	Behind Schedule	89m^3 of high active liquors were immobilised in the period due to a high number of tank transfers and limited volumes of remaining, accessible Materials Test Reactor (MTR) raffinates in tank systems. Reconfiguration of active transfer system pipework has been completed.
Nuclear Materials		
Commence removal of irradiated sub-assemblies from PFR pond.	Completed	A total of 31 mixer/breeder fuel cans were retrieved from the PFR pond in 2010/2011.
Critical Enablers		
Work collaboratively with other SLCs to share approaches to decommissioning and portfolio management.	On Schedule	DSRL continue to liaise with Chapelcross to share information on asbestos management and remediation. Interaction between DSRL, Sellafield and Magnox resulted in several successful agreements in principle being reached regarding exportation of Dounreay fuel. The meeting of the environment managers at Chapelcross, Hunterston A and Dounreay considered common issues across the NDA estate in Scotland. There have been four visits and exchanges between DSRL and Magnox to discuss pond decommissioning technologies, radiation monitoring techniques and radiological discharge optimisation.

Regulatory Matters

A EURATOM Article 37 submission was submitted to Scottish Environment Protection Agency (SEPA) for comment in January 2011.
Exploration of NII barriers and threats methodology for safety case production to align with low consequences decommissioning approach has been developed.
Enhancement of technical readiness and engineering governance of existing site arrangements is ongoing.
The supply of supplementary information to SEPA in support of the application for authorisation of the LLW facility is ongoing with application by October 2011 remaining on track.
Environmental Support Files in response to the Improvement Condition issued by SEPA under Radioactive Substances Act (RSA) 93 has been produced.
All actions completed in reference to develop a programme to improve Project Specific Waste Plans.

Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	**BCWP (£m)**	**ACWP (£m)**
151.9	152.8	137.9
The Original BCWS for 2010/2011 was £160m.The primary contributor to the reduction in BCWS was deferring new build, capital projects out beyond competition to allow PBO bid teams to develop independent, innovative solutions to liquid ILW raffinate Immobilisation (D3900 Project) and remediation of the Shaft and Silo remediation (D3200 Project). Additionally, although planned, minimal contingency was required in 2010/2011 to cover assumption breaches and/or realised risks. Since contingency is not carried over, the surplus amount was removed from the baseline through change control action.		

Research Sites Restoration Limited

Research Sites Restoration Limited (RSRL) is the SLC responsible for the operation of the Harwell and Winfrith sites. The current PBO of the company is UKAEA Limited which is owned by Babcock International Group (BIG) Limited.

Alan Neal
Managing Director
Research Sites Restoration Limited

"This has been another successful year for RSRL. We have made excellent progress on the decommissioning of our sites with a number of buildings and facilities being decommissioned and demolished.

The success of our work has allowed us to reduce the footprint of the Harwell nuclear site and reposition the site fence. This has released land for further development uninhibited by its nuclear history and is a very visible sign of the progress RSRL has made on behalf of the NDA.

Importantly, our safety performance has also improved further this year and I am delighted we have gained a RoSPA Gold Award.

Looking to the future, we continue to refine our plans to ensure that our decommissioning programme offers the best possible value to the NDA and the UK tax payer."

Key Developments in 2010/2011

- in March, the NII accepted RSRL's submission and issued a licence variation for the Harwell Site, which had the effect of delicensing the Eastern Area Facilities part of the site
- the recovery and repacking of the historical Intermediate Level Waste (ILW) cans at Harwell has gone well and more cans than planned have been recovered
- two tanks at the Liquid Effluent Treatment Plant (LETP) at Harwell have been emptied of sludges. These are now being encapsulated for disposal
- the External Active Sludge Tanks (EAST) for the Steam Generating Heavy Water Reactor (SGHWR) at Winfrith have been emptied and decontaminated. Operators have cut access to all four tanks and have removed the roof off the first of these
- a joint RSRL and Sellafield project team is developing a strategic business case for the removal of nuclear materials, enabling a change in the security arrangements at the Harwell site. The programme level strategic business case with the final development of an implementation plan is being progressed.

