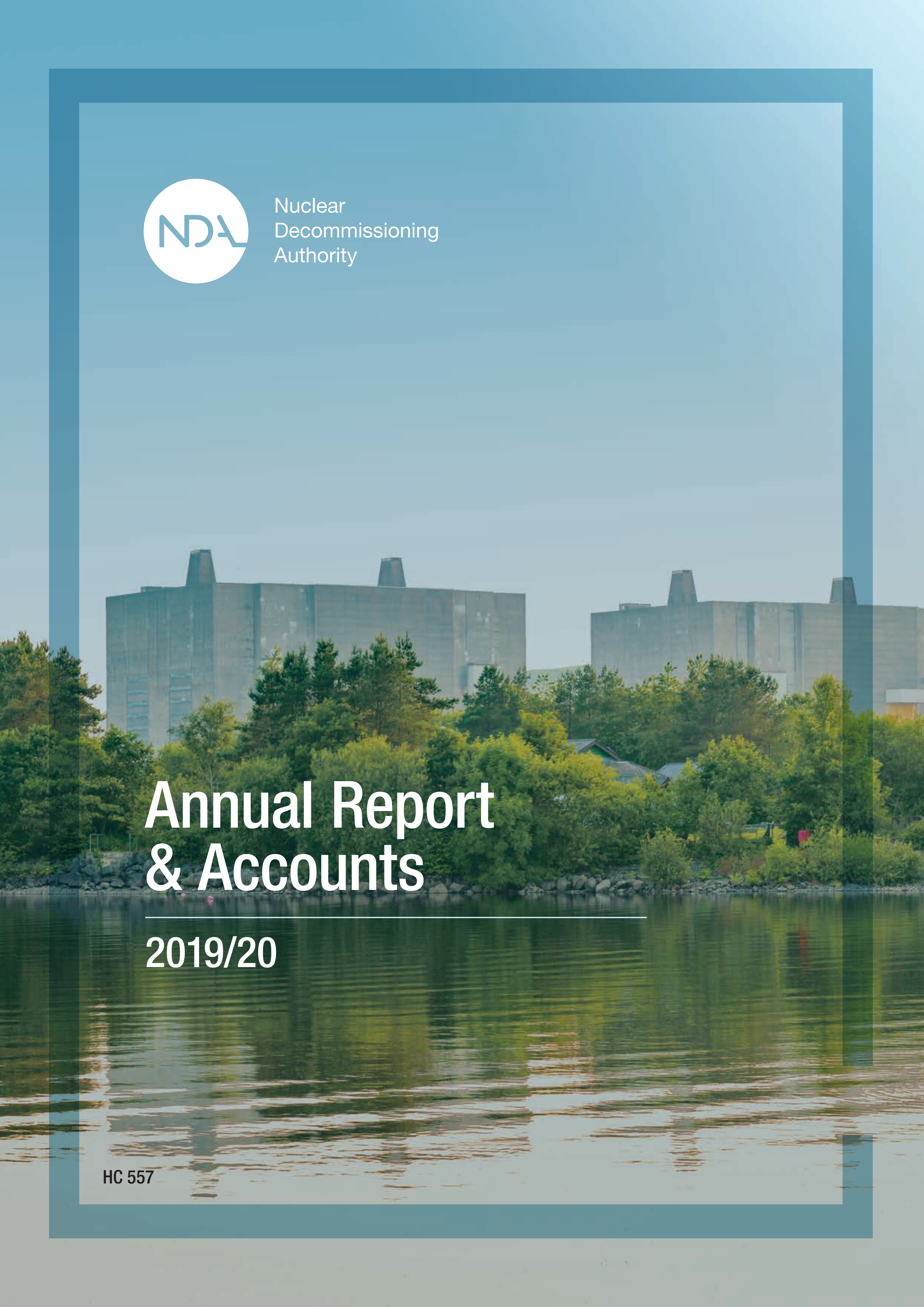

Nuclear Decommissioning Authority

Annual Report & Accounts

2019/20

HC 557

Nuclear Decommissioning Authority

Annual Report and Accounts 2019/20

Report presented to Parliament pursuant to Section 14 (6) of the Energy Act 2004 and Accounts presented to Parliament pursuant to Section 26 (10) of the Energy Act 2004.

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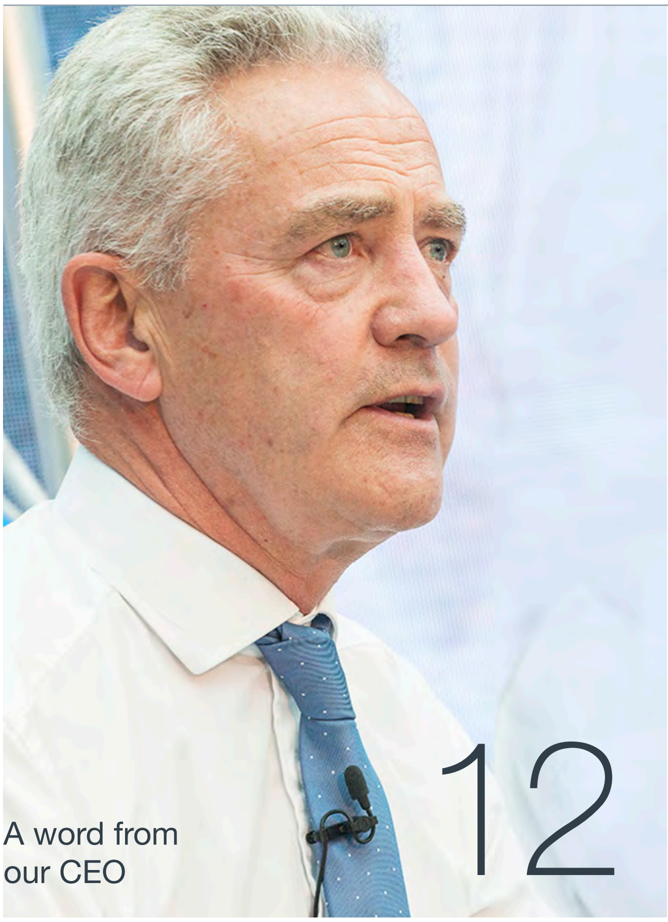
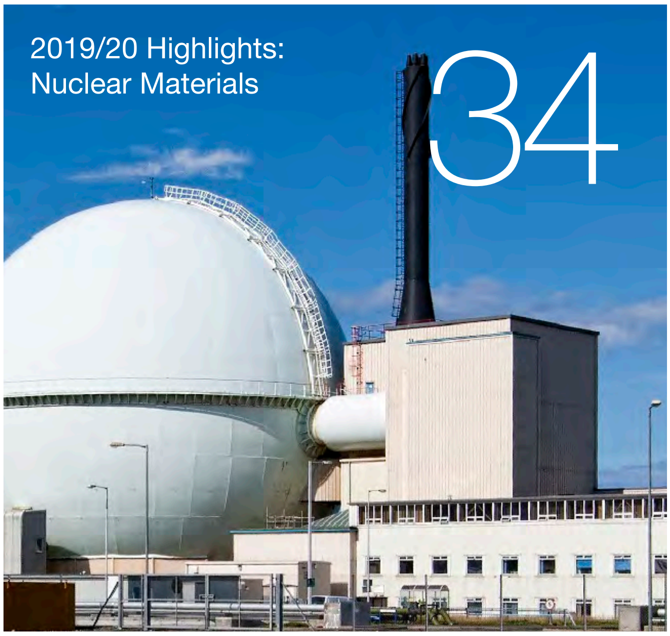




Overview of performance 2019/20

This overview section provides an insight into our work during 2019/20 and highlights areas of progress for this year. We have described these using our 5 strategic themes.

"Over the last 12 months we've taken a series of important steps to strengthen and simplify the way our group is organised"

David Peattie, NDA Chief Executive

Message from the Chairman

Tom Smith

Many important milestones and plans were realised in 2019/20 and the NDA became a stronger, more capable and confident body.

2019/20 was a pivotal year for the NDA, both in working towards our decommissioning targets and organisationally. Of course, the final weeks of the year brought the uncertainty of a global pandemic and we, like other organisations, have had to deal with the challenges of COVID-19.

Unprecedented challenges

At the start of the 2019/20 financial year we couldn't have anticipated the scale of the challenges that were to face people and businesses across the world in 2020. The NDA group has responded to the global COVID-19 crisis with professionalism and empathy. While the virus has impacted the majority of our operations, I'm pleased as I write this that our sites have been able to safely resume some important activities. There remains much uncertainty however about longer term impacts.

To provide stability for the NDA Board against this backdrop, I am continuing as Chair until 31 August 2020. It's a privilege to be able to continue my support for the organisation and my colleagues in these uncertain times.

Performance

I'm delighted that during 2019/20 many important milestones and plans were realised, in some cases after years of painstaking planning and preparatory work. Such is the long-term and complex nature of our mission it has, at times, been a challenge to demonstrate the progress we're making. Being able to publicly celebrate some major milestones, such as completing defueling at all our Magnox sites, is a seminal moment for our mission. Our workforces and supply chain deserve praise and recognition for what they have achieved. The NDA's safety performance, one of the Board's top priorities, also continued to be good, with no serious accidents or injuries during the year.

We're not complacent though and know that there's always room for improvement. Openly and transparently reporting on how the NDA is delivering against its plans and spending taxpayer money will remain a priority for the NDA Board and indeed 'openness' is one of our corporate values. The organisation's new Mission Progress Report, developed last year, is an important step forward in enabling stakeholder scrutiny.

Progress towards One NDA

In the last couple of years, the extent and depth of the changes to the way in which the NDA leads the mission have been significant. Under David Peattie's leadership, the NDA and its group have moved to relationships based on collaboration instead of

“The extent and depth of the changes to the way in which the NDA leads the mission have been significant.”

commercial contracts. I’ve seen a real appetite for this approach, offering great opportunity for the NDA to drive and sustain continuous improvement and value for money.

The NDA Corporate Centre is now a stronger, more capable and confident body. Though we still await the outcome of the Magnox Inquiry, I’m confident that David and his leadership team, with support and challenge from the Board, have taken the necessary steps to address the shortcomings of the past and make us a better, stronger NDA.

Board changes

Over 2019/20 we said goodbye to non-executive Board members Candida Morley and her successor David Long, both representatives of our shareholder UKGI. I’d like to thank them for their valuable contributions. In David’s place we welcome Alex Reeves, also a UKGI director. To strengthen further the Board’s range of expertise, Michelle Heath, who has a career in the nuclear industry spanning 20 years, was appointed as an additional non-executive member.

On 30 June 2020, Michelle indicated that she had accepted a long-term consultancy role within the nuclear industry and because of the resultant conflict of interest she gave notice of her resignation from the Board, with effect from that date.

We also had a change in executive membership of the board following the appointment of Mel Zuydam as our Chief Financial Officer, replacing David Batters who left us after many years of committed service to the NDA. Mel has a strong track record in financial change, business growth and performance management and has worked across both the private and public sector. Finally, I’m delighted that Dr. Ros Rivaz has been appointed as my successor, to step into the role on 1 September 2020. Ros’ wide experience at senior levels across multiple industries will be of enormous value to the NDA. I wish her every success in the role.

Thanks

Leading the NDA Board as Chair has been one of the highlights of my working life. I am proud and privileged to have held such responsibility in a mission of national environmental, safety and security importance. The experience has been enhanced by working with so many dedicated and talented people, who I shall miss. Our workforce is a true asset and I’d like to thank them for the determination, ingenuity, pride and passion they bring to our clean-up programme.

I also want to thank our site stakeholder groups. They provide, in equal measure, support for and challenge to our work and they are essential to the success of our mission. It has been a rewarding feature of leading the NDA to have contributed to the valuable economic support we are able to provide to the communities in which we operate.

As I prepare to depart I’d like to wish the NDA well for the future. I’ll watch, with interest and pride, continued progress in dealing with the UK’s nuclear legacy.

Tom Smith
NDA Chairman

13 July 2020

Chief Executive's review

David Peattie

We've enjoyed a year of success - strengthening the NDA group and progressing our decommissioning mission.

We're charged with cleaning up the UK's earliest nuclear sites safely and securely. Our mission to decommission our 17 sites is at the heart of the work we do.
In last year's report I talked about the strategic direction for the NDA group – a cohesive group of organisations driving effective and efficient mission delivery. Over the last 12 months we've taken a series of important steps to strengthen and simplify the way our group is organised.

In response to the changing nature of our role as owner of an increased number of subsidiaries, we've reviewed and improved the NDA Corporate Centre capability and capacity. Work in the area of culture, diversity and inclusion has remained at the forefront of our priorities, with significant progress being made.

Importantly, this year has been one of success in clean-up and decommissioning work on our nuclear sites. The importance of our work and progress was reflected in the Government's one year spending round, with agreed funding levels accounting for our planned increase in decommissioning activity and expected reduction in commercial revenue.

As I'm writing this, we're of course in the midst of an international health pandemic. COVID-19 has meant that some of our operations have had to temporarily de-mobilise at our sites. As soon as we are safely able to, we are ready to return to our normal levels of activity and clean-up work.

These are incredibly difficult times and I'm proud of the way our organisations and employees are responding to this unprecedented challenge and supporting the national and local efforts.

One NDA

We entered the 2019/20 financial year introducing One NDA across the NDA group. One NDA is about working together more effectively and efficiently as a group, harnessing the opportunities that come from our scale and breadth. In effect making the whole more than the sum of the parts.

In September last year we successfully transitioned Magnox Ltd to a subsidiary of the NDA, taking another very important step in this strategic shift. Led by chair Lawrie Haynes and CEO Gwen Parry-Jones, securing their experience and skills for Magnox has ensured an excellent start to the new subsidiary arrangements. More recently, we announced our decision to bring our two transport arms, DRS and INS, together to create a leading nuclear transport and logistics organisation. Work to determine the precise structure and operations of this business will be a key focus this year.

Clean-up and decommissioning progress

With regards to our nationally important on-the-ground work, it's been a productive year for meeting milestones and delivering results. Starting on our Magnox sites, all 26 Magnox reactors – the world's first type of commercial nuclear power stations - are now fuel free, with defueling being completed at Calder Hall and Wylfa.

Dounreay's stock of civil separated plutonium is now safely stored at Sellafield, the UK's centre of excellence for plutonium

“Our employees are one of the most skilled workforces in the world”

management, following a phased transfer programme. Also at Dounreay, half the remaining radioactive fuel elements have now been removed from the 60-year-old Dounreay Fast Reactor. Both programmes involved multiple NDA group workforces and stakeholders to ensure smooth completion.

At our Low Level Waste Repository, the workforce celebrated diverting 11,000 containers from having to be disposed at the site. This has eliminated the need for a second repository and saved up to £2 billion for the taxpayer.

At Sellafield, we marked the first pour of concrete on the Sellafield Product and Residue Store Retreatment Plant (SRP), which is a huge milestone in our mission. The project will provide safe storage of special nuclear materials for at least 100 years and is a vital part of our hazard and risk reduction progress. Working with the NDA and regulators, Sellafield Ltd has led a dedicated team to see this part of the project come to fruition.

How we report on important progress like this has been significantly improved, with the publication of our first Mission Progress Report last summer. This now provides a clear picture for stakeholders of the steps to achieving our mission and a system for reporting progress across the group. This work will continue to evolve as we build in more facets to our reporting.

Our people

The safety of our people and the environment remains our priority and last September we held our first One NDA Safety and Wellbeing Awards, sharing inspiring work from across the NDA group. As well as placing safety at the heart of our site operations, we’ve also continued our important work to promote mental health and wellbeing across the NDA group.

Our progress in shifting our workplace culture and increasing inclusion and diversity was measured recently in a cross-group employee survey, and I’m delighted to see a positive trajectory in many areas. My goal is clear, to create great places to work for everyone, encouraging inclusion and diversity at every level. A particular honour for me this year has been becoming patron of Women in Nuclear (WiN), supporting its important work to address gender balance awareness. The NDA has a specific focus on closing the gender pay gap and while we won’t redress the balance overnight, we’re making progress.

Looking forward

The next year or two will see us continuing to further strengthen, embed and capitalise on our work to build a strong NDA group to deliver decommissioning success and taxpayer value.

We’ll also be looking forward to some notable milestones in our mission. Our waste optimisation and ambitions of our Radioactive Waste Strategy will continue to be important. So too will be the work by Radioactive Waste Management, under the leadership of new CEO Karen Wheeler CBE, to identify a suitable site and willing community for a geological disposal facility.

In 2021 we’ll be publishing the next iteration of our strategy, setting out our approach to delivering our mission, informed by stakeholder views.

With thanks

Our Chairman Tom Smith will step down in 2020, after 3 years in post and 7 years in total on the NDA Board. I’d like to offer Tom my sincere thanks and I’m delighted that Dr Ros Rivaz will be joining us in September, as the new NDA chair.

I’d also like to recognise the significant contribution of Paul Foster, who led the Sellafield site and its 12,000 strong workforce for 5 years. Paul led a period of unrivalled clean-up and decommissioning progress at the site, for which I’m immensely grateful. Paul was succeeded by Martin Chown on 1 February 2020.

Also, much thanks, as always, to our highly-skilled workforce. Whether immersed in front-line decommissioning or playing a vital support role, our employees are one of the most skilled workforces in the world. And finally, we couldn’t make progress without our stakeholders, who continue to challenge, scrutinise and support our vitally important work.

David Peattie
Accounting Officer and Chief Executive Officer
13 July 2020

Financial review

Mel Zuydam

A very successful year with excellent portfolio management of income, resources and investment to deliver strong mission progress and Business Plan performance.

The NDA group consolidated income, expenditure and capital investment for the year resulted in a strong delivery of our business plan targets, against an accurately financially managed outturn of our £2.4bn funds voted by Parliament. Our commercial income remained strong at £789m. Our capital investment was £1,798m and our resource expenditure (including admin expenditure) was £1,371m.

Expenditure was approximately £70m below budget due to a combination of savings and scheduling changes through our portfolio management process.

We continue to apply the highest standards to budgetary control, managing our expenditure within the budgets agreed by government. Under One NDA, we have developed a new Integrated Financial Framework to further enhance our financial skills, capabilities and effectiveness across the NDA group. Through the 3 lenses of financial people and stakeholders; reporting and performance; and value for money and internal control we will collectively further enhance both our financial governance and business support to drive value for money and efficiency. This will also include a focus on improving our Programme and Project management across our portfolios.

During the year we welcomed Magnox Ltd into the NDA group, becoming a wholly owned subsidiary in September 2019 with its financial results now incorporated into the NDA group accounts. This change also means that over 90% of activity in the group is controlled under the subsidiary model.

Our nuclear decommissioning provision increased in the year by £4.2 billion due mainly to a review of the future costs of the Magnox estate. We will continue to review our future estimates in the coming year, with a major review of the Sellafield plan now underway.

Our funding for the 2020/21 financial year was secured in the recent single year spending settlement and, while the goverment's anticipated Spending Review in the summer of 2020 has been re-scheduled to later in the year due to the pandemic, we are well advanced with reviewing our portfolio planning and re-forecasting due to the COVID-19 pandemic.