Safety and Environmental Performance

Issue	Number
Total Recordable Incident Rate	0.47
Days Away Case Rate	0.47
RIDDOR major injury	0
RIDDOR lost time accident	3
RIDDOR dangerous occurrence	0
INES incidents	0
Environmental non-compliance	5

Research Sites Restoration Limited Support Office provides management oversight for Harwell and Winfrith sites. It ensures the decommissioning programme for the two sites is delivered efficiently, safely and with care for the environment.

BCWS (£m)	BCWP (£m)	ACWP (£m)
23.4	23.4	21.6
The Original BCWS was £23.2m.		

Harwell

Harwell is located in Oxfordshire and was established in 1946 as the UK's first atomic energy research establishment. The campus, of which the designated site forms a part, is home to a wide range of research organisations and businesses. The NDA has responsibility for 110 hectares of land – approximately one third of the total area.

Key Activities

2010/2011 Business Plan Activities	Status	Progress Report
Site Restoration		
Delicense part of the Eastern Area of the site.	Completed	RSRL submitted the delicensing case for the North Gate Area for approval by the NII. The Health and Safety Executive has issued a nuclear site licence variation for the Harwell Site during March 2011. This has had the effect of delicensing a major part of the Eastern Area Facilities (EAF) part of the site.
Develop a strategic business case for the removal of nuclear materials from the site.	Completed	A programme level developed business case for transfer of Special Nuclear Materials offsite was submitted in June 2010. OCNS agreement in principle for revised security arrangements approved by NDA and documentation submitted to DfT for DRAGON fuel transfer flasks on 31 March 2011.
Integrated Waste Management		
Retrieval and interim storage of 600 cans of ILW.	Completed	The base target of retrieval of 600 cans was reached by the end of the January. The achievement of the Stretch Target (660 cans) was attained in March 2011.

Regulatory Matters

Submission of case to delicense part of the Eastern Area of the site was met during December 2010.
Safety cases have been approved as required by the programme.

Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
33.0	31.3	25.7
The Original BCWS was £33.3m. A combination of the favourable settlement of historic commercial arrangements, the identification and delivery of value for money savings and windfall benefits has resulted in a favourable cost variance of £5.6m.		

Winfrith

Winfrith is located near Poole in Dorset. It was established by UKAEA in 1957 as an experimental reactor research and development site. Decommissioning activities began in the early 1990s and the last reactor was shut down in 1995. All the nuclear fuel and the majority of hazards have now been removed from the site.

Key Activities

2010/2011 Business Plan Activities	Status	Progress Report
Site Restoration		
Continue Care and Maintenance programme to ensure facilities remain safe.	On Schedule	Facilities are in the Care and Maintenance phase.

Regulatory Matters

Secure agreement for decommissioning programme – a Winfrith Closure Programme is to be submitted for consideration by the NDA in September 2011.

Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	BCWP (£m)	ACWP (£m)
9.6	10.0	8.9
The Original BCWS was £9.8m.		

Low Level Waste Repository Limited

LLW Repository Limited is the SLC responsible for the operation of the Low Level Waste Repository (LLWR) near the village of Drigg in Cumbria. The PBO of the company is UK Nuclear Waste Management Limited.

Dick Raaz
Managing Director
Low Level Waste Repository Limited

"LLWR is supporting the National Programmes in implementing the waste management hierarchy. This is an environmentally responsible approach to sustain Low Level Waste Management.

LLW Repository Limited is forecasting continued growth in metallic and combustible waste treatment in 2011/2012. The introduction of further services to the entire LLW nuclear and non-nuclear industries for waste characterisation, Very Low Level Waste (VLLW) disposal, and integrated transport and logistics services will also be initiated."

Key developments in 2010/2011

- delivery of the Vault 9 project - the vault provides new waste capacity of 110,000m^3, extending operations past 2010
- delivery of the Environmental Safety Case (ESC) - LLWR has been working closely with the Environment Agency (EA) for over two years to ensure the ESC which was due for submission on 1 May 2011 presents robust evidence for the long-term safety and environmental protection of disposals of solid radioactive waste at the LLWR at present and beyond the future closure of the site
- metallic treatments - more than 720 tonnes of metallic waste has been diverted from the repository for treatment and recycling
- combustible waste treatment - LLWR launched its combustible waste service with the first consignment being shipped in March 2011, thus further embedding the principles of the Waste Hierarchy
- Plutonium Contaminated Material (PCM)-decommissioning of legacy plutonium contaminated facilities has surged ahead with the period witnessing considerable progress in Magazines 4 and 10. This is a large scale project that will run until March 2016 with subsequent demolition of the decontaminated facilities occurring in line with the construction programme for future vaults
- innovative packaging - new reusable transport container now licensed and in service.

Safety and Environmental Performance

Issue	Number
Total Recordable Incident Rate	0
Days Away Case Rate	0
RIDDOR major injury	0
RIDDOR lost time accident	0
RIDDOR dangerous occurrence	0
INES incidents	0
Environmental non-compliance	0

Low Level Waste Repository

The Low Level Waste Repository (LLWR) is located near Drigg in West Cumbria. The site has operated as a disposal facility since 1959 and remains of strategic importance to all producers of low level nuclear waste (including hospitals and research laboratories) across the UK.

Since UK Nuclear Waste Management Limited was awarded the PBO contract, site activities have focused on the construction of Vault 9, preparation of the ESC and development of the National LLW Strategy.

Key Activities

2010/2011 Business Plan Activities	Status	Progress Report
Integrated Waste Management		
Implement Segregated Waste Services to facilitate the Waste Hierarchy. Treatment of metals, combustible waste management and VLLW disposal will be made available to all consignors.	Completed	The first consignment of combustible material was incinerated via LLWR contracts during March 2011. The first consignment of segregated VLLW was received during March 2011 for interim storage.
Report to Cumbria County Council in line with Vault 9 planning consent to demonstrate diversion of waste through the Segregated Waste Services.	On Schedule	Low Level Waste Minimisation 2010 report complete and undergoing final review prior to issue to Cumbria County Council Waste Planning Authority by end of June 2011.
Complete Post Operational Clean Out (POCO) of secondary PCM facilities.	On schedule	Work on going with all 2010/2011 targets achieved.
Introduce new LLW packaging containers for improved efficiency.	Completed	Delivered Disposal System Feasibility Study, Outlining Programme & Benefits Map. New reusable transport is now licensed and in service.
Collaborate with other consignors/SLCs to accelerate implementation of national solutions.	On schedule	The revised Waste Services Contract between LLWR and each of its customers has been amended to incorporate a new requirement for waste forecasting and reporting of disposition routes, (including waste sent to facilities other than LLWR).

Regulatory Matters

Work with the planning authorities to explore the viability of expanding the life of the repository.
Engage the planning authorities to review the planning condition placed on the demolition of the PCM facilities.

Non Accounting Financial Measures (Earned Value)

Revised BCWS (£m)	**BCWP (£m)**	**ACWP (£m)**
34.0	34.0	31.6
The Original BCWS was £33.8m.		

Springfields Fuels Limited

Springfields Fuels Limited is responsible for the operation of the Springfields fuel manufacturing site.

On the 1 April 2010, the NDA concluded an agreement with Westinghouse Electric UK Limited transferring Springfields Fuels Limited to Westinghouse; under the deal, the commercial business was transferred and the site was leased on a long-term basis. In addition to providing an income stream to the NDA, the agreement defers site closure and removed significant future costs from decommissioning and residues processing.

Springfields

Springfields is a nuclear fuel manufacturing site located near Preston in Lancashire. Springfields Fuels Limited manufactures a range of fuel products for both UK and international customers.

The NDA will continue to focus on the processing of historic residues and the decommissioning of redundant facilities under contract with Springfields Fuels Limited.

Key Activities

2010/2011 Business Plan Activities	Status	Progress Report
Business Optimisation		
Transfer the commercial business and staff to Westinghouse in return for a long lease providing an income stream to the NDA.	Complete	The commercial business was successfully transferred on 1 April 2010 supported by a 150 year lease.
Defer site closure to reduce NDA decommissioning spend in the near term with no increase in NDA liability.	Complete	The site and assets were transferred to Westinghouse to exploit commercially, deferring closure. Nuclear Provision reduced by £322 million.
Westinghouse to assume liabilities arising after the date of transfer while the NDA will retain historic liabilities.	Complete	Contractualised as part of the site transfer.
Westinghouse to have the freedom to invest in the site enabling them to develop a long term employment opportunity.	Complete	The site designations were amended to allow Westinghouse the freedom to invest in the site, expand nuclear fuel manufacturing and secure long-term employment opportunities.