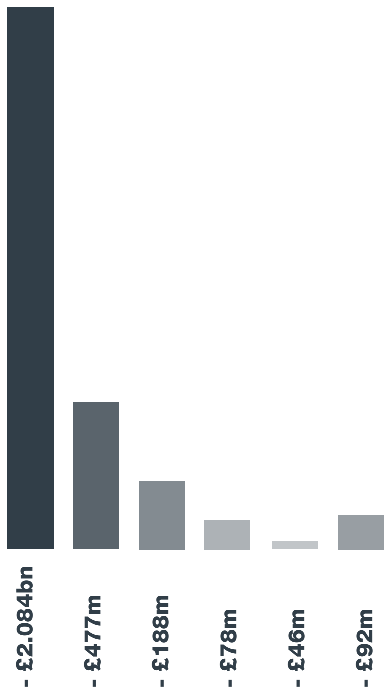
As we move forward into 2020/21 we're continuing to provide financial and structural planning to support further One NDA developments such as the new nuclear transport and logistics organisation. We're also providing corporate finance support to broader delivery opportunities through the Department for Business, Energy & Industrial Strategy our parent department, earning our position in the UK to be 'trusted to do more' in our core mission of nuclear decommissioning.

Mel Zuydam
Group Chief Financial Officer

Performance against financial targets

How £2.965bn funding was used on the NDA mission

- **£2.084bn** Sellafield
- **£477m** Magnox
- **£188m** Dounreay
- **£78m** LLWR
- **£46m** Springfields and Capenhurst
- **£92m** Other



Expenditure limit **£3.243bn** - Expected income **£0.855bn** = Net funding limit **£2.388bn**

Actual expenditure **£3.169bn** - Actual income **£0.789bn** = Actual net funding **£2.380bn**

Other costs

Industry costs **£92m**
Fees to SLCs **£40m**
Energy costs **£19m**
NDA running costs **£53m**

Total £204m

NDA actual income £789m

£290m	Reprocessing/waste contracts
£217m	Spent fuel management
£6m	Energy sales
£42m	Nuclear materials and transport
£234m	Other

Note the figures in the above graph are prepared on the basis of Government financial reporting, (HM Treasury Consolidated Budgeting Guidance), which differs in part from the basis used to prepare the financial statements.

£3.2 billion
A total of £3.2 billion spent in the year

£2.4 billion
A net total of £2.4 billion funded by the Government

£0.8 billion
£0.8 billion of income

£53 million
NDA's own running costs are 1.4% of overall estate budget

The NDA

It's our duty to carry out this highly complex mission safely and efficiently, ensuring people and the environment are safeguarded at all times. Safety is, and always will be, our number one priority.

We lead the nuclear clean up and decommissioning mission on behalf of Government and develop the strategy for how it should be carried out.

As owners of one of the largest nuclear decommissioning and remediation programmes in Europe, our main priority is to lead the work across the NDA group. We also play an important role in supporting Government's aspiration for the UK to be a global leader in the civil nuclear sector.

Our strategy is continually evolving, and updated every 5 years. We're now working on our fourth iteration, which we'll publish in 2021.

We strive to deliver best value for the UK tax payer by focusing on reducing the highest hazards and risks, while ensuring safe, secure and environmentally responsible operations at our sites. By generating revenue through our commercial activities, we seek ways to reduce levels of public funding from Government.

How we're set up

We're a non-departmental public body created by the Energy Act 2004 to lead the clean-up and decommissioning work at our 17 sites on behalf of Government. We're sponsored and funded by the Department for Business, Energy and Industrial Strategy (BEIS).

Our plans for cleaning up the sites are approved by BEIS and Scottish Ministers, who provide a framework for us.

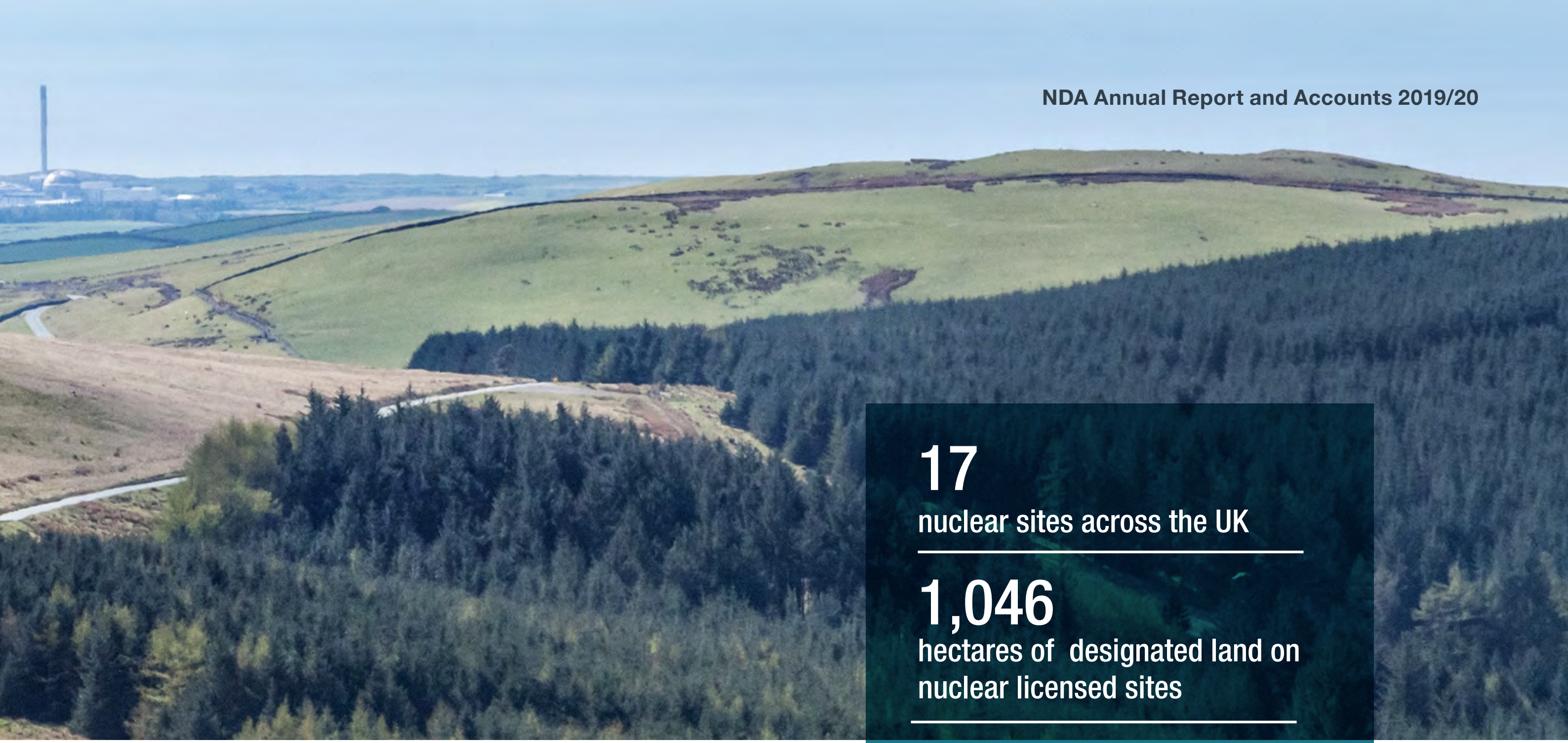
We have 5 offices across the UK, in Cumbria, Dounreay, Harwell, Warrington and London and employ 246 permanent staff.

Our sites

The UK's nuclear landscape began to take shape in the post-war period and has evolved over many decades.

Our 17 sites reflect this legacy and include the first fleet of nuclear power stations, research centres, fuel-related facilities and Sellafield, which has the largest radioactive inventory and the most complex facilities to decommission.

Current plans indicate it will take 100+ years to complete our core mission of nuclear clean-up and waste management. The ultimate goal is to achieve the end state at all sites by 2120.



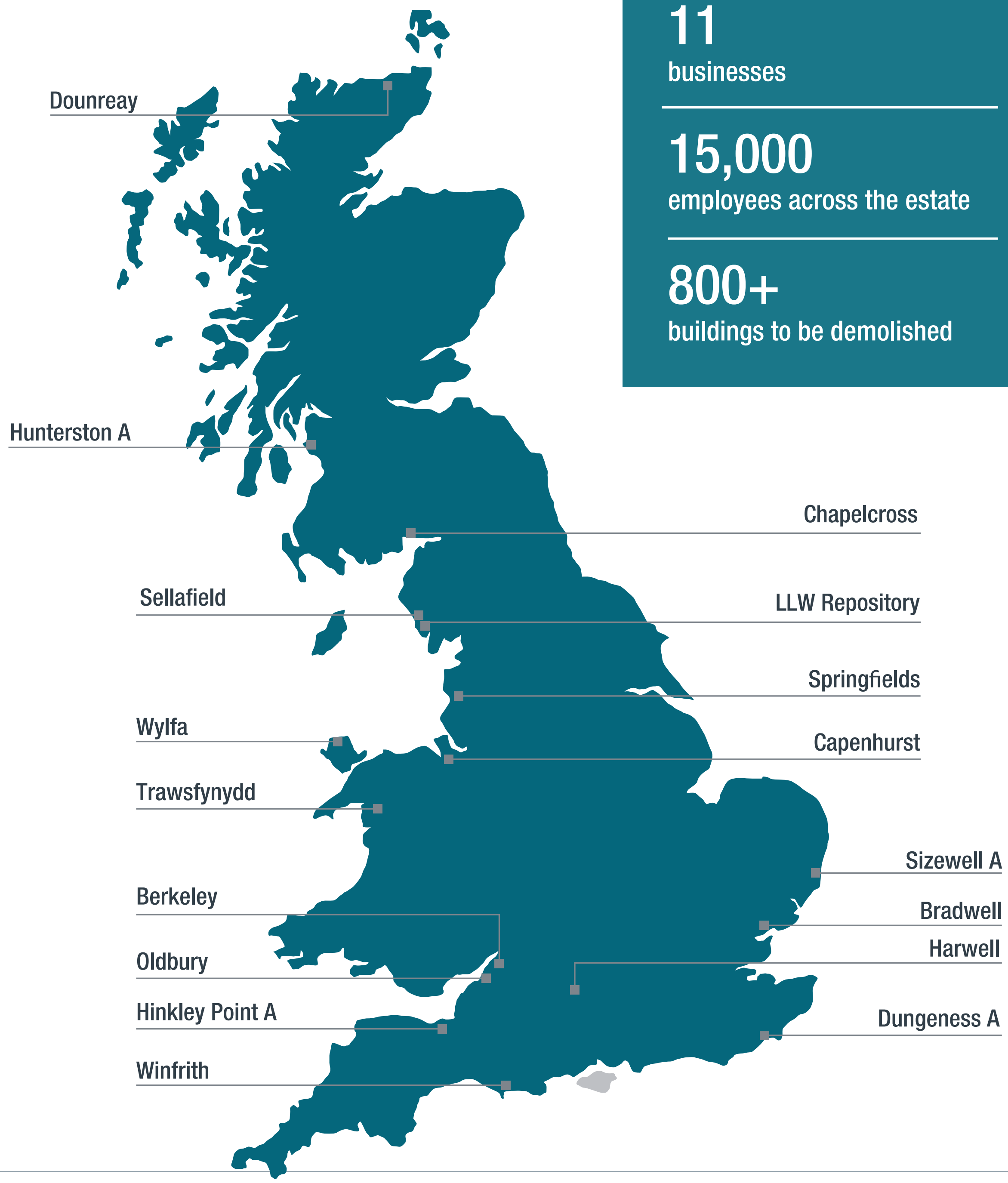
17
nuclear sites across the UK

1,046
hectares of designated land on nuclear licensed sites

11
businesses

15,000
employees across the estate

800+
buildings to be demolished



The NDA group

We don't deliver our mission alone. Accomplishing this important work requires the best efforts of the entire NDA group and its 15,000 employees.

The businesses charged with running our sites are called site licence companies (SLCs). We have 4 SLCs; Sellafield and Magnox are subsidiaries of the NDA, while Dounreay Site Restoration and Low Level Waste Repository are managed by parent body organisations with which we have a contract.

Springfields and Capenhurst are also managed by private sector organisations with which we have decommissioning contracts and other commercial arrangements.

We have a number of other subsidiaries, which are responsible for delivering crucial support and enabling activities. Direct Rail Services and International Nuclear Services look after our unique transport requirements, and are amongst the most experienced nuclear transport organisations in the world. Meanwhile, Radioactive Waste Management is responsible for the mission to deliver a Geological Disposal Facility.

Our other subsidiaries are Rutherford Indemnity, NDA Archives, NDA Properties and Energus.


NUVIA

The NDA organisational structure

Department for Business, Energy and Industrial Strategy (BEIS)
BEIS is the Government sponsor of the NDA and sets policy and funding

UK Goverment Investments (UKGI)
UKGI provides strategic oversight of the NDA's corporate governance and performance

NDA

Provides group leadership and focus to:

- Strategy and Planning
- Governance and Assurance
- Delivery Optimisation
- Manage and Report Performance

Site Licence Companies

DOUNREAY SITE RESTORATION LTD	LOW LEVEL WASTE REPOSITORY LTD	MAGNOX LTD**	SELLAFIELD LTD **	NDA ARCHIVES LTD**	NDA PROPERTIES LTD**	ENE
PBO Cavendish Dounreay Partnership Ltd Consortium Cavendish Nuclear, Jacobs, Amentum	**PBO UK Nuclear Waste Management Ltd** Consortium Amentum, Studsvik AB, Orano SA	Wholly owned subsidiary of the NDA*	Wholly owned subsidiary of the NDA	Wholly owned subsidiary of the NDA	Wholly owned subsidiary of the NDA	Wholly subsi the

Management & Operating (M&O) contract relationship

*Magnox Limited was owned by Parent Body Organisation, Cavendish Fluor Partnership, up to 31 August 2019 and became a wholly owned subsidiary of the NDA from 1 September 2019.

Other Businesses that support our mission

RGUS	RUTHERFORD INDEMNITY LTD**	DIRECT RAIL SERVICES LTD**	INTERNATIONAL NUCLEAR SERVICES LTD**	RADIOACTIVE WASTE MANAGEMENT LTD**	URENCO NUCLEAR STEWARDSHIP LTD	SPRINGFIELDS FUELS LTD
y owned diary of NDA	Wholly owned subsidiary of the NDA	Wholly owned subsidiary of the NDA	Wholly owned subsidiary of the NDA including subsidiaries; PNTL, INS Japan, INS France SAS	Wholly owned subsidiary of the NDA	**Owner** URENCO Nuclear Stewardship Ltd	**Owner** Westinghouse Electric UK Holdings Ltd

Decommissioning contract, residue processing, leases and other commercial arrangements

**NDA Group for Statutory Accounts

Please refer to the performance analysis section pages 144 to 172 for further information about our site licence companies and businesses

One NDA - greater than the sum of its parts

When David Peattie joined the NDA as Chief Executive in 2017, he commissioned an assessment of how to take the NDA group forward to find more effective and efficient ways to provide nuclear clean-up and decommissioning.

Following this assessment, in April 2019 we launched One NDA. The One NDA way of working is firmly based on maximising the opportunities that come from working effectively and efficiently as a group of businesses - unified by an enduring mission and vision.

The benefits we're striving to achieve from One NDA are:

- Increased value for money for the taxpayer
- Enhanced performance and delivery of outcomes
- OHI Strong organisational health
- Improved stakeholder confidence and trust
- Improved culture for our people

Our Vision

As well as our shared mission across the NDA group, One NDA has enabled us to develop a unified vision. This reflects the changing nature of the NDA group and the opportunities that brings.

Create great places to work and taking pride in what we do

Deliver our mission together safely, securely and more creatively, transparently and efficiently

Trusted to do more in the UK and globally

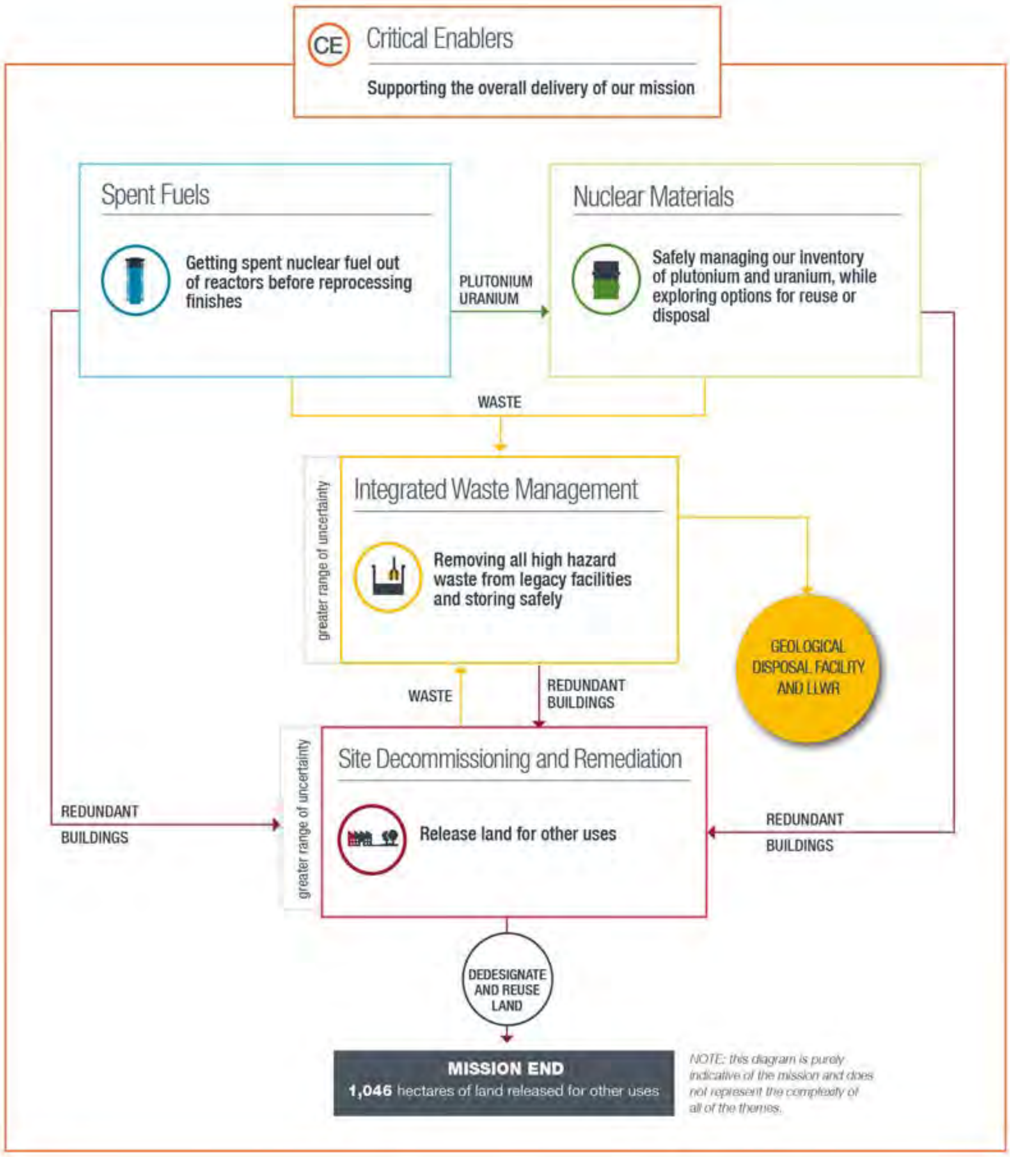

SCOTT
3M

Our strategic approach and themes

We use 5 strategic themes to describe all the activities needed to deliver the NDA's mission.

The first four, Spent Fuels, Nuclear Materials, Integrated Waste Management and Site Decommissioning relate directly to our clean-up and decommissioning and are known as ***driving themes.***

The fifth theme describes the important activities needed to support the delivery of our mission and is known as ***critical enablers***. The diagram below demonstrates how they interplay.



You can read more about our driving themes on pages 25 to 29 and critical enablers on page 30. Our case studies on pages 32-44 also show some of the progress we've made against these important themes in 2019/20.

Our 4 driving themes

Spent Fuels

Our strategy defines our approach to managing the diverse range of spent fuels for which we are responsible, which are divided into Magnox, Oxide and Exotic. Once spent fuel is removed from a reactor, it is stored in a pond or dry store until it can be dispatched to Sellafield. Reprocessing extracts materials (plutonium and uranium) that could potentially be re-used and also generates highly radioactive wastes, or 'fission products'.

The NDA's strategy is to bring the reprocessing programme to an end. The Thorp reprocessing plant has already closed and the Magnox reprocessing plant will follow. All remaining spent fuel will be safely stored until a permanent solution for disposal is available.

Nuclear Materials

Our strategy defines our approach to dealing with the inventory of uranics and plutonium currently stored on some of our sites. These nuclear materials are by-products from different phases of the fuel cycle, either manufacturing or reprocessing. All nuclear materials must be managed safely and securely, by either converting them into new fuel or immobilising and storing them until a permanent UK disposal facility is available. Consolidating plutonium at Sellafield and Uranics at Capenhurst is currently being carried out so the materials can be managed in an appropriate and effective way.

Integrated Waste Management

Our strategy considers how we manage all forms of waste arising from operating and decommissioning our sites, including waste retrieved from legacy facilities.

Managing the large quantities of radioactive waste from electricity generation, research, the early defence programme and decommissioning is one of the NDA's biggest challenges. Some of this radioactive waste is in a raw (untreated) form, some has been treated and is being interim-stored and, in the case of low level waste, some has already been permanently disposed of.

Retrieving, treating and interim-storing the radioactive waste from Sellafield's 4 legacy ponds and silo facilities is the NDA's highest priority.

Site Decommissioning and Remediation

Our strategy defines our approach to decommissioning redundant facilities and managing land quality in order that each site can be released for its next planned use.

After the buildings on our sites have been decommissioned, decontaminated and dismantled the land will be cleaned up to allow it to be released for other uses. At that point, its ownership would transfer to the new user of the land.

The NDA is currently assessing alternatives for the final stages of decommissioning that could lead to earlier release of land, continued employment and simpler regulatory controls.

Our 47 strategic outcomes

Across our 4 driving themes, we break the delivery of our mission down into 47 strategic outcomes.

So far, 4 of our strategic outcomes have been achieved, 2 of them this year.

The following tables show all 47 outcomes and how much change in progress there has been since 2018/19 and which of our businesses are involved in delivering these outcomes.

Overall, good progress continues to be made with the safe management of nuclear inventory and reduction of its risks.

More strategic outcomes will be achieved with the closure of the reprocessing facilities and the building of new modern treatment and storage facilities to manage nuclear material and waste - ultimately working towards the final disposal of nuclear inventory and the release of land for other economic uses.

✓ Denotes outcome complete

BUSINESS DELIVERY OF STRATEGIC OUTCOMES

Spent Fuels

	SPENT MAGNOX FUEL	2019 : **2020**	Sellafield	Magnox	Dounreay	LLWR	RWM	INS	DRS	Capenhurst	Springfields
1	**All Magnox sites defueled**	**95% : 100%**	✓	✓					✓		
2	All legacy Magnox fuel retrieved	26% : **26%**	✓								
3	All Magnox fuel reprocessing completed	88% : **92%**	✓								
4	All remaining Magnox fuel in interim storage	26% : **26%**	✓								
5	All remaining Magnox fuel disposed	0% : **0%**	✓				✓				
	SPENT OXIDE FUEL										
6	All EDFE oxide fuel received	41% : **49%**	✓					✓	✓		
7	**All legacy oxide fuel retrieved**	**100% : 100%**	✓								
8	**All oxide fuel reprocessing completed**	**100% : 100%**	✓								
9	All remaining oxide fuel in interim storage	36% : **45%**	✓								
10	All remaining oxide fuel disposed	0% : **0%**	✓				✓				

BUSINESS DELIVERY OF STRATEGIC OUTCOMES

Spent Fuels

SPENT EXOTIC FUEL	2019 : **2020**	Sellafield	Magnox	Dounreay	LLWR	RWM	INS	DRS	Capenhurst	Springfields
11 All exotic fuel defueled	43% : **61%**	✓		✓						
12 All exotic fuel consolidated	34% : **50%**	✓		✓			✓	✓		
13 All exotic fuel reprocessing completed	79% : **86%**	✓								
14 All remaining exotic fuel in interim storage	86% : **87%**	✓								
15 All remaining exotic fuel disposed	0% : **0%**	✓				✓				

1 **All 26 reactors are now fuel free.**
See case study on p33

Nuclear Materials

PLUTONIUM	2019 : **2020**	Sellafield	Magnox	Dounreay	LLWR	RWM	INS	DRS	Capenhurst	Springfields
16 All plutonium produced	95% : **97%**	✓								
17 **All plutonium consolidated**	80% : **100%**	✓		✓			✓	✓		
18 All plutonium repacked	0% : **0%**	✓								
19 All plutonium in interim storage	0% : **0%**	✓								
20 All plutonium reused or disposed	0% : **0%**	✓				✓				

17 **All plutonium is now at Sellafield for safe management.**
See case study on p35

BUSINESS DELIVERY OF STRATEGIC OUTCOMES

Nuclear Materials

URANICS	2019 : **2020**	Sellafield	Magnox	Dounreay	LLWR	RWM	INS	DRS	Capenhurst	Springfields
21 All uranium produced	86% : **91%**	✓								
22 All uranium consolidated	83% : **88%**	✓	✓				✓	✓	✓	✓
23 All uranium treated	4% : **5%**								✓	✓
24 All uranium in interim storage	57% : **57%**	✓							✓	
25 All uranium reused or disposed	2% : **2%**	✓				✓			✓	

Integrated Waste Management

LOW LEVEL WASTE	2019 : **2020**	Sellafield	Magnox	Dounreay	LLWR	RWM	INS	DRS	Capenhurst	Springfields
26 All LLW produced	*21% : **14%**	✓	✓	✓	✓				✓	✓
27 All LLW diversion completed	*13% : **7%**	✓	✓	✓	✓		✓	✓	✓	✓
28 All LLW disposed	*18% : **14%**	✓	✓	✓	✓		✓	✓	✓	✓
29 All VLLW disposed	3% : **4%**	✓	✓	✓	✓		✓	✓	✓	✓
INTERMEDIATE LEVEL WASTE										
30 All ILW produced	*33% : **32%**	✓	✓	✓	✓				✓	✓
31 All legacy waste retrieved	6% : **7%**	✓			✓					
32 All ILW treated	9% : **9%**	✓	✓	✓					✓	✓
33 All ILW in interim storage	13% : **15%**	✓	✓	✓					✓	✓
34 All ILW disposed	0% : **0%**	✓			✓	✓		✓		

* percentage figures have reduced from the previous year because of more accurate recategorisation of some wastes.

** improved building classification, and baseline plans are under review.

BUSINESS DELIVERY OF STRATEGIC OUTCOMES

Integrated Waste Management

	HIGH LEVEL WASTE	2019 : 2020	Sellafield	Magnox	Dounreay	LLWR	RWM	INS	DRS	Capenhurst	Springfields
35	All HLW produced	63% : **66%**	✓								
36	All HLW treated	70% : **72%**	✓					✓			
37	All HLW waste in interim storage	81% : **82%**	✓					✓			
38	All overseas HLW exported	9% : **9%**	✓					✓	✓		
39	All HLW disposed	0% : **0%**	✓				✓				

Site Decommissioning and Remediation

	OPERATIONAL AND PLANNED	2019 : 2020	Sellafield	Magnox	Dounreay	LLWR	RWM	INS	DRS	Capenhurst	Springfields
40	All planned new buildings operational	TBD : **TBD**	✓	✓	✓	✓	✓			✓	
41	All buildings primary function completed	**46% : **38%**	✓	✓	✓	✓	✓			✓	✓
	DECOMMISSIONING AND DEMOLITION										
42	All buildings decommissioned	**26% : **20%**	✓	✓	✓	✓				✓	✓
43	All buildings demolished or reused	**23% : **17%**	✓	✓	✓	✓				✓	✓
	SITES										
44	All sites in interim state	0% : **0%**		✓	✓	✓					
45	All sites mission completed	0% : **0%**	✓	✓	✓	✓				✓	✓
46	All contaminated land remediated	41% : **47%**	✓	✓	✓	✓				✓	✓
47	All land dedesignated or reused	9% : **9%**	✓	✓	✓	✓				✓	✓

42 **Decommissioning success at LLWR**

See case study on p37

Critical enablers

Our fifth strategic theme - critical enablers - covers the important activities needed to support the overall delivery of our mission:

Health, safety, security, environment and wellbeing

Safety is, and always will be, our number one priority. Our focus is to reduce the highest hazards and risks, while ensuring safe, secure and environmentally responsible operations at our sites. It's our duty to carry out this highly complex mission safely and efficiently while ensuring people and the environment are safeguarded at all times.

We will apply the principles of sustainability to ensure that our mission outcomes and the journey to achieve them are the right balance of environmental, economic and social impacts.

We have responsibility to ensure that the group has the appropriate levels of physical, personnel, cyber and ICT capability and competencies to minimise risks and protect all group assets.

Public and stakeholder engagement

Engaging openly and transparently with all our stakeholders is crucial to building the support, confidence and trust we need to deliver our mission.

Socio-economics

We have a responsibility to support the sustainability of our sites' communities, up to and after their closure.

The NDA group's socio-economic strategy is built upon supporting sustainable incomes, resilient economies and thriving communities.

Our approach is to work locally. This means working in partnership with local authorities and organisations to better understand local needs.

People

Our mission needs a diverse range of individuals and organisations to provide the capability and capacity to deliver effectively, so having the rights skills at the right time within the NDA group and our supply chain is a priority.

Our strategy on skills is three-fold: attracting the right calibre of people, developing future skills, and developing our existing talent.

Research and Development

Delivering our mission needs many 'never-done-before' solutions, which require significant innovation and novel engineering approaches. Our strategy is to solve the challenging technical problems safely, while aiming to be more effective, efficient and wherever possible for less cost to the taxpayer.

Research and development is essential to decommissioning our sites and is delivered in partnership with our supply chain.

Developing innovative ways to overcome our challenges will see us focus on areas such as remote and robotic technologies in the coming years and take advantage of innovation in other sectors such as space, oil and gas.

Supply Chain

A diverse, ethical, innovative and resilient supply chain is essential to delivering the NDA mission and provides value for money for the UK taxpayer.

Our strategies are aligned to business operations, informed by excellent market insight and recognise that value comes in many forms, such as an improved environment, reduced hazard, social amenities, cost savings and employment opportunities.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HI VOL 3000
HIGH VOLUME AIR SAMPLER
ECOTECH
CE
ECOTECH
03-0679
FOR SERVICE & REPAIR
SamSys
Tel: 01204 393634

2019/20 Highlights

The following pages outline some of the great progress made by our workforce this year.

All Magnox sites are now fuel free

Spent Fuels

In 2019, the NDA group reached a major decommissioning milestone when the defueling of the last Magnox site was completed.

The Magnox fleet, the world's first type of commercial nuclear power station, safely generated low-carbon electricity for the UK between 1956 to 2015. Once electricity generation has come to an end, removing the spent fuel from a nuclear power station site is one of the major hazard reduction activities.

Defueling the Magnox reactors is one of the most important steps towards completing the NDA's mission of decommissioning the legacy from the earliest days of the nuclear industry.

The last of the spent fuel elements were finally removed from the nuclear reactors at Calder Hall, and Wylfa, which accounted for over 99% of the radioactivity on those sites.

The Office for Nuclear Regulation (ONR) gave its official 'fuel-free verification' to Wylfa in October 2019. This marked the end of defueling operations at 26 Magnox reactors, meaning all nuclear fuel has been removed from all 11 sites.

The defueling programme has been achieved through a collaborative team approach amongst the highly-skilled workforces at Sellafield Ltd, Magnox Ltd, Direct Rail Services and the NDA.

The Office for Nuclear Regulation (ONR) gave its official 'fuel-free verification' to Wylfa in October 2019. This marked the end of defueling operations at 26 Magnox reactors

Dounreay's separated plutonium safely shipped to Sellafield

Nuclear Materials

All separated plutonium has been successfully transported from Dounreay to Sellafield for storage.

In 2013 the strategic decision was taken to consolidate Dounreay's plutonium inventory at Sellafield. Due to the radioactive and fissile nature of the material, plutonium handling and storage requires specialised facilities and stringent management arrangements. Shipping direct to the Sellafield site offered us the best balance of safety and delivery, allowing the packages to be treated at the UK's centre of excellence for managing plutonium.

Years of meticulous planning and stakeholder engagement concluded last year when all civil separated plutonium was transferred from Dounreay and consolidated at Sellafield. The completion of the programme, the first area of focus in the NDA's approach to safely and securely managing the UK's inventory of this nuclear material, was a significant milestone for our mission, seeing us achieving one of our 47 strategic outcomes (Strategic Outcome 17).

The project was the culmination of a huge effort between multiple businesses across the NDA group and stakeholders, including the UK Government, regulators, police services in Scotland and England, Sellafield, Dounreay, the Civil Nuclear Constabulary and our specialist transport companies – DRS, INS and PNTL.

Completion of this work also meant further progress towards the decommissioning and remediation of the Dounreay site itself, while the NDA and Sellafield can now prioritise the management and treatment of the material during its safe storage at the site.

Storage facility starts to take shape

Nuclear Materials

One of the complex challenges in dealing with our legacy is the management and ultimate disposition of the UK's inventory of separated plutonium.

A major milestone was met last year, when the first concrete was poured on a new facility at Sellafield to repackage the plutonium materials for long term storage.

Our strategy for managing plutonium is to store it in a suite of custom-built facilities that ensure its safety and security, in line with regulatory requirements.

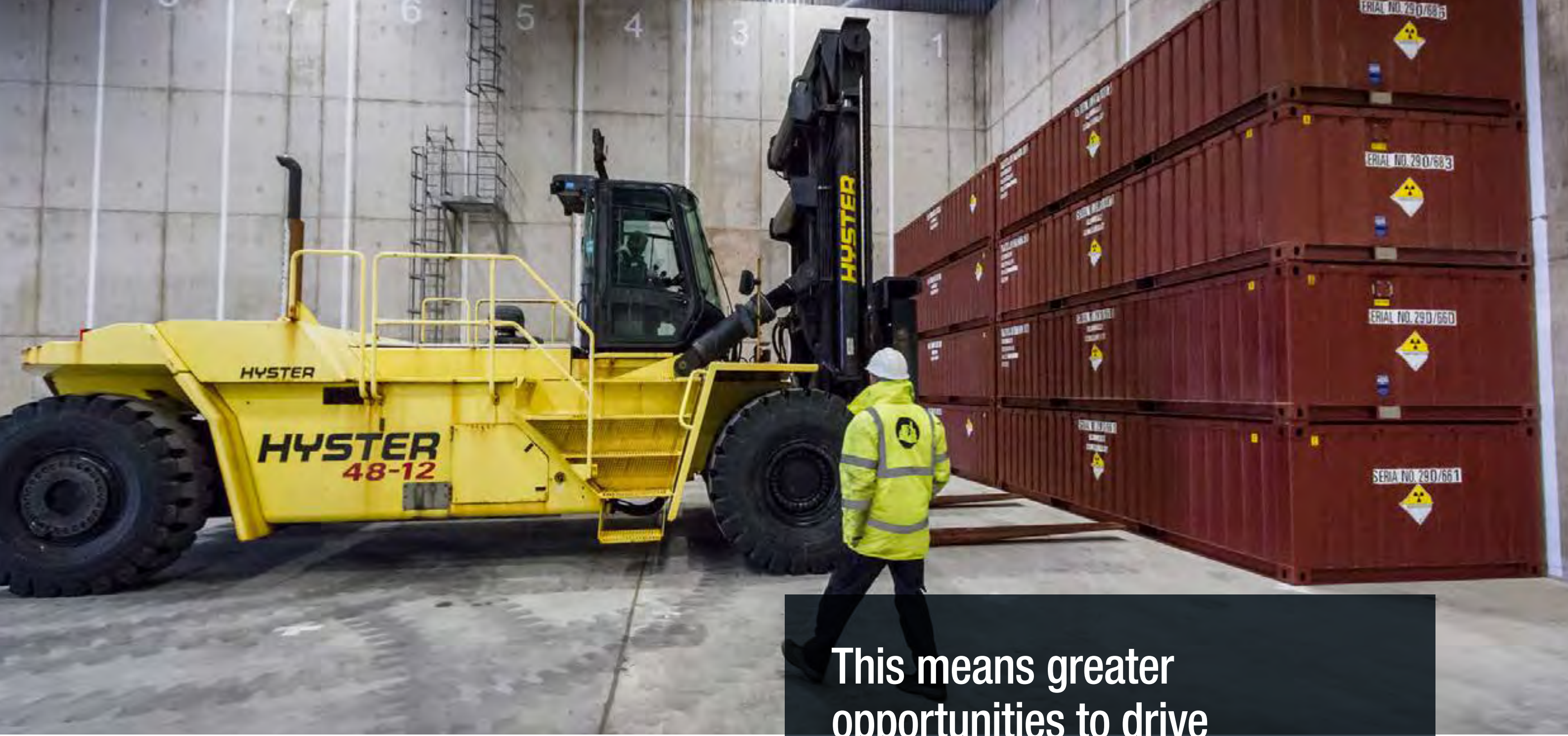
There are a number of plutonium stores on the Sellafield site. Over the past decade, materials have continued to be retrieved from older stores and consolidated in more modern state-of-the-art facilities such as the Sellafield Product and Residue Store (SPRS).

In the past 12 months, Sellafield has started to recover some of the most degraded plutonium storage packages, therefore beginning to mitigate one of the more significant challenges associated with storing these materials.

To ensure that the packages can be safely stored, they need to be repackaged and made compatible for long-term storage. A major new specialised facility was designed to support this work. Sellafield Product and Residues Store Retreatment Plant (SRP), due to be operational within the next 10 years, is now being created to repackage and where necessary, retreat all of the plutonium packages.

Working in close collaboration with the NDA and the supply chain, Sellafield Ltd has led a dedicated team and worked with regulators to see this early part of the project come to fruition. The project is one of the first three to be delivered through the new Programme and Project Partners (PPP), which sees Sellafield working with four long term partners to deliver some of the most important projects and programmes.

A major milestone was met last year, when the first concrete was poured on a new facility at Sellafield to repackage the plutonium materials for long term storage.



One strategy for all radioactive waste is an industry first

This means greater opportunities to drive efficiencies, reduce the length of our mission, bring significant savings, provide a clearer process and reduce duplication of effort.

Integrated Waste Management

We committed to develop a single radioactive waste strategy for the NDA group. September 2019 saw the publication of that document, a first for the nuclear industry.

We now have a clear approach to managing all radioactive waste generated within the NDA estate, including materials that may become waste at some point in the future.

Over 90% of the UK's radioactive waste will be generated by our estate and we also own the majority of significant radioactive waste management infrastructure. Hence there are important potential benefits from a single strategic approach.