Radioactive Waste Management Directorate (RWMD)

RWMD, currently part of the NDA, is running the programme for the Geological Disposal Facility (GDF) on behalf of the NDA. RWMD is being developed into a competent delivery organisation which is capable of applying for and holding regulatory permissions. In due course, it is intended that RWMD will be established as a wholly owned NDA Subsidiary SLC.

Bruce McKirdy
Managing Director
Radioactive Waste Management Directorate

"Significant progress against these objectives has been made during 2010/2011 with the publication in February 2011 of a generic Disposal System Safety Case (DSSC). The DSSC provides confidence that the UK's higher activity radioactive waste could be safely managed through geological disposal. It addresses safe transport of radioactive waste to a GDF, the safe operation of such a facility and the very long-term safety after it has been sealed and closed. During the coming year, the DSSC will be subject to review by Regulators and the Committee on Radioactive Waste Management (CoRWM).

Another significant achievement during 2010/2011 has been a comprehensive review of RWMD's organisational structure. The aim of the review was to ensure that RWMD is able to deliver its mission and objectives in the most efficient manner. The new structure has been agreed following consultation with staff, Regulators and Government. It is planned to start operation of the new structure from 1 June 2011."

The programme to deliver geological disposal and provide radioactive waste management solutions covers the following objectives:

- support Government in their Managing Radioactive Waste Safely programme
- develop the specification, design, safety case and environmental and sustainability assessments for the disposal system and obtain regulatory support
- in conjunction with waste producers, identify and deliver solutions to optimise the management of higher activity waste
- develop and maintain an effective organisation and secure resources to deliver the GDF programme
- obtain and maintain stakeholder support for our activities
- deliver a focused Research and Development (R&D) programme to support geological disposal and optimised packaging solutions.

Key Activities

2010/2011 Business Plan Activities	Status	Progress Report
Integrated Waste Management		
Prepare a peer reviewed generic Disposal System Safety Case (DSSC).	Complete	The DSSC was published in February 2011 following a press launch at the Science and Media Centre.
Deliver plans to implement the Public and Stakeholder Engagement & Communications Strategy.	Complete	Activities are included in RWMD's five year programme and there has been rationalisation of stakeholder engagement and communications functions as part of the re-structuring.
Develop RWMD's project delivery capability as a basis for continued development in subsequent years.	Complete	A Programme Controls office is included within the new RWMD organisation structure and a new cost management tool has been implemented. Recruitment into new vacancies will continue with the aim of filling them by March 2012.
Deliver a robust R&D programme to address uncertainties in the generic DSSC (including associated with new build wastes) and engineering design of a GDF.	Complete	An R&D Programme Document was published alongside the DSSC in February 2011. Work is continuing on the implementation of that programme.

Regulatory Matters

RWMD are working with its Regulators to agree plans for transition to become a regulated body.
RWMD will continue to issue Letters of Compliance (LoCs) to support Regulators' guidance on radioactive waste management.

NDA Owned Subsidiary Reports

Direct Rail Services Limited

Direct Rail Services Limited (DRS) was established in 1995 to provide a rail transport service to British Nuclear Fuels Limited (BNFL), its parent company at the time. The key focus for DRS over the next three years is to grow in all strategically identified markets with particular focus on supplying safe, secure and reliable services to the nuclear transport market.

Neil McNicholas
Managing Director
Direct Rail Services Limited

"2010/2011 has continued to be challenging for DRS and the transport sector as a whole. However, we have responded very well to the challenging trading conditions within the rail industry and after a year of consolidation we have begun to expand our portfolio of service into exciting new areas.

The company has achieved a great deal in this economic climate. Strong operational performance has resulted in DRS being officially recognised as the best performing rail freight operator by the Institute of Rail Operators in the UK which is a testament to its dedicated and professional staff.

The business is now in a steady growth phase again with a strong focus on performance across all areas of the company. A great deal of cooperation and understanding given by the workforce has assured customer loyalty remains extremely high."

Key Developments in 2010/2011 include:

- DRS has successfully delivered the MOP base target of 570 tonnes of spent fuel to Sellafield
- DRS is working with the NDA estate to provide integrated transportation services.
- DRS Awards during 2010/11:
  - Outstanding Teamwork Award (National Rail Award)
  - Cross-Industry Partnership Award (Network Rail)
  - Business Excellence Award Safety Award (Resident Engineer Inspections - Sellafield)
  - Best Performing Rail Freight Operator Award (Institute of Railway Operators)
  - The Most Improved Rail Operator on Performance Award (Institute of Railway Operators)
- DRS has successful expanded its service provision by adding the Northern Belle and also the Cruise Savers 'Boat Train' contracts to its portfolio. DRS now has 15% of the passenger charter market
- DRS has invested in a fleet of new IDA 'Super' Lowliner Twin Platform Vehicles that will allow use of previously inaccessible routes
- DRS continue to facilitate the NDA infrastructure haulage contract and this year saw the delivery to two major renewal contracts
- DRS has become the preferred supplier to aggregate services from Shap quarry.

NDA Owned Subsidiary Reports

International Nuclear Services Limited

International Nuclear Services Limited (INS) manages a large portfolio of UK and international contracts for nuclear fuel recycling and nuclear transport services on behalf of the NDA.

INS operates its own subsidiary company, Pacific Nuclear Transport Limited (PNTL), the world's leading shipper of nuclear materials.

Mark Jervis
Managing Director
International Nuclear Services

"Our successes this year have contributed greatly to the NDA's mission, both in revenue generation and the fulfilment of its international transport commitments. Our strategy is in complete alignment with that of the NDA and our focus is on delivering for the UK taxpayer and our customers.

The value of INS lies in the nuclear fuel cycle and nuclear transport knowledge and experience of our people. This enables them to manage complex technical and commercial challenges that are key to managing the UK's nuclear legacy and meeting our customers' needs.

They also contribute to the shaping of the UK's nuclear future, as well as that of our customers."

Key Developments in 2010/2011 include:

- Sellafield MOX Plant (SMP) – INS secured, on behalf of the NDA, significant new investment in the SMP from Japanese utility companies
- Dounreay – management of the NDA's residual international fuel cycle contracts associated with Dounreay was passed to INS, in line with its core expertise
- new ships – the replenishment of the PNTL fleet was completed with the delivery to INS's Marine Terminal in Barrow-in-Furness of the Pacific Egret in September; and the Pacific Grebe in December. They joined the Pacific Heron, which was delivered in 2008. All three vessels are now operational
- acquisitions – INS acquired the Pacific Pintail, now renamed Oceanic Pintail, for the NDA. Formerly a PNTL vessel, it has a flawless safety record, and will now be used for short-haul voyages to allow the NDA to fulfil its non-PNTL related transport commitments
- stakeholders – an open day was held for local school pupils and key industry and community stakeholders at the terminal facility in Barrow-in-Furness, with tours around the newly arrived PNTL vessels and a reception at the Barrow Dock Museum.

NDA Owned Subsidiary Reports

NDA Properties Limited

NDA Properties Limited primarily acts as a property management company for non-operational properties outside the nuclear licensed site boundaries, in accordance with the NDA's Land and Property Management Strategy. Over the next three years, NDA Properties will continue to develop its strategic direction of travel in support of other NDA activities.

David Atkinson
Managing Director
NDA Properties Limited

"This year, the NDA transferred most of the non-nuclear estate into the company, resulting in the creation of a property company with a projected turnover of £7.5 million – this is a significant step forward in delivering our property strategy."

The principal areas in the company portfolio are:

- property and facilities management
- disposals and acquisitions
- rental income management to produce a sustainable profit
- property solutions for the NDA.