The strategy provides a high-level framework for flexible decision-making. Rather than having separate strategies for higher activity waste and solid low level waste, we can now support an approach where radioactive wastes are managed according to the nature of waste (radiological, physical and chemical properties) rather than simply the radioactive waste category they fall into.

It means greater opportunities to drive efficiencies, reduce the length of our mission, bring significant savings, provide a clearer process and also reduce duplication of effort.

The new strategy was welcomed by more than 250 delegates attending the Integrated Waste Management Conference in October 2019. Industry leaders from across the globe gathered to learn more about this significant step forward in strategic thinking and the progress that is being made in more effectively managing radioactive waste across our estate.

Decommissioning success at LLWR

Site Decommissioning and Remediation

Our Low Level Waste Repository in west Cumbria is the nation's principle disposal facility for low level waste which it receives from a range of customers, including the nuclear industry.

Over the last 6 years, LLWR has been decommissioning 5 radioactive chambers on-site, delivering the work 4 years earlier than planned, saving £20 million for the taxpayer.

The 5 chambers were originally constructed to produce TNT munitions to support the Second World War. They were then used by the nuclear industry to store Plutonium Contaminated Material (PCM) generated from operations at nuclear sites across the UK.

A chamber or 'magazine' is a reinforced concrete bunker, with a series of small rooms leading off from a raised concrete railway platform and rail bay. Once filled, the magazines were sealed and the highly radioactive material stored for decades before a programme to repackage and remove the material from the LLWR site to Sellafield began.

Magazine retrievals facilities were constructed, which allowed employees wearing protective air-fed-suits to characterise, size reduce and repackage the PCM so it could be sent to Sellafield.

Although the magazines were emptied, the structures, plant and equipment remaining inside were highly contaminated.

In 2013, LLWR set out on a 10-year programme to decommission the bunkers. The work involved decontaminating and taking down structures, dealing with highly radioactive surfaces and cutting and lifting over 200 300kg concrete sections.

The programme team has worked collaboratively with the supply chain, focused on improvements, learning and efficiencies. For instance, when Magazine 10's void concrete ceiling was taken away to allow access for decontamination, 144 slabs each weighing 300kg had to be removed. The team applied their learning to the next magazine, where only 27 slabs had to be removed. Strategically-drilled holes provided access for checking contamination, saving time and money. More than 400,000 working hours took place without a lost time accident.

As well as finishing the work early, and achieving major savings, completion marks a long-standing promise to remove all PCM from the site and decommission the facilities.

Bringing about a real change in the site's skyline, the work by LLWR is a fantastic step towards our strategic outcomes 42 and 43, relating to buildings being decommissioned, demolished or reused.

Triple clean-up at Magnox ponds

Site Decommissioning and Remediation

The UK's earliest nuclear power stations were the Magnox sites, so called because the uranium fuel elements were clad in a non-oxidising magnesium alloy.

Three of our Magnox sites achieved major milestones in their ponds' decommissioning programme last year.

All Magnox spent fuel ponds are completely different. Some have two ponds and others just one, while some are fairly clean compared to others that are cluttered and highly contaminated. This means the clean-up process is far from 'one size fits all'.

Workforces at Dungeness A, Oldbury and Sizewell A last year all completed comprehensive programmes to drain and clean their ponds, deploying a variety of technologies and techniques.

Teams of commercial diving specialists from the US were deployed at Dungeness and Sizewell to cut up and retrieve underwater items, while Oldbury's relatively clean ponds were emptied using more standard methods.

Operators worked in a challenging radioactive environment to remove empty skips, sludge and other debris before draining off the water.

When operational, Dungeness's two ponds held 2,000 cubic metres of water, which has now been drained out and filtered. After divers completed their work, a mechanical long-reach grab retrieved remaining items while residual sludge was removed by an industrial-sized wet vacuum cleaner.

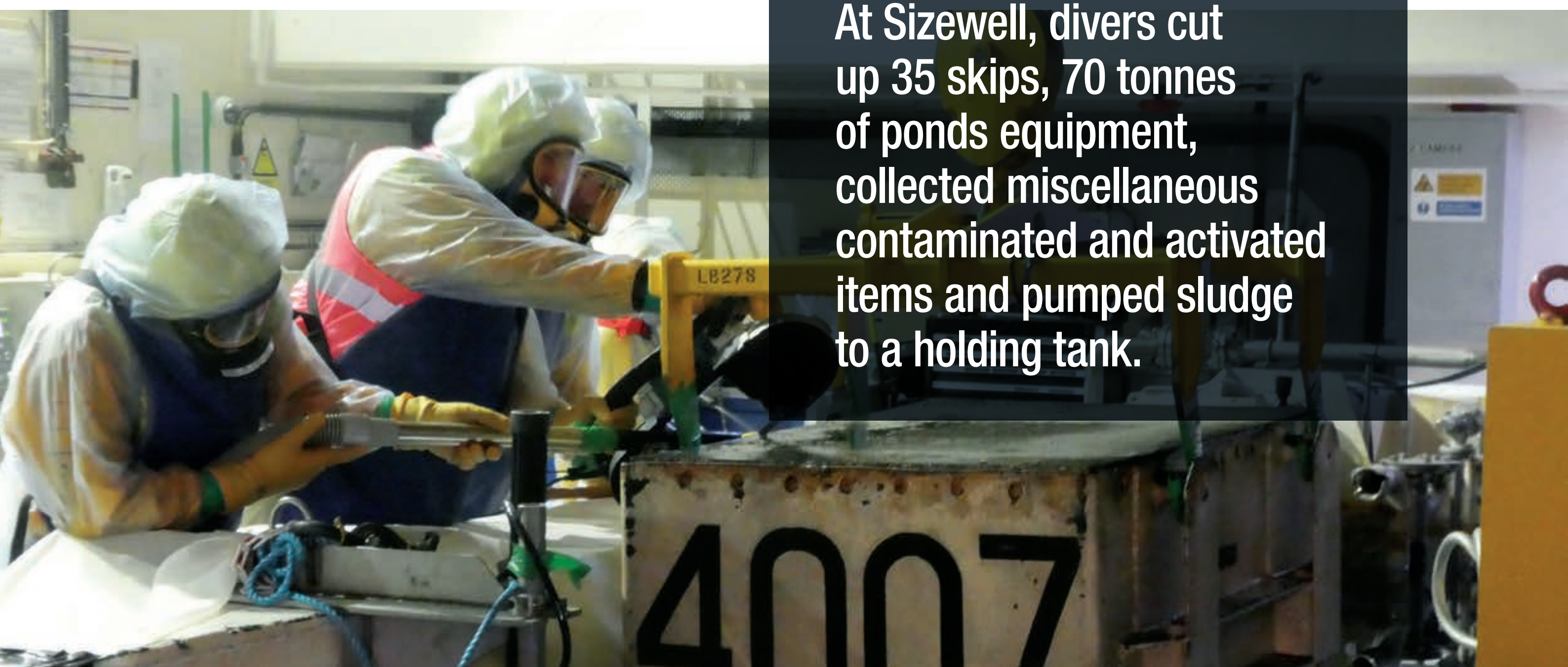
At Sizewell, divers cut up 35 skips, 70 tonnes of ponds equipment, collected miscellaneous contaminated and activated items and pumped sludge to a holding tank. A conventional hoist removed pond equipment.

The pond at Oldbury, one of the newest Magnox sites, is the size of an Olympic swimming pool. Along with 40 tonnes of redundant equipment, a variety of wastes have been removed and disposed. Skips here were cut up in air using bespoke steel shielding which protected workers.

This decommissioning milestone is very significant for us in terms of hazard and risk reduction.

Across the 10 Magnox reactor sites, the ponds clean-up programme was anticipated to cost around £300 million. Introducing innovative processes and shared learning have reduced the earlier original estimate by £45 million.

At Sizewell, divers cut up 35 skips, 70 tonnes of ponds equipment, collected miscellaneous contaminated and activated items and pumped sludge to a holding tank.



Taking care of our people

Critical Enablers - Health, Safety, Security and Environment

The health and safety of our people and communities is at the heart of everything we do, with mental wellbeing as important as physical safety.

A cross-NDA group project was launched last year to help everyone feel more able to talk openly about mental health in the workplace and ensure our employees understand how to access help if they need it.

In 2019 we reaffirmed the importance of mental health and wellbeing and established a special project with the aim of embedding a strong mental health culture.

Steps along the way to making positive improvement include standardising our various employee assistance programmes, collaborating on national awareness campaigns and developing consistent ways to measure success in this area. Each business has also committed to meet the standards set out in the 'Thriving at Work' report and progress is reported at the quarterly performance reviews.

Strong leadership is a key factor in ensuring mental health is embedded into our culture and executive sponsorship is in place across businesses, led locally in the NDA Corporate Centre by Adrian Simper, our Strategy and Technology Director. Mental health first aiders have been put in place by most businesses in the group, and we've trained 14 in the NDA Corporate Centre.

Their role is to help people to access support and encourage them to speak up about mental health and seek help if needed. We've also enlisted the guidance and support of charities like MIND and the Samaritans, with staff across the group fundraising to support their important work.

Early signs are showing that the focus is starting to pay off. A recent survey carried out with staff across the entire NDA group, showed a 30% increase in employees who responded who agreed that mental health is openly discussed in the workplace, compared to two years ago. The survey also showed that 91% of respondents know how to access support if needed – and we'll be working hard to get this figure up to 100% across our 15,000 strong workforce. Marking the success of the project so far was a major highlight of our first ever NDA group Safety and Wellbeing Awards last year.

Looking ahead to next year, we will be focusing on achieving some more of the 'Thriving at Work' report recommendations and effectively measuring wellbeing across the group. We'll also be increasing awareness and encouraging people to speak openly about mental health through supporting national campaigns.

There are many different ways in which the report describes the progress we've made, including how many buildings we've demolished, how much fuel we've reprocessed and how much waste we've treated and stored.

Reporting on our Progress

Critical Enablers - Public and Stakeholder Engagement

Our Mission Progress Report was designed to help communicate the progress we're making to our stakeholders

We launched our first iteration of our Mission Progress Report last year, marking the beginning of a whole new approach to talking about our mission, and the progress being made.

Since we began in 2005, the NDA has made excellent progress in dealing with some of the most complex nuclear risks in the world. However, being able to clearly and simply visualise what that progress actually looks like is no small task.

Our work to clean-up and decommission our 17 nuclear sites includes: managing the spent fuels from Magnox reactors, safely transferring and storing radioactive materials in more modern facilities or treating and packaging various types of radioactive waste. This leads us to the ultimate goal of being able to hand back the land we currently own, making it available to communities for other uses.

How do you go about explaining how far we've come in all of this, what's left to do, the priorities and what strategic decisions have to be made on a mission of this size, complexity and uncertainty?

In the two years leading up to publication of our first report we developed a way of telling our story more easily. By breaking down our mission into 47 significant milestones or 'strategic outcomes', which all relate to our 4 strategic themes, we were able to start to more easily show where we are along the road to cleaning up our sites.

There are many different ways in which the report describes the progress we've made. Some of those include how many buildings we've demolished, how much fuel we've reprocessed and how much waste we've treated and stored. And, for the first time, we've used the same metrics for land, buildings and nuclear inventory - providing a clearer and more consistent picture for people to understand.

Developing a really useful engagement tool involves extensive engagement in itself. Mission Progress Reporting is a cross-NDA group project, demonstrating the benefits of working collaboratively. Its creation involved all businesses across the group to ensure we're telling the whole story.

Regular discussion with and feedback from Government, local authorities, regulators, local stakeholder groups and staff has helped to shape the programme and following publication last year, ensured that the report was communicated clearly.

This method of reporting progress will continue to evolve and at every step, we'll be looking to our stakeholders for their input and views.

Connecting with our stakeholders at annual summit

Critical Enablers - Public and Stakeholder Engagement

Such is the complexity and scale of our environmental clean-up programme, our work spans many sites and communities and maintaining strong and productive relationships with our stakeholders is vitally important.

In July last year, we held our third annual stakeholder summit, bringing together over 200 guests from across the UK and overseas to help inform and advance our work with stakeholders and the communities in which we operate.

The summit is a fantastic opportunity to see first-hand the spirit of collaboration that brings together many of the people who are interested in how we're cleaning up the UK's earliest nuclear sites. Among the visitors were representatives from around our 17 sites, trade unions, regulators and campaign groups.

The event encourages important dialogue about our work, including how we manage the radioactive waste held on our sites. Guests heard from a number of important speakers on the excellent progress being made on the ground and the challenges being faced. While our plenary sessions saw people from across the NDA group and stakeholders discussing some important issues including the UK's search for a community that would be willing to host a geological disposal site for higher activity radioactive waste.

The summit was held in the new Coleg Menai on Anglesey in north Wales, a few miles down the road from the home of our Wylfa site. The inspirational facilities are a fantastic example of the NDA's approach to building sustainable post-nuclear communities around our sites. The project benefited from £4 million of funding from the NDA in 2014 to help create a state-of-the-art engineering and construction centre.

The summit is a fantastic opportunity to see first-hand the spirit of collaboration that brings together many of the people who are interested in how we're cleaning up the UK's earliest nuclear sites.

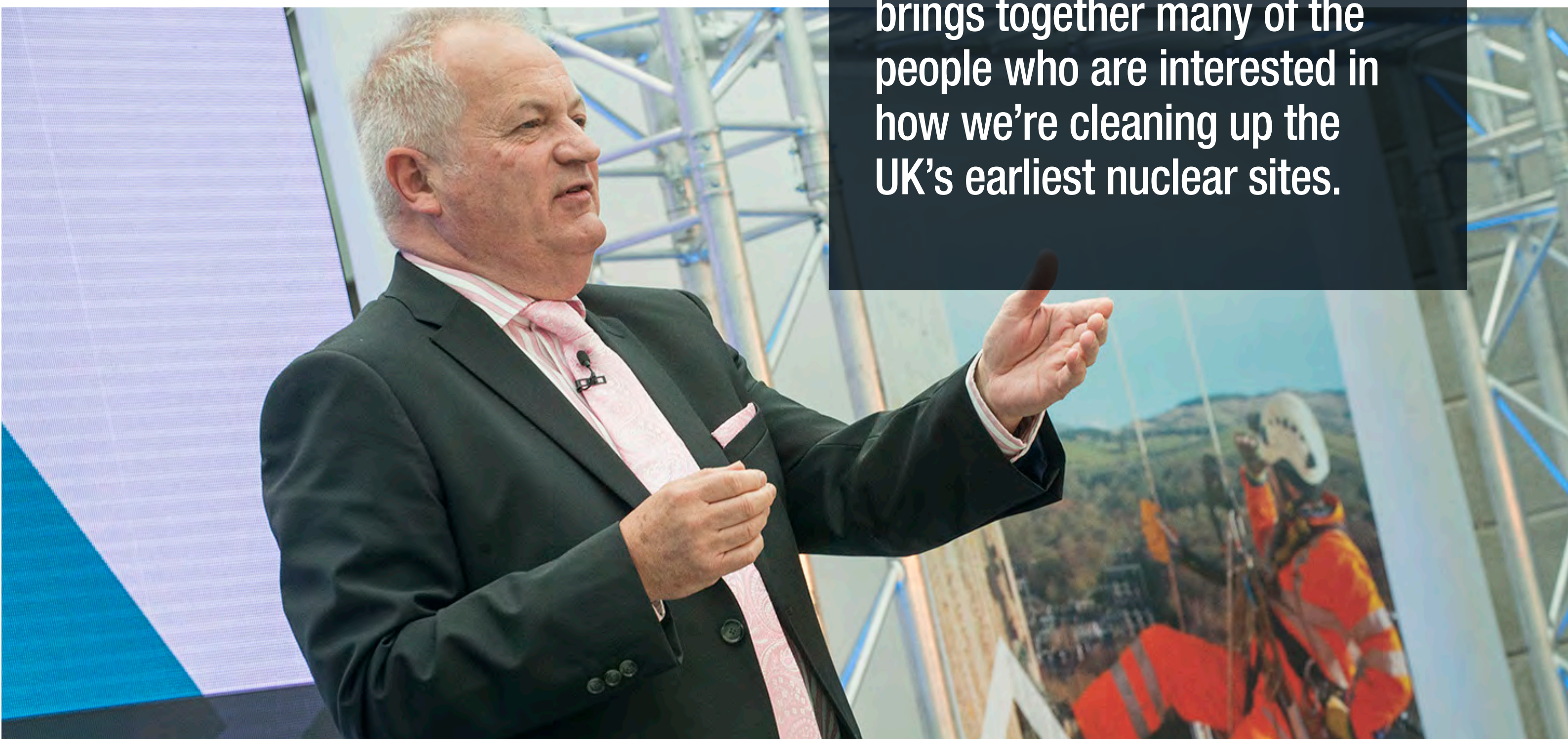


Image – copyright LT Studio (Landscape Architects) images of the foundations and concrete pour from March 2019

Funding to support West Somerset regeneration scheme

Critical Enablers - Socio Economics

One of the ways in which the NDA unlocks community support, is by flowing funding through our businesses. They in turn can work locally with site communities, to direct support where it can make most difference.

Last year work started in West Somerset on a community-led arts regeneration programme with a £250,000 investment by the NDA and Magnox.

In rural Watchet, west Somerset - around 12 miles away from Magnox's Hinkley Point A Site - a £6.7 million transformation project is being led in the area by social enterprise Onion Collective CIC, which drives local community-led regeneration to build a stronger economy. The NDA funding has been provided through Magnox towards a substantial local arts regeneration programme, which started in 2019 and is due to complete in 2021.

The project has been developed in extensive collaboration with the Watchet community and council. It will be home to more than 15 entrepreneurs and organisations.

The project has been developed in extensive collaboration with the Watchet community and council. It will be home to more than 15 entrepreneurs and organisations, including an art gallery, geology workshop, print studio and a hand-made paper-mill. The project will also house an education and project space, a community workshop, office space and expects to create around 52 full time roles as well as a number of apprentices. The project makes use of semi-derelict land on the quayside adjacent to Watchet Marina and the Esplanade.

In agreeing our support for the project, we carefully considered the economic impact for local people. 47 jobs are being created as a result of the programme, including 5 apprenticeships. In addition, it will safeguard 17 other jobs and provide a further 70 in temporary construction positions. The development is estimated to bring in £6 million in additional tourism spend, with an associated 109 indirect jobs, creating a vibrant atmosphere and a buzz on the quayside all year around.

The build began on site in December 2019, and good progress has been made to the foundations with the concrete pour in February and early March. If you would like to find out more about the project, please go to www.onioncollective.co.uk

Inspiring the next generation

Critical Enablers - People

Recruiting and retaining the right people to support our mission is a top priority across the NDA group. An important focus is ensuring we are an industry and employer of choice for young people.

Last year we launched our Early Careers Strategy – an important step in developing and attracting the next generation into our industry.

Engaging with young people from an early age is an essential part of inspiring our future nuclear leaders. Our new Early Careers Strategy sets out a pathway of engagement and opportunity, starting at primary school and going right through students' educational journey and then into their chosen NDA career.

The strategy will see us leading on a number of important projects in the coming years to support exciting, meaningful and rewarding careers for young people. We'll be working with the Nuclear Skills Strategy Group on the 'Exciting the Next Generation' programme. This aims to excite young people about a career in the nuclear sector, help teachers to bring the curriculum on nuclear to life, and provide meaningful careers advice on the huge range of roles and opportunities within the sector.

The Nuclear Skills Strategy Group is also developing a brand new digital platform providing a one-stop-shop for nuclear careers which will launch in late 2020.

Our strategy will also see us extending our focus from STEM (science, technology, engineering and maths) subjects to STEAM, integrating the Arts for young people. The NDA group offers a range of careers from scientific and technical careers to roles in project management, communications and HR.

The strategy continues our commitment to equality, diversity and inclusion, seeing these priority areas incorporated into our attraction and recruitment policies. Importantly, our Early Careers Strategy will help us deliver targets set out in the Nuclear Sector Deal, including improving diversity across the sector to achieve 40% female participation in nuclear by 2030. It also reinforces our commitment to recruiting future talent by increasing the numbers of apprentices, graduates and PHD students.

We're confident as we look ahead to our future skills requirements, that we are developing the NDA group as an attractive and competitive career proposition for young people. Careers and development will be supported to enable the younger generation to grow and thrive and be confident that their talent, skills and dedication are used to support one of the most important environmental clean-up progarammes in the world.

Calling on our supply chain to develop new ways of decommissioning

Critical Enablers - Research and Development

The success of our mission depends upon innovation. The ability to overcome challenges depends on novel ways of thinking and developing new technologies.

Last year we launched a new challenge for our supply chain, asking them to bring forward their ideas for tackling a high-hazard decommissioning challenge at Sellafield.

We're always looking for new solutions to our decommissioning challenges and that's why we launched our Integrated Innovation in Nuclear Decommissioning (IIND) challenge.

Innovative technology using robotics, virtual reality and 3D imaging is at the forefront of clean-up operations on our nuclear sites. The challenge set was to develop integrated remote or robotic solutions that could access confined spaces, rooms, cells and buildings at Sellafield. We also needed to be able to accurately measure radioactivity levels and deploy robotic equipment to cut up large items, separate the waste and retrieve it for safe storage.

Launched in 2017 with funding from the NDA, Innovate UK and the Department for Business, Energy and Industrial Strategy (BEIS) totalling £8.5 million over 2 years, competition attracted over 100 businesses. Five collaborative consortia were shortlisted, comprising almost 30 organisations, taking their ideas from drawing board to reality, before the final winners were chosen.

Two winning projects were chosen to take their ideas forward to help tackle the decommissioning of highly radioactive facilities. The two consortia, led by Barrnon and Jacobs are now working towards demonstrating their projects at the nuclear site. They have the potential to enable a step change for nuclear decommissioning and could help to decommission scores of and clean up a number of radioactively contaminated 'cells' that were used to reprocess spent nuclear fuel over many decades.

The ideas could also be transferred to different facilities at Sellafield and other nuclear sites with wider applications across other hazardous environments.

Accountability Report

Directors' Report

The NDA is an Executive Non-Departmental Public Body, established by the Energy Act (2004) to oversee and monitor 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 comprise of the Group CEO, Group CFO and non-executive board members whose details are set out in the Governance Statement on pages 49 to 72.

Directors' interests

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

Rob Holden declared a commercial interest. He is a Non-Executive Director of NNB Generation Company (SZC) Ltd, Director of Electricity North West Ltd and Director of North West Electricity Networks Ltd and will therefore, be excluded from any involvement with Moorside deliberations.

Michelle Heath is a business consultant who, on occasion, conducts business within the nuclear sector. Conflicts with NDA business are actively avoided, but recent nuclear work with an NDA supplier means Michelle has excluded herself from any discussions regarding the Dounreay site.

All other directors have no personal, private or commercial interests which present material conflicts with their role as a director of the NDA. A full register of Directors' interests is available at nda.gov.uk.

Auditor of the NDA

The NDA is audited by the Comptroller and Auditor General (C&AG) in accordance with the Energy Act (2004). The services provided by the C&AG relate to statutory audit work for the NDA. No fees were paid to the C&AG for services other than statutory audit work.

Pensions

NDA employees are eligible to participate in the Civil Service Pension Arrangements. A small number of employees who transferred to the NDA from INS in 2019 continue to accrue benefits in the UKAEA Combined Pension Scheme. Employees

within the group participate in various defined benefit pension schemes detailed in note 26 to the accounts.
Group employees also participate in various schemes which are accounted for on a defined contribution basis, with details given in note 26 to the accounts.

Better payment practice

The NDA supports the Better Payment Practice Code in its treatment of suppliers with the aim of paying undisputed invoices as soon as possible. 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 those terms.

During the year, the NDA has achieved a 91.23% success rate for payment of suppliers in accordance with terms (2018/19 – 92.90%). The average number of payment days from invoice date was 31 days and for a valid invoice, (i.e. one with all details correct and entered on the accounting system), 12 days (2018/19 - 32 days and 13 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 23.49 days (2018/19 – 13.65 days).

As a result of the coronavirus, COVID 19, outbreak the NDA is to comply with the Procurement Policy Note (PPN) 02/2020. The PPN sets out information and guidance for public bodies on payment of their suppliers to ensure service continuity during and after the outbreak. Contracting authorities must act now to ensure suppliers at risk are in a position to resume normal contract delivery once the outbreak is over.

Personal data

There were no data breaches or loss of personal data during 2019/20.

Other disclosures

Some disclosures required in the Directors' Report have been included elsewhere in the Annual Report. Disclosures on equal opportunities, learning and development and how the NDA engages with all staff are in the Remuneration and People Report on pages 73 to 82. Details of investment in socio-economic developments, research and development and funding, counterparty and foreign exchange risk are all included in the financial statements. The NDA's environmental performance is detailed in the Health Safety, Security, Environment and Wellbeing report on pages 83 to 85.

Events after the reporting period

On 10 July 2020 the NDA announced its decision to acquire the share capital of Dounreay Restoration Services Ltd (DSRL) and Low Level Waste Repository Ltd (LLWR), thereby bringing the companies into the NDA Group in a future reporting period.

Going concern

A full explanation of the adoption of a going concern basis appears in note 2.1 of the financial statements.

Statement of Accounting Officer's Responsibilities

Under Section 26 of the Energy Act 2004, the Secretary of State, with the approval of HM Treasury, has directed the NDA to prepare for each financial year 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, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Secretary of State with the 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 as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Accounting Officer for the Department for Business, Energy and Industrial Strategy has appointed the Chief Executive Officer as Accounting Officer of the NDA.

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 and for safeguarding the NDA's assets, are set out in Managing Public Money published by HM Treasury.

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

David Peattie
Accounting Officer and Chief Executive Officer
13 July 2020

Governance statement

The NDA is sponsored by the Department for Business, Energy and Industrial Strategy (BEIS). UK Government Investments (UKGI) provides strategic oversight of the NDA's corporate governance and corporate performance, working closely with and reporting directly to BEIS senior officials and providing advice to BEIS Ministers. The formal agreement between the NDA and BEIS is set out in a Framework Document, supported by a Memorandum of Understanding between BEIS and UKGI. The Scottish government also has a governance role, working closely with BEIS to ensure its expectations are met.

The following Governance Statement provides an insight into the corporate governance framework for the NDA and its group entities during 2019/20. The framework is used to measure the performance and effectiveness of the NDA in the delivery of its strategic and operational objectives.

The NDA's Governance Framework

The NDA is governed through: the Energy Act (2004); the Government's NDA Framework Document; and Cabinet Office guidelines for Non-Departmental Public Bodies (NDPBs).

Board and board committees

The NDA Board sets the strategic framework and direction for operations and is responsible for ensuring high standards of corporate governance at all times; agrees plans against which the NDA performance is measured; and maintains an appropriate control framework that provides assurances on risk assessment and the application of appropriate controls.

The Board delegates the day-to-day management of the NDA group to an executive team, comprising of two board members: the Group Chief Executive and Accounting Officer and Group Chief Financial Officer; and other executive members. The Chair of the Board is accountable for delivering obligations under Energy Act 2004 and providing effective leadership and direction of the Board. The Group Chief Executive and Accounting Officer is responsible for leadership and operational management of the NDA and is accountable to the Board and Parliament for NDA activities, public funds employed and ensuring targets are met.

Governance statement continued

The following table sets out the purpose of the board, board committees; and executive committees.

Board and board committee		Purpose	Meeting Chair
Non-Executive Chair	NDA Board	The NDA Board sets the strategic framework and direction for operations and is responsible for ensuring high standards of corporate governance at all times; sets the risk appetite; agrees plans against which the NDA performance is measured; and maintains an appropriate control framework that provides assurances on risk assessment and the application of appropriate controls. The Board delegates oversight of certain risk topics and themes to sub-committees and the day-to-day management of the NDA group to the executive team, comprising the Group Chief Executive and other directors.	Chair
	Audit and Risk Assurance Committee (A&RAC)	The committee provides advice and assurance to the Board on risk, control and governance. The committee oversees audit and financial reporting; advises and reports on the plans, activities and performance of internal and external audit; and provides an assessment of assurance reliability and integrity. The committee oversees the effectiveness and quality of the group risk management framework and monitors risk exposure against group risk appetite.	Non-Executive Board Member
	Nominations Committee (NOMCO)	To consider the composition and skills of the Board, advise on the structure and size of the committees, and assess succession planning and talent management.	Chair
	Remuneration Committee (REMCO)	To advise the Board on remuneration, and monitor performance of Executive members.	Non-Executive Board Member
	Safety and Security Committee (S&SC)	To support the Board on discharging responsibility across the NDA estate relating to Health, Safety, Environment, Nuclear Safeguards and Security matters.	Non-Executive Board Member
	Programmes and Projects Committee (P&PC)	To advise the Board on sanction, performance and assurance of programmes and projects.	Non-Executive Board Member

Governance statement continued

Executive Committees		Purpose	Meeting Chair
Group Chief Executive Officer & Accounting Officer	Executive Committee	Accountable for implementing strategy and plans approved by Board. Includes sanction and decision making.	Group Chief Executive Officer
	Executive Audit, Risk and Assurance Committee	To oversee the effectiveness and quality of the group risk management framework, processes and practices and monitor risk exposure against group risk appetite. To monitor and manage risk and assurance mechanisms. To monitor findings from audit and assurance reviews.To advise the Board Audit and Risk Assurance Committee.	Group Director of Risk and Assurance
	Finance and Performance Committee	To review and approve annual reports and accounts and recommend to the Board for approval. To review sanction plan and approve sanction requests within delegation and endorse onward submission where required. To review overhead and headcount budget and review group performance in preparation for Quarterly Performance Reviews.	Group Chief Financial Officer
	Sanction Committee	To review and sanction work activities across the NDA estate, including programmes, projects, procurements, IT expenditure, contracts, asset disposal, and investment opportunities. Further approval by the NDA Board and government may also be required.	Group Chief Financial Officer
	Strategy Committee	To approve business and technical strategies. To review the portfolio of strategic decisions/initiatives under development and endorse for forward submission to the Sanction Committee.	Group Director of Nuclear Strategy and Technology

Governance statement continued

As at 31 March 2020, the NDA Board comprised of seven Non-Executive Members, including the Non-Executive Chair and two executive members, including the Group Chief Executive Officer & Accounting Officer and Chief Financial Officer. The table below set out the names of the Board members during the period 1 April 2019 to 31 March 2020, their respective terms of office and membership of Board committees.

		Board Committee Chair	**Term of Office Ends/ Ended**
Non-Executive Members			
Tom Smith	Non-Executive Chairman	NOMCO	31 August 2020
Janet Ashdown	Non-Executive Member & Senior Independent Member	S&SC	31 January 2022
Volker Beckers	Non-Executive Member	A&RAC	31 January 2021
Evelyn Dickey	Non-Executive Member	REMCO	31 January 2022
Rob Holden	Non-Executive Member	P&PC	31 January 2021
Alex Reeves(1)	Non-Executive Member		31 January 2025
Michelle Heath(2)	Non-Executive Member		30 June 2020
David Long	Non-Executive Member		15 January 2020
Candida Morley	Non-Executive Member		03 June 2019
Executive Members			
David Peattie	Group Chief Executive Officer & Accounting Officer	Not applicable	Not applicable
Mel Zuydam(3)	Group Chief Financial Officer	Not applicable	Not applicable
David Batters(4)	Group Chief Financial Officer	Not applicable	11 July 2019

Notes:
(1) Alex Reeves was appointed to the Board on 1 February 2020
(2) Michelle Heath was appointed to the Board on 1 October 2019
(3) Mel Zuydam was appointed to the Board on 6 January 2020
(4) David Batters term of office as Chief Financial Officer ended on 11 July 2019.

Governance statement continued

The following table provides details of Board Member's attendance at Board and committee meetings during the period 1 April 2019 to 31 March 2020.

Total number of meetings	**Board 10**	**A&RAC 6**	**REMCO 5**	**S&SC 4**	**P&PC 8**	**NOMCO 2**
Non-Executive Members						
Tom Smith	10	5(1)	2(1)	1(1)	3 of 3 3(1)	2
Janet Ashdown	10	6	-	4	-	2
Volker Beckers	9	6	4	-	-	2
Evelyn Dickey	10	-	5	4	-	2
Rob Holden	10	-	5	-	8	2
Michelle Heath (part year)	5 of 5	-	-	2 of 2	4 of 4	1 of 2
Alex Reeves (part year)	2 of 2	1(1)	1(1)	-	-	-
David Long (part year)	6 of 6	2 of 2 1(1)	1(1)	-	5 of 5	1 of 1
Candida Morley (part year)	2 of 2	0 of 1	-	-	-	-
Executive Members						
David Peattie	10	6(1)	5(1)	4	8	2(1)
Mel Zuydam (part year)	3 of 3	2(1)	-	-	2(1)	-
David Batters (part year)	3 of 3	2(1)	1(1)	-	2(1)	-
Board Observer						
Jenny McGeough (part year)	6 of 6	-	-	-	-	-

Notes:
(1) In attendance only

Governance statement continued

Board Members

Tom Smith

Chairman and Chair of the Nominations Committee

Tom began his career in the Diplomatic Service, working in London, Hong Kong and Beijing between 1979 and 1990, when he was part of the team that negotiated the 1984 treaty with China on Hong Kong.

In 1990 he joined Trafalgar House plc and held several senior positions before becoming Managing Director of Midland Expressway Ltd in 1997, where he led the development and construction of the M6 Toll, the UK's first privately financed toll motorway. He subsequently joined the Go-Ahead Group plc as Managing Director Rail Development and in over 10 years was instrumental in turning Go-Ahead into one of the country's largest passenger rail operators. He was Chairman of the Association of Train Operating Companies from 2009 to 2013. He was a Non-Executive Board Member of Highways England from 2014 to 2016.

David Peattie

Group Chief Executive Officer & Accounting Officer

David began his career at BP in 1979 as a petroleum engineer and, during 33 years at the company, held a number of technical, commercial and senior management positions.

His roles included Head of BP Group Investor Relations, Commercial Director of BP Chemicals, Deputy Head of Global Exploration and Production, Head of BP Group Planning, and finally as Head of BP Russia where he was responsible for BP's interests in the TNK-BP joint venture as well as its businesses in the Russian Arctic and Sakhalin. In addition, he was BP's lead Director on the board of TNK-BP and Chairman of its Health, Safety and Environment Committee.

David joined the NDA as Chief Executive Officer & Accounting Officer in March 2017 and in January 2020 David was invited to be Patron of Women in Nuclear, a position he was honored to accept.

Mel Zuydam

Group Chief Financial Officer

Mel is an experienced CFO with a strong track record in financial change, business growth, Mergers & Aquisitions (M&A) and Treasury, and effective performance management in the UK and international infrastructure and engineering sectors.
He's worked across the private and public sector, with organisations including Balfour Beatty, CH2M, and The Highways Agency, and as a CFO in both the listed environment and with private infrastructure investors such as GIC and JP Morgan.
Mel joined the NDA as Group Chief Financial Officer in January 2020.

Governance statement continued

Board Members

Janet Ashdown

Senior Non-Executive Board Member and Chair of the Safety & Security Committee

Janet worked for BP plc for over 30 years, holding a number of local and global positions in fuel supply, manufacturing, oil trading and retail marketing. She was a senior leader in BP, running BP's UK retail and commercial fuel business in her last role. Janet was, until the end of 2012, Chief Executive Officer of Harvest Energy Ltd.

Volker Beckers

Non-Executive Board Member and Chair of the Audit & Risk Assurance Committee

Volker was Group Chief Executive Officer of RWE Npower plc until the end of 2012 and prior to this, its Group Chief Financial Officer from 2003 to 2009.

He has worked as senior leader in RWE's regulated and non-regulated divisions internationally, grid (transmission and distribution level), retail, generation (including nuclear, conventional and renewable energy) and midstream businesses. Since 2013 Volker has held non-Executive roles in the public and private sector as as well as academia and charities.

Evelyn Dickey

Non-Executive Board Member and Chair of the Remuneration Committee

Evelyn has extensive human resources experience, leading design and delivery of major change programmes, business restructuring, employee relations, resourcing, executive remuneration, organisational capability and performance management initiatives.

Evelyn has worked in HR consultancy and as HR Director (HR Operations) for Boots the Chemist, before joining Severn Trent's HR function in November 2006, retiring as Director of HR in 2017.

Governance statement continued

Board Members continued

Rob Holden CBE

Non-Executive Board Member and Chair of the Programmes and Projects Committee

Rob led the London and Continental Railways (LCR) team in a series of transactions that secured the future of the Channel Tunnel Rail Link later renamed High Speed 1. In 2009 he was awarded a CBE for services to the rail industry.

Rob is a Chartered Accountant with a career background of managing long term projects including the Trafalgar and Vanguard classes of nuclear powered submarines and Crossrail. He now combines his non-executive role with advisory assignments on transport and defence projects both in the UK and overseas.

Alex Reeves

Non-Executive Board Member and UKGI Representative

Alex is a Director in UKGI, having joined its predecessor organisation, the Shareholder Executive, in 2010. Alex has led a variety of corporate finance and corporate governance projects for government, in sectors including aerospace, technology, steel, real estate and asset management. He currently leads on inward M&A, Royal Mail pension assets and other corporate finance projects, and runs UKGI's NED Forum.

Michelle Heath

Non-Executive Board Member

Michelle is an experienced business manager with a career spanning 20 years in the nuclear industry, holding senior positions within BNFL, Springfields Fuels Ltd and Toshiba Westinghouse. She has a range of operational, radiological, commercial and strategic experience and has focused her career on nuclear waste and residue processing. Michelle is well versed in the challenges of managing this material, and as Global Product Manager for Residues' Treatment for Westinghouse, has had many successes in developing processing options for a variety of waste types for a diverse range of international stakeholders. Since April 2018, Michelle has been self-employed.
Michelle resigned from the Board on 30 June 2020.

A register of interests for the Board members is maintained and available for the public to view at www.gov.uk/government/publications/nda-register-of-directors-interests

Board performance

Corporate governance compliance

The NDA supports high standards of governance and where appropriate, given the size, status and complexity of the organisation, has continued to develop its governance taking account of the principles set out in the Government Code of Corporate Governance and government guidance for an arm's length body. The NDA currently aspires to follow best practice aspects of the UK Corporate Governance Code which are relevant and applicable to a statutory authority. In 2020/21 the NDA will review how it complies with the UK Corporate Governance Code 2018 issued by the Financial Reporting Council. This will be in parallel with further developments under the One NDA framework and the Tailored Review of its governance.