By the end of March 2011, this portfolio increased with the transfer of most non-operational (non-nuclear) assets from the NDA to NDA Properties Limited, including:

- land not required for nuclear purposes, including tracts of land around nuclear sites
- individual properties UK-wide, including offices such as Summergrove and Pelham House in West Cumbria
- during 2011/2012, it is intended to take ownership of Berkeley Centre, Gloucestershire.

NDA Owned Subsidiary Reports

Rutherford Indemnity Limited

Rutherford Indemnity Limited is registered in Guernsey and is regulated by the Guernsey Financial Services Commission. The company provides insurance cover for the NDA and its estate. Over the next three years, it will continue to focus on the provision of insurance cover at competitive rates to support the NDA programme, with particular focus on nuclear liability cover and provision of support for changes arising from expected revisions to the Nuclear Installations Act.

John Langlois OBE
Chairman
Rutherford Indemnity Limited

"Rutherford continues to respond to the NDA's growing insurance needs, and looks forward to working with the NDA to increase still further the efficiency of their overall risk financing programme through judicious use of self-insurance and re-insurance in the insurance market."

Transacting Insurance

The company participates in the NDA's insurance programme with a share of the property damage and business interruption, nuclear site and transit liabilities, general liability, motor (damage only), construction, marine cargo, life and sickness insurance programmes.

The company retains a prudent proportion of risk for its own account and buys reinsurance in the commercial market from organisations with approved security ratings. This arrangement transfers volatility from the NDA's budget and, by demonstrating a significant financial commitment to the insurance market, enables the NDA to secure appropriate financial protection on competitive terms.

During 2011/2012 the company will continue to support the NDA in the delivery of an efficient insurance programme which supports the needs of its decommissioning programme.

Investment Management

Rutherford's investments have been subject to close supervision throughout the year with a focus on security of capital against a backdrop of low interest rates and high levels of volatility in bond and equity markets driven by, among other things, sovereign debt issues, political instability in the Middle East and the tsunami in Japan. The company's investment strategy has been to invest in a low risk balanced portfolio which achieved an annualised return of 1.9% in the financial year.

Glossary

ACWP	Actual Cost of Work Performed
AWV	Active Waste Vaults
BAA	British Airport Authority
BAES	British Aeronautical Engineering Systems
BCPs	Baseline Change Proposals
BCWP	Budgeted Cost of Work Performed
BCWS	Budgeted Cost of Work Scheduled
BECWS	Britain's Energy Coast West Cumbria
BETS	British Energy Trading Services Limited
BNFL	British Nuclear Fuels Limited
BPEO	Best Practicable Environmental Option
C&AG	Comptroller and Auditor General
CCAB	Consultative Committee of Accounting Bodies
CCP	Cartridge Cooling Pond
CDM	Construction (Design and Management) Regulations,1994
CEO	Chief Executive Officer
CETV	Cash Equivalent Transfer Value
CLOS	Clear Line of Sight
CNPP	Combined Nuclear Pension Plan
CODA	Charge Over Deposit Accounts
COO	Chief Operating Officer
CoRWM	Committee on Radioactive Waste Management
CPI	Cost Performance Index
CRP	Caesium Removal Plant
CV	Cost Variance
DACR	Days Away Case Rate
DCP	Dounreay Cementation Plant
DECC	Department of Energy and Climate Change
DFR	Dounreay Fast Reactor
DfT	Department for Transport

DPAG	Dounreay Particles Advisory Group
DRAGON	Name given to high temperature gas reactor at Winfrith
DRS	Direct Rail Services Limited
DSC	Dry Store Cell
DSSC	Disposal System Safety Case
DSRL	Dounreay Site Restoration Limited
DTI	Department of Trade and Industry
EA	Environment Agency
EAF	Eastern Area Facilities
EAST	External Active Sludge Tank
EHSQ	Environmental, Health, Safety and Quality
ERP	Expenditure Review Panel
ESC	Environmental Safety Case
ESPS	Electricity Supply Pension Scheme
FCA	Fuel Cycle Area
FED	Fuel Element Debris
FHISO	Full Height International Organisation for Standardisation
FIChemE	Fellow of the Institution of Chemical Engineers
FRC	Financial Reporting Council
FReM	Government Financial Reporting Manual
FVTPL	Fair Value Through Profit or Loss
GDF	Geological Disposal Facility
GPS	Group Pension Scheme
HAL	Highly Active Liquor
HALES	Highly Active Liquid Evaporation & Storage
HAW	Higher Activity Waste
HHISO	Half Height International Organisation for Standardisation
HLW	High-Level Waste
HSE	Health and Safety Executive
HSSSE	Health, Safety, Security, Safeguards and the Environment
IAS	International Accounting Standards
ICAEW	Institute of Chartered Accountants in England and Wales