The NDA is committed to having a diverse board in terms of gender, experience, skill, knowledge and background. The biographical details of the Board members together with details of the senior independent member can be found on pages 54-56. All Board and Board Committee meetings held during the year have been quorate. All decisions made by the board and its committees have been approved and recorded appropriately. The Board reviews the effectiveness of the terms of reference of each of its committees on an annual basis in line with best practice. The non-executive members bring a wealth of experience to the Board and complement the executive representation on the Board in the provision of challenge and scrutiny on operational and strategic matters. The Board's Remuneration Committee determines executive director remuneration and contractual arrangements in line with public sector pay under advice and guidance from HM Treasury and BEIS. The Chair's and Non-Executive Members' remuneration is set by BEIS. Further details on the remuneration of the executive members can be found in the Remuneration and People Report.

The Board has a collective responsibility for setting the strategic direction and the effective management of the NDA's affairs and ensures that it complies with the requirements of the Energy Act (2004), the government's NDA Framework Document, Cabinet Office guidelines for non-departmental public bodies and other statutory and contractual obligations.

The Board provides effective and proactive leadership within a robust governance framework of clearly defined internal controls and risk management processes. The Audit and Risk Assurance Committee has oversight of and provides challenge to the management and internal control systems and reports its findings to the Board. The Board has a formal schedule of matters reserved for board decisions and sets the NDA's group vision, values and standards of conduct and behaviour.

The unitary nature of the Board means that non-executive members and executive members share the same responsibility to challenge board decisions and development of the NDA's strategy and operations. The Board delegates operational management and the execution of strategy to the Group Chief Executive Officer & Accounting Officer and the Executive Team and has established a governance committee structure to provide it with assurance that it is discharging its responsibilities.

All Board members have full and timely access to relevant information to enable them to discharge their responsibilities. The Board places particular

Governance statement continued

emphasis on the quality and integrity of the data submitted for its use. Critical processes and outputs fall within the control of the NDA Assurance Framework and are subject to peer review and/or independent review by the NDA internal audit function which reports to the Audit and Risk Assurance Committee.

The Board met ten times during the year. At each of its meetings the board reviews key performance information, including reports on the NDA's group performance, operational activity, financial position, forecasts and sensitivities and delivery of its strategic direction; including taking an active role in stakeholder relations and seeking greater engagement with the workforce.

The proceedings at all Board and committee meetings are fully recorded through a process that allows any members' concerns to be recorded in the minutes and assurances provided. The Board meeting minutes are published on the NDA's public website. The Board ensures that a balanced assessment of performance is reported to BEIS and regularly reviews the main group strategic risks facing NDA group.

Board performance and effectiveness review

The Board undertakes an annual evaluation of its effectiveness, led by the senior Non-Executive Board Member.

Throughout 2019/20, progress was maintained on the findings from previous reviews including actions to address:

- Board agenda, papers, discussions and operating rhythm
- Board size, composition, succession planning and Committee structure; and
- Board role, expectations and relationship with government

Collective assessments by the Board during 2019/20 agreed that findings are being acted upon and good progress is being made in all key areas. Particular areas of note were:
- changes to the composition of the Board to strengthen and further improve effectiveness
- agreeing the first NDA group risk appetite profile approved 3rd December 2019
- improvements to the business case and sanctions process and
- a revised board induction programme.

The Board undertook a number of site visits to Sellafield, Chapelcross and Harwell and has sought greater engagement with the workforce through representation at Joint Consultation Group meetings.

During the year in review, the Board enlisted a senior external female executive as a Board Observer in association with the mentoring foundation.

The Board will continue to review the output and action plan arising from the 2019/20 effectiveness review over the course of 2020 and undertake a further effectiveness review during 2020/21.

Board Committees

The Board has five committees: Audit and Risk Assurance Committee (A&RAC); Nominations Committee (NOMCO); Remuneration Committee (REMCO); Safety and Security Committee (S&SC); and Programmes and Projects Committee (P&PC). Each committee membership is made up of non-executive board members. If executive directors are also members of a Board Committee then the majority members on the committee are non-executive board members maintaining the majority of votes. Each committee is chaired by a Non-Executive Board member with the exception of the Nominations Committee which is chaired by the NDA Chairman. The Group General Counsel and Company Secretary is a standing attendee at all Committee meetings. Each Committee works closely with the Audit and Risk Assurance Committee but reports directly to the Board by way of a committee chair's report and access to minutes. Urgent matters are escalated by the committee chair to the board as appropriate.

Audit and Risk Assurance Committee (A&RAC)

Number of meetings in the year: 6

The Audit and Risk Assurance Committee consists of 3 Non-Executive Board Members:

- **Volker Beckers (Chair)**
- **Janet Ashdown**
- **Candida Morley (to June 2019)**
- **David Long (from September 2019 to January 2020)**
- **Alex Reeves (from March 2020)**

The following persons may also attend the committee meetings:
Vacant – Standing Advisor (Julian Kelly stepped down as Standing Advisor on 8 October 2019)

- Group Chief Executive / Accounting Officer
- Group Chief Financial Officer
- Group Director of Risk and Assurance
- Group Security and Corporate Services Director
- Group Head of Internal Audit
- Group Chief Compliance Officer
- Head of Financial Operations
- External Audit Representation (NAO)
- Representative from Government Internal Audit Agency (GIAA)
- Chair of BEIS A&RAC
- NDA Chair
- Chairs of the SLC A&RACs

The Audit and Risk Assurance Committee is made up solely of non-executive board members and ensures continuous monitoring of the effectiveness of the financial and risk assurance control frameworks established by the NDA executives.

The Audit and Risk Assurance Committee advises the NDA Board on:

- the effectiveness and quality of group risk management framework and monitors risk exposure against group risk appetite;
- the strategic processes for risk management, information risk management, control and governance within the core NDA, and across the wider NDA group;
- assurances relating to the management of risk and corporate governance requirements for the NDA as an organisation;
- anti-fraud policies, whistle-blowing processes, and arrangements for special investigations;
- proposals for tendering for either internal or external audit services or for purchase of non-audit services from contractors who provide audit services; the accounting policies, the Annual Report and Accounts, matters arising from the external audit, and management's Letter of Representation to the external auditors;
- the plans, activities and performance of internal and external audit; and
- the adequacy of management response to issues identified by audit activity, including the External Auditor's Management Letter.

During the year, the Audit and Risk Assurance Committee has:

- focused on information management and security in particular cyber risk and the General Data Protection Regulation, the impact of the

Board Committees continued

Magnox Strategy on the nuclear provision and improvements to commercial contract management systems;
- provided oversight on the further development of the NDA's Risk and Assurance Frameworks
- supported the ongoing development and implementation of the Group Internal Audit Target Operating Model
- supported the development of a new A&RAC Compliance Charter and Framework
- ensured that the NDA accounting practices are in line with BEIS and HM Treasury guidance; and
- ensured the NDA met all financial reporting obligations.

Nominations Committee

Number of meetings in the year: 2

The Nominations Committee consists of 7 Non-Executive Board Members including the NDA Chair:

- **Tom Smith (Chair)**
- **Non-Executive Board Members**
  - o **Evelyn Dickey**
  - o **Rob Holden**
  - o **Volker Beckers**
  - o **Janet Ashdown**
  - o **David Long (from June 2019 to January 2020)**
  - o **Candida Morley (to June 2019)**
  - o **Michelle Heath (from October 2020)**
  - o **Alex Reeves (from February 2020)**

The following persons may also attend committee meetings at the invitation of the Chair:

- Group Chief Executive/Accounting Officer
- Group Human Resources Director

The ***Nominations Committee*** advises the NDA Board on the composition and skills of the Board.

During the year, the Nominations Committee has:

- reviewed the skills matrix of the Board
- reviewed the timings of Non-Executive Board Member terms of office and the appointment of a further non-executive director
- reviewed succession plans in the Corporate Centre and NDA group; and
- reflected on the diversity of the Board and the Corporate Centre.

Remuneration Committee (RemCo)

Number of meetings in the year: 5

The Remuneration Committee consists of 4 Non-Executive Board members:

- **Evelyn Dickey (Chair)**
- **Rob Holden**
- **Volker Beckers**
- **Alex Reeves (from March 2020)**

The following persons may also attend the committee meetings:

- Group Chief Executive / Accounting Officer except for discussion in relation to their own remuneration.
- Group Human Resources Director except for discussion in relation to their own remuneration.
- NDA Chairman
- NDA Non-Executive Board Members

Further details on the work of the Remuneration Committee is contained in the Remuneration and People Report on page 73.

Safety and Security Committee

Number of meetings in the year: 4

The Safety and Security Committee consists of 5 members (3 of which are Non-Executive Board Members):

- Janet Ashdown (Chair)
- Evelyn Dickey
- Michelle Heath (from October 2019)
- David Peattie (Group Chief Executive & Accounting Officer)
- Alan Cumming (Group Director of Nuclear Operations)

The following persons may also attend the committee meetings:

- Per Lindell – Standing Advisor
- NDA Chairman
- Group Director of Risk and Assurance
- Director of Health, Safety and Environment
- Group Security and Corporate Services Director
- Regulators (attend once per year)
- Group Chief Financial Officer
- Site Licence Company representatives (specific items)
- Chairs of the SLC S&SCs

The Safety and Security Committee supports the NDA Board in discharging its responsibilities in respect of issues of health, safety including both nuclear and occupational safety, environment, nuclear safeguards and security in the NDA group.

The primary responsibility for the majority of these issues within the NDA group lies with the businesses and duty holders. In particular the site licence companies have unambiguous responsibility for safety on their sites. However, the NDA has a duty of care over the operation of its whole group and in particular must ensure that the businesses discharge their responsibilities properly.

The Safety and Security Committee advises the NDA Board on:
- General issues of health, safety, environment, nuclear safeguards and security in the NDA group (current and projected);
- Specific matters of interest or concern, including the scrutiny of summary information supplied to the NDA Board;
- The appropriate Board response to specific health, safety, environment, nuclear safeguards and security risks and issues; and
- An external perspective on relevant good practices and industry trends, including recommendations as to when and where the Board should seek advice.

During the year the Safety and Security Committee has:

- Visited the NDA sites at Dungeness A, Wylfa and Dounreay to review performance and discuss safety with site staff.
- Engaged with our environmental regulators, SEPA and EA, by inviting senior regulators into committee to discuss current issues, and benchmark NDA performance against the nuclear sector.
- Encouraged the NDA's development of environmental performance indicators, and sustainability policy.
- Had oversight of improvements to HSE Framework and HSE Policy reviews.
- Focused on mental health issues.

The Committee's routine business this year has been to scrutinise the management of health, safety, security, environment and wellbeing risks and performance across the NDA group. Performance is benchmarked against relevant industry sectors, including high hazard, manufacturing, and energy, oil and gas.

From time to time, and as considered necessary, the Committee will receive reports from group businesses on events and accidents. This year, the Committee received detailed reports from Sellafield Ltd and LLWR Ltd on their improvement programmes.

The Committee also receives and commissions independent reports from NDA's in-house HSE and security and resilience teams, including trend analysis and reports of work undertaken by the NDA to promote high standards and encourage collaboration.

Programmes and Projects Committee (P&PC)

Number of meetings in the year: 8

The Programmes and Projects Committee consists of 4 members, 2 of which are Non-Executive Board Members:

- **Rob Holden (Chair)**
- **Tom Smith (to October 2019)**
- **Michelle Heath (from October 2019)**
- **David Long (from September 2019 to January 2020**
- **David Peattie (Group Chief Executive & Accounting Officer)**
- **Alan Cumming (Group Director of Nuclear Operations)**

The following persons may also attend committee meetings:

- Group Chief Financial Officer
- Group Director of Risk and Assurance
- Head of Sanction

The Programmes and Projects Committee provides additional oversight and scrutiny of Major Programmes and Projects within the NDA group. This includes but is not limited to: programmes and projects relating to engineering, procurement and construction, information technology, telecommunications, security, and real estate development. The Committee supplements Board oversight; it is not intended to supplant it.

The Programmes and Projects Committee advises the NDA Board on:

- progress of major programme and projects against approved business cases and funding
- assurance that emerging issues concerning major programmes and projects are understood and that mitigations are being appropriately pursued
- outcomes of assurance reviews (internal or external) and progress against actions plans to address any issues raised in these reviews
- the forward plan of programmes and projects/ business cases coming to the Board for approval.

During the year, the Programmes and Projects Committee has:

- provided oversight to and advised the Board on a number of major programme and projects business cases;
- reviewed the implementation of PPP and Sellafield Ltd transformation and had oversight of Magnox transition;
- provided oversight of proposed sanction and assurance improvements;
- provided oversight of completed assurance in support of impending board decisions and forward assurance in support of later board decisions.

Governance statement (continued)

Executive leadership team

David Peattie
Group Chief Executive Officer & Accounting Officer
Board and Executive Team member

David began his career at BP in 1979 as a petroleum engineer and, during 33 years at the company, held a number of technical, commercial and senior management positions.

His roles included Head of BP Group Investor Relations, Commercial Director of BP Chemicals, Deputy Head of Global Exploration and Production, Head of BP Group Planning, and finally as Head of BP Russia where he was responsible for BP's interests in the TNK-BP joint venture as well as its businesses in the Russian Arctic and Sakhalin. In addition, he was BP's lead Director on the board of TNK-BP and Chairman of its Health, Safety and Environment Committee.
David joined the NDA as Chief Executive Officer & Accounting Officer in March 2017 and in January 2020 David was invited to be Patron of Women in Nuclear, a position he was honoured to accept.

Mel Zuydam
Group Chief Financial Officer

Board and Executive Team member

Mel is an experienced CFO with a strong track record in financial change, business growth, M&A and Treasury, and effective performance management in the UK and International Infrastructure and Engineering sectors.
He's worked across the private and public sector, with organisations including Balfour Beatty, CH2M, and The Highways Agency, and as a CFO in both the listed environment and with private infrastructure investors such as GIC and JP Morgan.
Mel joined the NDA as Group Chief Financial Officer in January 2020.

Alan Cumming
Group Director of Nuclear Operations
Executive Team member

Alan Cumming joined the NDA as Group Director of Nuclear Operations in April 2018. He has responsibility for all operations, including health and safety.
A Chartered Civil Engineer and a Chartered Structural Engineer, Alan completed his nuclear training at Massachusetts Institute of Technology in Boston and has an MBA from Strathclyde Business School in Glasgow.
Before joining the NDA, Alan was Capital Projects and Engineering Director for Viridor, part of Pennon, Deputy Project Director for EDF Energy's New Build Nuclear Programme and Director of Projects for British Energy.

Governance statement (continued)

Executive leadership team

Kate Ellis
Group Commercial Director
Executive Team member

Kate joined the NDA in November 2017 from the Ministry of Justice, where she was Commercial Director for Her Majesty's Prison and Probation Service. Kate brings a wealth of valuable commercial knowledge and experience to NDA.

Previously, Kate was with BP for 22 years. She held several senior roles with the organisation, including Commercial Director of BP Shipping.

Neil Harnby
Group General Counsel and Company Secretary
Executive Team member

Neil is a senior executive lawyer, general counsel and company secretary with more than 25 years of international experience.
Neil joined the NDA in October 2019 and brings a wealth of experience, from advising and working with organisations including Royal Mail and General Electric.

Jeremy Harrison
Group Director of Risk and Assurance
Executive Team member

Jeremy joined the NDA in October 2018, following four years at HS2 Ltd.
Jeremy worked in the rail industry for 22 years. He pioneered early thinking on safety risk and then went on to lead on project and corporate risk. This included setting the standards and policies for risk management and value management, across the infrastructure projects on the national rail network.
Jeremy chaired the UK Risk Management Committee for BSI and supported government initiatives to improve risk management across major projects.

Governance statement (continued)

Executive leadership team

Frank Rainford

Group Security and Corporate Services Director

Executive Team member

Frank joined the NDA in February 2017 and is currently responsible for security, cyber, information governance, ICT, CEO Office, the Project Management Office and the provision of other Corporate Centre services.

Prior to joining the NDA, Frank spent three years as the executive responsible for the GE Aviation Aerostructures business in the UK and previously spent 21 years with BAE Systems and predecessor companies in the UK and Saudi Arabia, holding several senior roles including Transformation and Project Management Director. Frank studied at Lancaster University gaining an MBA and MSc in Project Management.

Dr Adrian Simper

Group Director of Nuclear Strategy and Technology

Executive Team member

Adrian joined the nuclear industry in research and development at Sellafield. His subsequent career has included strategic roles in research and development, technology, project delivery, commercial and finance both in the UK and the US.

Adrian joined the NDA in October 2005, he is also the NDA Group Mental Health Champion.

He was appointed to the Order of the British Empire (OBE) in the 2017 New Year Honours' list, recognising his services to the UK nuclear industry in Japan.

Duncan Thompson

Director of Group Development

Executive Team member

Duncan has a mechanical and environmental engineering background with management experience gained over 27 years in the UK and overseas. He has worked for The London Stock Exchange, Ford, British Overseas Aid and Unicef and as a management consultant he worked with companies including National Grid Transco, Railtrack and BP.

From 2014 he led the work to bring Sellafield in as a subsidiary of the NDA and then, as Sellafield Programme Director, embedded and ran those subsidiary arrangements.

In April 2019 Duncan took on the new role of NDA Group Development Director, responsible for development and implementation of a group structure that best delivers our mission.

Executive leadership team

Paul Vallance

Group Director of Communications and Stakeholder Relations

Executive Team member

Paul began his career at BNFL, becoming Group Communications Director. He joined the NDA in June 2016 from Rolls-Royce, where he held a number of senior positions. Paul was part of the executive team that established Rolls-Royce's nuclear sector, which included both the Civil Nuclear and Submarines businesses. Paul was also the customer lead for a number of Rolls-Royce's key commercial relationships.

David Vineall

Group Human Resources Director

Executive Team member

David has a wealth of experience within the industrial sector having held a series of senior HR leadership roles in TATA Steel in Europe, BAE Systems and GEC Alsthom. Roles have included HR Director for the TATA Steelmaking Operations in South Wales and HR Director for Shipbuilding and Support business across Glasgow and Portsmouth within BAE systems.

David joined the NDA in April 2014 and plays a leading role in skills as a Board member for the ECITB (Engineering Construction Industry Training Board), deputy chair for the Nuclear National Skills Strategy Group and vice chair for the National College for Nuclear.

Governance statement (continued)

Executive committees

The Group Chief Executive and Accounting Officer is responsible for leadership and operational management of the NDA and is accountable to the Board and Parliament for implementing the strategy and plans approved by the Board and BEIS.

The Group Chief Executive and Accounting Officer is supported by an Executive team (the “Executive”) comprising of: Group Chief Financial Officer; Group Director of Nuclear Strategy and Technology; Group Director of Nuclear Operations; Group Human Resources Director; Director of Group Development; Group Director of Risk and Assurance; Group Commercial Director; Group Communications and Stakeholder Relations Director; Group Security and Corporate Services Director, and General Counsel and Company Secretary. Biographies of each can be found on pages 63 to 66.

The Executive has in place a meeting governance structure that aligns with that of the Board and the roles of each are set on pages 50-51. The Executive Committees meet monthly over a two-day period.

Financial control

The NDA has strong financial controls to ensure it remains within its budgetary spend for 2019/20 of £3.2 billion. It has well-defined delegated authority and a clear budgetary framework. The system remains effective with no significant issues identified by internal or external audit during the year.

Control of programmes and projects across the group is exercised by the Executive through the Sanction Committee and Board Programmes and Projects Committee.

Risk management

Effective management of risk enables us to achieve our mission of decommissioning the UK’s nuclear legacy safely, securely and cost-effectively.

Risk management is a key decision making tool for the NDA group. This allows us to proactively identify the opportunities and threats that are relevant to our business. To achieve our business objectives requires minimising and managing the impact of threats, maximising and exploiting our opportunities and ensuring that the risks are considered proportionately when taking business decisions. Embedding risk management at the heart of our decision making will be achieved by establishing a positive risk culture, where open and transparent discussion of risk forms part of everyday business. We will lead this by:

- providing a supportive environment where people can have open collaborative conversations about our risks and feel comfortable escalating risks and concerns;
- regularly discussing our risk appetite by understanding the effort required to manage the risk, so that our people are empowered to seek business opportunities and be innovative and creative;
- ensuring that our people have the skills and knowledge to manage risks effectively; and
- ensuring that key risks are visible, owned, actively managed and prioritising support where it’s most needed

The Board is ultimately accountable for NDA risks. All staff across the NDA group businesses have a duty to make sure risks in their areas of responsibility are identified, managed and reported. The responsibilities of our site licence companies are defined clearly through the regulatory framework.
The NDA requires all parts of the group to align risk processes, appetite, procedures and documents to enable a consistent picture of the group’s risk landscape and profile.

The identification and management of strategic and delivery risks, demonstrates that the NDA has robust planning, forecasting and control of risks. This supports the prioritisation for our assurance activities.

Governance statement (continued)

A review of the risk management framework carried out by a secondee from the British Business Bank during 2018/19 highlighted areas of weakness. These findings, combined with the experience of the incoming Group Director of Risk and Assurance, have led to the development of a significant risk management improvement plan. The plan includes development of a structured and integrated risk appetite approach, collaborative work to develop a common risk management framework across the NDA group, improvements to forecasting and contingency management and a systemic and holistic consideration of risk.

Risk hierarchy

During the first half of the year NDA were reporting Corporate Strategic Risks (CSRs). In October 2019 NDA redefined its Strategic Risks to be Group Strategic Risks (GSRs).

The group risks and group strategic risks are the most significant risks to the NDA group. The criteria for consideration are as follows:

Group Risks:

- risks to the existence of the NDA group
- risks impacting mission delivery
- risks requiring group level management
- risks of a systemic nature
- cumulative / aggregated risks
- any risk with very high impact from Probability Impact Diagram
- any risk exceeding NDA group risk appetite limits

Group Strategic Risks:

- mission critical risks
- existential risks

The CSRs were used as a baseline in redefining the GSRs and this mapping can be seen in the table opposite.

NDA businesses present their top risks and explain their management of them through the Quarterly Performance Review process. In addition, the NDA Corporate Centre risk team is engaging in additional challenge and assurance in relation to risks across the businesses. These may be subject to Board Committee deep dive, an example being a particular safety risk from our Sellafield business.

Horizon scanning and emerging risk

Our overarching risk management framework provides for the recognition and escalation of emerging risks. Our collaborative work across the NDA group businesses, with the Heads of Risk, has developed significantly this year as well as Corporate Centre focus with Risk Champions. This has included collective identification of joint risks and sharing on emerging / evolving risks. This will continue as the group-wide risk management framework matures.

Group strategic risks

Ref	Group Strategic Risks	Related Corporate Strategic Risks	Key NDA Risk Controls
1	Loss of stakeholder confidence due to inadequate business performance	14 – Stakeholder Confidence	• Risk under development
2	Availability of waste routes (inc. GDF) - delivery of GDF programme and waste route problems	15 - GDF	• GDF siting public consultation • RWM transformation plan
3	NDA group capability and capacity - problems with creating, improving or deploying capability	6 – Capability & Capacity	• HR management Information • Resource planning
4	Sustainable supply chain capacity and capability - highly competitive marketplace	5 – Supply Chain Failures	• Supply Chain and Procurement Strategy • Supply chain monitoring
5	Funding volatility - e.g. spending review and commercial income	1 & 3 – Funding / Scope Misalignment and Insufficient Funding	• Critical Stakeholder Engagement Framework • NDA contract model including lifetime plans and annual site funding limit • Business planning process and portfolio management
6	Failure to develop effective delivery structures, processes and relationships	17 – Organisational Improvements	• OneNDA activities
7	Failure of major asset or facility leading to loss of containment	4 – Asset Performance	• NDA requirements defined within client specifications • NDA Asset Management Assurance Plan • Asset management incentivisation • Business continuity capability
8	Safety / security system failure - insider and external threat	9 – Malicious Activity	• Executive and Board level leadership • Resilience Programme – emergency plans, business continuity capability
9	Nuclear event external to NDA group - imposed change of strategic direction	None	• Risk under development
10	NDA Estate is unable to deal with the effect of a cyber incident	13 – Cyber Incident	• Cyber, security and resilience programme

Governance statement (continued)

Information governance

The NDA Group Security and Corporate Services Director has responsibility for the information governance, information and communications technology, security and cyber strategies across the NDA group. This covers all aspects of:

- cyber security
- physical security and resilience planning
- knowledge and information management
- digital and data management
- information security and assurance
- information risk management
- information and communications technology

The NDA Corporate Centre Senior Information Risk Owner (SIRO) and the Security and Corporate Services Lead Team have continued to provide effective leadership and management of information risks and issues arising across the nuclear estate. This includes leadership and governance of a number of group-wide programmes, all of which have delivered key benefits. During the last year, we have reduced risk across the NDA group by:

- publishing model cyber policies and deploying a 24/7 cyber incident response capability with analytical and forensic services
- implementing a new video conferencing system capable of handling sensitive data
- leading the civil nuclear sector in the development of an aligned and agreed security audit and assurance methodology focused on the supply chain
- replacing primary and secondary datacentres in the NDA Corporate Centre with new hardware as part of our service resilience programme. This includes a second high-speed link between the datacentres, ensuring data is securely backed up and available in the event of a critical outage at either site. It also includes an enhanced protective monitoring capability
- establishing a standardised cyber risk framework to assess capability
- replacing the NDA's virtual private network solution which has enabled global remote connectivity for users and adherence to latest cyber security principles
- launching a threat intelligence service providing tailored cyber intelligence for the group
- delivering a digital collaboration platform (The Hub) within a secure community cloud service (Ecosystem) promoting the effective sharing of sensitive data, knowledge and expertise, enabling the provision of cross-group secure services and applications
- providing centralised training services and continuation of the cyber graduate and apprentice scheme
- progressing with the procurement of a Security Audit and Assurance framework service covering both the physical and cyber security requirements (process, procedural and organisational governance);
- enhancing protection against email phishing attacks by procuring a group-wide licence for an anti-phishing tool, and also training NDA Corporate Centre staff in the effective identification of those attacks
- expanding the cyber team to deliver additional cyber capabilities.

Progress continues to be made across the group with respect to compliance with the General Data Protection Regulations. All organisations are implementing measures in order to address the legacy data sets that they are responsible for.

The cross-group SIRO forum, comprising senior NDA staff and Directors from all of our businesses who are responsible for managing information risk, meet regularly to provide governance of assurance programmes and audit performance reviews in these areas. These assessments and reviews, in turn, provide assurance to key stakeholders including the Regulatory community, the NDA Board, BEIS and other Government departments and agencies.

Modern Slavery Act 2015

The Modern Slavery Act 2015 requires organisations with a global turnover above £36 million to publish an annual slavery and human trafficking statement disclosing what steps are being taken to ensure modern slavery is not taking place in any of their business or supply chains.

Our activities to combat slavery and trafficking are risk based and correspond to the level of risk identified. We know our biggest risk is within our indirect, group-wide supply chain. We expect suppliers to adhere to the same high standards as the NDA.

We have benchmarked our processes against best practice elsewhere. Clauses have been inserted into the NDA standard terms and conditions requiring suppliers to comply with the anti-slavery legislation and we expect our businesses and supply chain to do the same and have added wording to NDA tender documents to draw attention to the NDA's zero tolerance stance on slavery issues. Existing tender documentation includes the mandatory exclusion of any bidder who has been convicted of an offence under the Modern Slavery Act 2015.

Around 700 organisations are signed up to our Supply Chain Charter and the revisions regarding compliance with the Modern Slavery Act 2015 are being highlighted to each supplier.

In compliance with the legislation, the NDA produces and publishes an annual statement, approved by the Board, which sets out the NDA's position on modern slavery, its understanding of the risks and implications, and the steps that it is taking to mitigate the risks and ensure that slavery and human trafficking do not exist within the NDA or within its supply chains.

As of March 2020, no instance of slavery or human trafficking has been identified.

Effectiveness of the control environment

As Accounting Officer, I have responsibility for ensuring the System of Internal Control and its effectiveness are both sound. I am also personally accountable for safeguarding the public funds allocated to the NDA, as well as departmental assets, in line with the HM Treasury publication 'Managing Public Money'. Support for these activities is provided by the NDA internal audit function, the external auditors (the National Audit Office) and other assurance functions, both within the NDA and across the group.

In accordance with Treasury guidance, the NDA System of Internal Control has been in place for the period commencing 1 April 2019 up to the approval date for the Annual Report and Accounts. The system is designed to manage risk to a reasonable level while complying with relevant rules and regulations.

It is impossible to eliminate all risk of failure in implementing policies, aims and objectives; therefore the system provides assurance of effectiveness to a level that is reasonable rather than absolute. My Executive team members are responsible for developing and maintaining the Internal Control Framework in their own functional areas. Oversight and challenge to the system is provided by the Board and also by the Audit and Risk Assurance Committee, who ensure plans are in place to address any weaknesses.

Significant reliance is placed on those controls operated by businesses across the group. In line with government requirements, the NDA Modelling and Analysis Team tests the robustness of the end-to-end process used in developing all the group's business-critical models and spreadsheets that influence the NDA's key business decisions.

The NDA is compliant with the implementation of the MacPherson Review of Quality Assurance (QA) of Government Analytical Models and has AQuA Book compliant processes in place.

During 2018/19 I appointed a group head of internal audit, with a particular focus on aligning and improving audit and advisory services across the group in support of the strengthened Audit and Risk Assurance Committee oversight. This year, the further development and implementation of a 'virtual' group internal audit function and target operating model has improved the quality and consistency of group-wide arrangements and has also further supported our overall visibility, understanding and ongoing improvement of matters of corporate governance, risk management and internal control. In 2018/19 we also implemented an NDA compliance function and compliance leads are now in place across the group. The identification of specific compliance-related risks (including potential non-compliance with any aspect of the suite of mandated requirements placed via BEIS and/or infringements of the current group Codes of Conduct) and the implementation of mitigation strategies and actions is underway. Our Audit and Risk Assurance Committee has continued to strengthen relationships and arrangements with the group's supporting Audit and Oversight Committees at the subsidiaries and site licence companies, evidenced by the group-wide representation and input at our NDA Group Internal Audit Conference this year.

During 2019/20, our group internal audit function collated and reported against a group internal audit plan for the first time. We introduced the concept of group audit themes; an aligned approach to the review of significant group-wide risks and controls. This is providing valuable and strengthened oversight of pervasive challenges and examples of good practice for sharing. Key themes this year included our response to the evolving cyber risk and EU Exit and improving our contract management arrangements. The internal audit work for 2019/20 was further designed to provide assurance over key business processes, along with specific corporate and business risks. The findings from the internal audit reports across the group receive close attention from both the Executive team and the Board via the Audit and Risk Assurance Committee.

In line with the standard ratings of the Government Internal Audit Agency, NDA's Group Head of Internal Audit has provided an overall rating of 'moderate' to the level of assurance that there is generally a sound framework of governance, risk management and control, both within the NDA and the wider group. This view is based on the work of internal audit, including oversight of the various assurance activities undertaken by the NDA, its subsidiaries and site licence companies and through engagement with the Internal Audit functions of the businesses.

2019/20 NDA internal audit reviews completed at the Corporate Centre by the year end were assigned ratings as follows: 'no assurance' 0%, 'limited assurance' 0%, 'moderate assurance' 8%, 'high level of assurance' 46% and 'substantial assurance' 46%. This represents a 'substantial' and improved level of assurance against the NDA's results from the previous year. However, a number of 'no' 'limited' and 'moderate 'assurance ratings have continued to be reported across the broader group. There has also been a particular focus this year on the follow-up of audit recommendations and the timeliness of action implementation across the group.

Areas identified by internal audit reviews as requiring further strengthening included our response to evolving risks around information governance, particularly in response to the cyber threat and the General Data Protection Regulation. Internal Audit reviews also highlighted the need for further improvement in our contract management, risk management and sanctioning activities along with our information, communications and technology arrangements. Addressing these topics with a group-wide approach to risk and control is not only strengthening oversight but also enabling a collaborative and consistent approach to the development and implementation of improvement activities. Business operating processes, including financial, internal procurement and HR controls were generally found to be robust.

I have also been mindful of the ongoing work by several important bodies examining the Magnox procurement and the Magnox transition; namely the NAO, the Parliamentary Public Accounts Committee and the Magnox Inquiry, and our response to their findings.

Looking forward, and in light of the current global COVID-19 crisis, internal audit has an important role to play as an advisor and assurer to the business and to guide decision-making at the highest level. As the crisis evolves over time, it is important to plan for disruption and adjust our focus and ways of working accordingly. Our internal audit function will need to ensure they are focusing on what is going to be of most value to the organisation as well as ensuring an appropriate assurance response to new and changing risks. Some of our planned reviews will need to be deferred and replaced with more hands-on advisory support from Internal Audit in order to ensure the business response is robust and appropriate.

On balance, as Accounting Officer, I am therefore confident that the system of internal control operating throughout the past year is effective, and appropriate to meet the NDA's objectives. In reaching this conclusion, I have taken advice from the Group Head of Internal Audit and the Group Chief Compliance Officer.

David Peattie
Accounting Officer and Chief Executive Officer
13 July 2020

Remuneration and people report

The primary role of the Remuneration Committee is to ensure that an effective remuneration policy is in place. This enables the NDA to attract, reward and incentivise executives with the right skills and expertise to successfully deliver our important goals.

Remuneration Committee (RemCo)

Number of meetings in the year: 5

The Remuneration Committee consists of 4 Non-Executive Board members:

- **Evelyn Dickey (Chair)**
- **Rob Holden**
- **Volker Beckers**
- **Alex Reeves (from March 2020)**

The following persons may also attend the committee meetings:

- Chief Executive / Accounting Officer except for discussion in relation to their own remuneration.
- Group Human Resources Director except for discussion in relation to their own remuneration.
- NDA Chairman
- NDA Non-Executive Board Members

Remuneration Committee

The Remuneration Committee determines the remuneration and terms of service of the Chief Executive and executive directors including individual salaries, setting and assessing performance targets, the outturn of performance related pay and arrangements for joiners and leavers.

For the avoidance of doubt , the remit of the NDA Remuneration Committee does not include the NDA subsidiaries.

Last year, the Remuneration Committee:

- reviewed performance at NDA and individual executive level to determine the annual bonus awards for the year April 2018 to March 2019, which were paid in July 2019
- agreed to maintain the hold on the vesting of the Long-Term Incentive Plan (LTIP) awards granted in 2015 until the outcome of the Magnox Inquiry
- agreed the outcome and value of LTIP payments for the LTIP plan vested in 2019, covering the period April 2016 to March 2019
- agreed the targets of the LTIP scheme for the year April 2019 to March 2022, payable when vested in 2022
- agreed and set the performance targets for 2019/20 short term incentive plans
- completed the redesign of short term incentives to bring focus to behaviours and culture within the NDA and ensure alignment across the organisation
- undertook a committee effectiveness review with the Committee operating effectively. The Committee agreed to increase committee knowledge of good remuneration practice in both the public and private setors
- undertook deep dives on key people risks including organisational improvements and future capability and capacity across the NDA group.

Remuneration Policy

Attracting and retaining high-calibre executives is critical in delivering the NDA's mission and ensuring true value for money.

Remuneration arrangements that are competitive in the markets in which we compete for talent are essential. They must reflect appropriate market rates to attract and retain key skills and experience.

Executive rewards should rightly acknowledge the professional expertise needed to address the challenge of UK nuclear decommissioning, while also providing value for taxpayers in a constrained economic climate.

The challenges for the NDA's leadership range from setting future strategy to optimising delivery of decommissioning plans across the NDA group portfolio.

These challenges require business and specialised technical expertise. Such skills inevitably command a premium and this competitive market is intensified by increasing demands from the international nuclear sector, as well as from major infrastructure projects in the UK and overseas.

The Committee routinely seeks independent advice on remuneration using Korn Ferry and, in reaching its conclusions, assesses both public and private sector data. This helps to set a level of reward that ensures we can confidently attract and retain the skills needed to deliver our mission.

Director's Contracts

Non-Executive Board Directors

Non-executive board directors are appointed by the Secretary of State for BEIS in conjunction with Scottish Ministers following consultation with the NDA Chair and in line with the Commission of Public Appointments Codes of Practice.

Directors' Remuneration

The remuneration of the Chief Executive and executive directors comprises base pay, car allowance, an annual performance-related payment, a LTIP and pension entitlements.

Salaries

In setting salaries this year, the Committee has noted pay increases across the private sector and the demands on public spend. The pay increase for 2019/20 was set at 2%, taking into consideration pay increases across the NDA and the wider public sector.

Performance-related pay

Executive awards are linked to achieving personal and corporate objectives, both aligned to our Corporate Plan. Objectives are approved at the beginning of the financial year by the Board.

The aim of performance related pay is to incentivise improved performance and increase engagement in activities to deliver on longer-term outcomes.

LTIP Scheme

The NDA's LTIP scheme is subject to the achievement of objectives which are long-term, strategically important, quantifiable and subject to the leadership of the NDA.

An LTIP Award is made at the start of each 3-year LTIP period. It's subject to a multiplier that can either increase or decrease depending on performance against targets and improvements to the Operating Plan as determined by the Remuneration Committee. Progress against LTIP targets are reviewed regularly as part of Remuneration Committee meetings.
A decision on payment of the LTIP scheme for 2015-18 has been deferred pending the outcome of the Magnox Inquiry.

Civil Service Pensions

Pension benefits are provided through the Civil Service Pension Arrangements. From 1 April 2015 a new pension scheme for public/ civil servants was introduced. The Public/ Civil Servants and Others Pension Scheme or alpha, provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age or 65 if higher. From that date all newly appointed public/ civil servants and the majority of those already in service, joined alpha. Prior to that date, public/ civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.
These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under existing schemes - Classic, Premium, Classic Plus and Nuvos are currently increased annually in line with the Pensions Increase Legislation. See page 80 for further detail.

Pension benefits for Executive members are provided through the Civil Service Pension Arrangements.

Employees are automatically enrolled into alpha on appointment to employment at the NDA. This is in line with the auto enrolment rules of the Pensions Act 2008. They do, however have the ability to opt out of the scheme at any time or elect to join the Partnership Pension Arrangements offered under the Civil Service Pension Arrangements.

Another benefit and option available is under the automatic enrolment legislation, where employers no longer have a duty to automatically enrol a new employee where they have reason to believe that employee has registered for fixed protection in relation to lifetime allowance and requires them not to participate in future pension provision. In these cases, such as the CEO, a pension allowance is paid in lieu.

A small number of employees who transferred to the NDA from INS in 2019 continue to accrue benefits in the UKAEA Combined Pension Scheme (CPS). The UKAEA CPS provides benefits on a final salary basis with a normal retirement age of 60. This is an unfunded statutory arrangement with the cost of benefits met by monies voted by Parliament each year. Pensions payable are currently increased annually in line with the Pensions Increase Legislation.

Other benefits

Benefits are listed in the Directors' Emoluments table with appropriate footnotes. All Executive members receive £12,000 per annum as a car allowance.