ICP	Integrated Change Programme
IFRS	International Financial Reporting Standards
ILW	Intermediate Level Waste
INES	International Nuclear and Radiological Event Scale
INS	International Nuclear Services
IOSH	Institution of Occupational Safety and Health
ISO	International Standards Organisation
LAR	Liquor Activity Reduction
LETP	Local Effluent Treatment Plant
LLW	Low Level Waste
LLWR	Low Level Waste Repository
LoC	Letter of Compliance
LPS	Legacy Ponds and Silos
LTA	Lost Time Accident
LTIP	Long Term Incentive Plan
LTP	Lifetime Plan
MDU	Magnox Depleted Uranium
MNOPF	Merchant Navy Officers Pension Fund
MNOPP	Merchant Navy Officers Pension Plan
MNRPF	Merchant Navy Ratings Pension Fund
MNRPP	Merchant Navy Ratings Pension Plan
MNSO	Magnox North Support Office
M&O	Management And Operation
MODP	Magnox Optimised Decommissioning Programme
MOP	Magnox Operating Programme
MOX	Mixed Oxide
MPM	Managing Public Money
MRWS	Managing Radioactive Waste Safely
MSSO	Magnox South Support Office
MTR	Materials Test Reactor
NAO	National Audit Office
NDA	Nuclear Decommissioning Authority

NDPB	Non Departmental Public Body
NEBOSH	National Examination Board in Occupational Safety and Health
NIA	Nuclear Industry Association
NII	Nuclear Installations Inspectorate
NLF	Nuclear Liabilities Fund
NMP	Nuclear Management Partners Limited
NSAN	National Skills Academy for Nuclear
NSC	Nuclear Safety Committee
OCNS	Office for Civil Nuclear Security
ONR	Office for Nuclear Regulation
PBO	Parent Body Organisation
PCM	Plutonium Contaminated Material
PCSPS	Principal Civil Service Pension Scheme
PFR	Prototype Fast Reactor
PGDSC	Post Generation Defuelling Safety Case
PNTL	Pacific Nuclear Transport Limited
POCO	Post Operational Clean Out
PSR	Periodic Safety Review
R&D	Research and Development
RIDDOR	Reporting of Injuries, Diseases and Dangerous Occurrences Regulations
RoSPA	Royal Society for the Prevention of Accidents
ROV	Remote Operated Vehicle
RSA 93	Radioactive Substances Act 1993
RSRL	Research Sites Restoration Limited
RWMD	Radioactive Waste Management Directorate
SEA	Strategic Environmental Assessment
SEPA	Scottish Environment Protection Agency
SFL	Springfield Fuels Limited
SGHWR	Steam Generating Heavy Water Reactor
SIC	Statement on Internal Control
SIRO	Senior Information Risk Owner
SIRP	Sellafield Inventory Retrievals Project

SLC	Site Licence Company
SMP	Sellafield Mixed Oxide Plant
SPI	Schedule Performance Index
SPRS	Sellafield Product and Residue Store
SR	Spending Review
SRN	Security Requirements Notice
SSG	Site Stakeholder Group
SV	Schedule Variance
Te	Tonnes
THORP	Thermal Oxide Reprocessing Plant
TRBS	Trinity Retirement Benefit Scheme
TRIR	Total Recordable Incident Rate
TeU	Tonnes Equivalent Uranium
TWh	Tera Watt hours
UKAEA	United Kingdom Atomic Energy Authority
UKNWM	UK Nuclear Waste Management Limited
UO_2	Uranium Dioxide
UO_3	Uranium Trioxide
VLLW	Very Low Level Waste
WBS	Work Breakdown Structure

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