Fees

The remuneration of the Chairman and Non-Executive Board Directors is determined by BEIS. Non-Executive Board Directors are not involved in decisions relating to their own remuneration and are entitled to fees of £25,000 per annum.

Those who chair board committees also receive a fee supplement, details of which can be found in the table below. The Chair does not receive a supplement for chairing the Nominations Committee. Non-executive board directors and the Chair don't receive performance-related bonuses or pension entitlements but are reimbursed for reasonable expenses incurred in the performance of their duties as directors.

Details of directors' emoluments, pension and cash equivalent transfer values may be seen in the notes to the financial statements and appendices at the end of this section. Details on the gender pay gap can be found on page 77.

2019/20	Committee Chair	Fee per annum (£)	Effective Date
Evelyn Dickey	Chair of Remuneration Committee	5,000	09/09/15
Volker Beckers	Chair of Audit and Risk Assurance Committee	5,000	17/03/16
Janet Ashdown	Chair of Safety and Security Committee	5,000	17/03/16
Rob Holden	Chair of Programmes and Projects Committee	5,000	16/05/17
Tom Smith	Chair of Nominations Committee	-	15/11/18

Ratio between median earnings of organisation's workforce and highest paid Director ('Hutton' Disclosure) *This information has been audited.*

	2019/20 Total £	2018/19 Total £
Band of highest paid Director's total remuneration	630,000-635,000	495,000-500,000
Median total remuneration	74,544	73,840
Ratio	8.5:1	6.8:1
Band of lowest paid employee's total remuneration	25,000-30,000	20,000 - 25,000

This table shows the ratio of the highest earning director against that of the employee at the median in earnings, as well as the range. The change in ratio results from an increase of highest paid director remuneration.

People report

Our people are the greatest asset to our mission. Attracting, retaining and deploying the right skills at the right time are critical. That means providing great places to work where our people feel respected, included and able to perform at their best. The following section provides an update on the important progress we've made on our 'people' critical enabler in 2019/20

Last year we made some important improvements to our People Strategy, which has three main focus areas:

1. Ensure we have the right people at the right time to deliver the mission
2. Work with our recognised trade unions and stakeholders
3. Create a culture in which our people can thrive

The strategy was developed in collaboration with our businesses across the NDA group and a range of external stakeholders. One NDA is enabling us to collaborate meaningfully and effectively on developing a thriving workforce for the future.

Important progress was made across all three of the above focus areas last year. The launch of our Early Years' Career Strategy, outlined in more detail on page 43, was an important step forward in setting out our plans to attract the next generation to the NDA group. It's important that we continue to attract the brightest and most committed people to be part of our mission, and over the past year, we've increased the numbers of apprentices and graduates we recruit across the NDA group. Looking forward we're committed in 2020/21, to exploring the creation of a One NDA graduate scheme. Working with the NSSG, we're also supporting the 'Exciting the next generation' scheme and the development of a digital nuclear careers platform for young people.

Capitalising on the One NDA approach, we held our first ever CEO Talent Forum last year. This brought the leaders of all our businesses together to discuss the strategic approach to managing talent across our group. We've continued in 2019/20 to develop a progressive approach to mobility and transferability across the NDA group and wider nuclear industry - supporting meaningful careers, ongoing professional development, talent management, succession planning and progression. This will enable us to continue to recruit and retain a highly skilled and talented workforce which is able to deliver the current and future decommissioning mission.

Another first last year, was the One NDA Trade Union Forum. Part of our new agreed engagement approach for working with our trade union colleagues, we've been able to further build upon already strong relationships. This is a key enabler for supporting and engaging with our people.

One NDA is also enabling us to work together as a group to build great places to work, which are diverse and inclusive. Organisations that put diversity and inclusivity at their core attract and retain the best people who perform better and are more successful.

Creating an environment where differences of thought and perspective are encouraged isn't just the right thing to do - it's also good for our business.

The Equality, Diversity and Inclusion Group Strategy, launched in May 2018, set out the NDA group approach to creating a culture of respect, inclusion and diversity. Over the last year we've focused on updating some important policies to ensure they support our ambition to be a diverse and inclusive employer.

In addition, our diversity and respect at work policies outline the rights of all employees, as well as the responsibility on all employees to comply with equality legislation. In line with our policies, we work hard to support all individuals who are disabled. This includes those seeking employment with the NDA, as well as those employees who have become recently disabled. In doing this:

- we are a 'disability confident' employer
- we give full and fair consideration to applications for employment, where all screening and assessment is carried out in line with our recruitment standards and with reference to the candidate's aptitudes and abilities
- we make reasonable adjustments and arrange appropriate training for employees who are disabled, or have become recently disabled, in order to support their continuing employment, training, career development and promotion.

As with other public sector organisations, in 2019/20 we published our annual gender pay gap data. Within the NDA group, the figures published as at March 2020 showed the overall average gender pay gap, when comparing mean pay, to be 13.3 % and the average median pay gap 12.7%. This compares to figures last year of a mean pay gap of 13.1 % and the median pay gap 11.2%.

Our challenge is ensuring we continue to see sustained improvements over the next few years and a number of senior female appointments have been made in the last year. David Peattie, our CEO, was appointed Patron of Women in Nuclear (WiN) in January 2020 and will promote the need for better gender balance across our sector.

Organisation Design within Corporate Centre

The NDA Corporate Centre engaged in an organisational redesign to increase confidence, capacity and capability in delivering our Vision to support its role of leading, governing, sharing and engaging across the group. The organisational redesign covered the entire NDA Corporate Centre and resulted in a change to around 20% of roles with no compulsory redundancies and all exits managed on a voluntary basis.

Partnership Working

NDA Corporate Centre remains committed to a partnership working approach with our recognised Trade Union, Prospect. Regular and constructive Joint Consultation Group (JCG) meetings have taken place throughout the year. Our partnership approach has ensured positive relations have endured during some challenging times, constructive challenge and joint working has continued throughout. Every 6 months, a Non-Executive Director attends the JCG on behalf of the Board.

Headcount and employee costs

NDA Group staff costs

This information has been audited

NDA Group 2020	NDA Authority (a)		Subsidiaries (b)		Total
	Permanently employed staff	Others	Permanently employed staff	Others	
	£m	£m	£m	£m	£m
Wages and salaries	24	7	736	51	**818**
Social security costs	3	-	84	-	**87**
Pension costs	5	-	131	-	**136**
Total staff costs	32	7	951	51	**1,041**

NDA Group 2019	NDA Authority (a)		Subsidiaries (b)		Total
	Permanently employed staff	Others	Permanently employed staff	Others	
	£m	£m	£m	£m	£m
Wages and salaries	20	6	631	42	**699**
Social security costs	2	-	72	-	**74**
Pension costs	3	-	114	-	**117**
Total staff costs	25	6	817	42	**890**

(a) Authority people costs are included within administration expenditure (see note 5 to the accounts) The increase in total spend compared to the previous year was due to further improvements driven by One NDA with the action of increasing our capability and capacity in critical skills areas.

(b Subsidiary people costs are reported through the ‘contractor and subsidiary costs’ line in the Financial Statements (see note 6 to the accounts)

The Group participates in various pension schemes, both defined contribution and defined benefit. Further details can be found in note 26 to the Accounts.

Pension costs include only those items appearing within operating costs. Items reported elsewhere have been excluded.

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

NDA Group	Permanently employed people no.	Others no.	Total 2020 no.	Total 2019 no.
Directly employed - authority	246	69	315	308
Directly employed - subsidiaries	13,734	926	14,660	12.434
Total	13,980	995	14,975	12,742

Of the total NDA permanent and fixed term employees at the end of March 2020, the breakdown by gender is as follows:

Authority 2020	Male	Female	Total
Chief Executive	1	0	1
Exec Directors excl. CEO	1	0	1
Other Directors (non-Board)	8	2	10
Other employees	139	120	259
Total	149	122	271

Remuneration and people report (continued)

Notes to the Remuneration Report

Tax arrangements of public sector appointees

As a public body, the NDA adheres to the IR35 regulations in deeming if any temporary roles will be captured within the legislation or deemed out of scope of the legislation. In determining this information, we use the IR35 checker provided by HMRC on www.gov.uk. We are required to provide information about off-payroll appointments of consultants, contractors or people employed for longer than 6 months. We only use these arrangements where we can't avoid them, for example to bring in unique skills, capability and experience that we do not have in-house.

We look to minimise the use of these arrangements and include contractual clauses in appointment documentation to enable us to receive assurance that the individual or their employer is managing their tax affairs appropriately. Our right to request assurance over tax obligations is made explicit to all off-payroll workers.

Our off-payroll appointments at 31 March 2020 for those individuals on more than £220 per day and lasting more than 6 months (up until the expected end date – not 31 March 2020) are detailed below. There were 6 new off-payroll workers in the year whose assignments lasted more than 6 months (between start (after 1 April 2019) up to 31 March 2020 (not end of contract). No senior management were paid through off payroll arrangement during this reporting period.

Length of appointment at 31 March 2020	No. of off payroll contractors
Less than 1 year	13
1-2 years	2
2-3 years	0
3-4 years	2
More than 4 years	0

Consultancy spend in the year was £nil (2018/19: £1,942,200).

Employee turnover and health and wellbeing

The NDA recognises that health and wellbeing at work is vital. We closely monitor both short-term and long-term sickness absence and have policies and support mechanisms in place. This includes access to an external employee assistance service (EAP), helping us manage and support individuals back to work.

For 2019/20 an average of 6 days per employee was lost to sickness absence. This equates to an absence rate of 2.4% and is more than the national average of 4.4 days. An analysis of 2019/20 total absence identifies that mental health contributed to the majority of long-term absences.

Our focus for the coming year is to further promote mental health and wellbeing as we work closely with the NDA ED&I Group sharing best practice and innovative ways of raising awareness.

Another focus will be on the absence management process which will be reviewed and advertised around the business together with training sessions to all line managers on recording and managing absence.

People turnover

The average length of service is 6 years and for the year 2019/20 turnover of permanent people was 15.5%. This compares to an average external turnover rate of 16.5% (as per latest CIPD survey).

This information to be subject to an audit
During 2019/20, 29 employees were part of the voluntary exit package as a result of the Organisational Design with a further 5 expected by 31st July 2020.

2019/20 Exit package cost band	Number of compulsory redundancies	Number of other agreed departures	Total no. of exit packages by cost band
£50,000 - £99,999	0	27	27
£100,000+	0	2	2
Total no of exit packages	0	29	29

In 2018/19 there were no exit packages.

Pension Detail

Employee contributions are set at the rate shown in the table below:

Annual Pensionable Earnings (full-time equivalent basis)	All PCSPS Schemes 2019/20 contributions
Up to £15,000	4.60%
£15,001-£21,210	4.60%
£21,211-£48,471	5.45%
£48,472-£150,000	7.35%
Over £150,000	8.05%

Employee membership of the schemes in the NDA is noted in the table below:

Scheme	% of employees
alpha	82.9
Nuvos/Premium/Classic	8.2
Partnership	1.7
UKAEA (INS TUPE)	5.8
Opt Out	1.4

Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha. (The pension figures quoted for officials show** pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) 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 salary-related and range between 4.6% and 8.05% for members of **classic**, **premium, classic plus, nuvos** and **alpha**. 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 member's 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 Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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**, 65 for members of nuvos and State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Remuneration and people report (continued)

Directors’ emoluments

This information has been audited.

2019/20	Salaries £	Additional benefits £	Performance Related Payment(xi) £	LTIP payments made £	Pension benefits (x) £	Total emoluments £
Tom Smith	150,000	-				150,000
Volker Beckers (i)	30,000	-				30,000
Evelyn Dickey (ii)	30,000	-				30,000
Janet Ashdown (iii)	30,000	-				30,000
Rob Holden (iv)	30,000	-				30,000
Candida Morley (v)	-	-				-
Alex Reeves (v)	-	-		-	-	-
David Long (v)	-	-			-	-
Michelle Heath (vi)	12,500	-				12,500
David Batters (vii)	98,040	18,523	-	-	37,598	154,161
Mel Zuydam (viii)	61,505	2,839	15,884	-	23,587	103,815
David Peattie (ix)	330,000	61,118	114,510	125,938	-	631,566

2018/19	Salaries £	Additional benefits £	Performance Related Payment £	LTIP payments made £	Pension benefits (x) £	Total emoluments £
Tom Smith	150,000					150,000
Volker Beckers (i)	30,000					30,000
Evelyn Dickey (ii)	30.000					30,000
Janet Ashdown (iii)	30,000					30,000
Rob Holden (iv)	30,000					30,000
Candida Morley (v)	-					-
David Batters (vi)	235,295	16,508	69,647	41,102	90,236	452,788
Adrian Simper (vii)	136,687	8,000	40,459	20,467	67,907	273,520
David Peattie (viii)	314,650	58,411	125,860	-	-	498,921

(i) Salary £25,000 per annum, 2018/19 & 2019/20 included fees of £5,000 for the role Chair of the Audit & Risk Assurance Committee.

(ii) Salary £25,000 per annum, 2018/19 & 2019/20 included fees of £5,000 for the role Chair of the Remuneration Committee.

(iii) Salary £25,000 per annum, 2018/19 & 2019/20 included fees of £5,000 for the role Chair of the Safety and Security Committee.

(iv) Salary £25,000 per annum, 2018/19 & 2019/20 included fees of £5,000 for the role Chair of the Programmes and Projects Committee.

(v) Did not receive any remuneration for services to the board

(vi) Joined the board 01/10/19, salary £25,000 per annum

(vii) Resigned with effect from 31/08/19. Additional benefits received was a car allowance of £5,000, compensation for unused annual leave £13,523 19/20

(viii) Joined as an Executive Board Director from 06/01/20. Additional benefits received was a car allowance of £2,839.

(ix) Additional benefits received was a car allowance of £12,000, and a pension allowance of £49,118 (2018/19: £46,111)

(x) Pension benefits within the PCSPS schemes and alpha are calculated as 20 times the real increase during the year, plus the real increase in lump sum, less employee contributions made, in accordance with HMG guidelines.

(xi) The Executive Directors have surrendered 20% of their earned bonus for the year 19/20, in recognition of the COVID crisis and its financial implications

Executive pensions
This information has been audited

	Real increase in pension during the year 2019/20 £000's	Accrued pension at 31 March 2019 £000's	CETV at 31 March 2049 £000's	CETV at 31 March 2020 £000's	Real increase in CETV funded by employer £000's
David Batters	0-2.5	45-50	590	626	21
Mel Zuydam	0-2.5	0-5	18	39	16
David Peattie*	0	0	-	0	-

Notes:* Does not participate in the Civil Service Pension arrangements – see note (viii) to Directors' Emoluments

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 accrued by the individual 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.

Disclosures required under the Trade Union (Facility Time Publication Requirements) Regulations 2017

Relevant union officials

Relevant union officials	Full-time equivalent employee number
6	246

Percentage of time spent on facility time
Percentage of the working hours spent by relevant union officials, employed during the relevant period, on facility time.

Percentage of time	Number of employees
0%	1
1-50%	5
51-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	£117,587
Total pay bill	£24,759,308
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.5%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	0.5%

Health, Safety, Security, Environment & Wellbeing Report

The safety of people, protection of the environment and wellbeing of staff alongside security of nuclear materials and information are NDA's overriding priorities and dictate our approach to all activities across the Group.

NDA safety and environmental performance

NDA's safety performance continued to be good, with no serious accidents or injuries during the year.

The total recordable injury rate (TRIR) has reduced this financial year from 0.29 to 0.28 reflecting improved performance from our Sellafield and Magnox subsidiaries. This is a good performance signaling that the Magnox transition from parent body organisation to wholly owned subsidiary of the NDA has not adversely affected safety performance.

This year, we've continued the process of streamlining and simplifying our documents in line with Health and Safety Executive's (HSE) guidance and our One NDA approach.

We've developed a 3 year Health, Safety Environment and Wellbeing (HSEW) improvement plan in collaboration with all of the NDA group HSEW Directors. The plan includes a number of leading and lagging indicators which will be used to measure performance improvement.

We also held our inaugural Health, Safety & Wellbeing Awards to celebrate achievements across the group in 2019. The awards were attended by a cross section of over 200 staff from across the group companies including safety representatives, supervisors, managers and executives. They were extremely well received and are the subject of a case study elsewhere in this report.

Our approach to sustainability will be a focus area for the coming year, working collaboratively across the group. This will enable us to support the Government's target of being carbon neutral by 2050. Our aim is to benchmark the carbon footprint across the group and develop the strategy, policy and a roadmap in the coming year to deliver net zero in line with this commitment.

As part of its Greening Government initiative, the Government has set environment and waste targets that must be met this year, taking 2009/10 as the baseline year. The specific targets and our achievements are shown in the table below:

TARGET 2019/20	PERFORMANCE 2019/20
Reduce greenhouse gas emissions by 66%	61%
Reduce domestic flights by 30%	58%
Reduce waste generation by 25%	63%
Reduce landfill disposal to less than 10%	0%
Reduce paper use by 50%	72%
Reduce water use by 10%	27%

Business Safety Performance

The targets apply to the NDA combined with Radioactive Waste Management (RWM) because in the baseline year RWM was part of NDA.

Our performance against our 10 year targets has been good, with the exception of the greenhouse gas emissions where we marginally missed the target. Target was reset from 32% to 66% by BEIS in 2018/19. We have made good progress in reducing our emissions but meeting the new target in the time available has been challenging.

Businesses - safety performance

We use a suite of metrics, targets and performance indicators to analyse safety performance. We also visit sites to carry out safety reviews and discuss safety directly with managers, workers and trade union representatives. The results are reported to the NDA Executive and the NDA Safety and Security Committee (S&SC), a sub-committee of the NDA Board, and the findings are raised with businesses that produce and enact plans to mitigate any risks arising.

Sellafield

Sellafield's accident rate, which is a measure of actual harm, has reduced slightly in the last year, indicating that the fundamentals of good safety management are in place at the site. We did note an increase in the number of events where human performance was a contributory factor. Serious events were rare. The trends noted by the NDA were identified independently by Sellafield and recognised as a risk to the business.

On 2 April 2019, Sellafield Ltd was fined £380,000 following ONR's prosecution for safety breaches relating to glove box use. This event was subject to a full investigation with root cause analysis to ensure no recurrence.

Sellafield recorded five INES events this year, there was one INES level 2 event (incident) which occurred in November 2019 when liquor level monitoring indicated a leak from the Magnox Swarf Storage Silo which culminated in contamination within the facility in an area not expected by design. There was no health risk to the workforce or the community and a well-established management plan has been enacted to manage the situation. A further event was categorised as INES 1 but was reported last year.

The INES level 1 events were:

In July 19 following a review of the outer package weld specifications of multi layered cans storing nuclear material, a potential uncertainty was identified regarding the package integrity in a loss of cooling scenario.
In September 2019 a review was conducted on the transfer of filters from one area to another in the same building, it was identified that correct personal protective equipment had not been worn by some operators associated with the activity. However, the task was completed without incident and there was no impact to the people, plant or environment as a consequence.
On 2 October 2019 an operation-removal of a dummy shield plug was conducted outside the scope of the safety case against Sellafield Ltd arrangements. There was no safety consequence as a result.
Reducing liquid levels in a concrete sump tank in the legacy ponds area of Sellafield site were detected. Work is ongoing to characterise the reduction and additional monitoring and detection systems have been deployed. There is no health risk to the work force or community resulting from this issue.

At Sellafield, from a positive perspective a new radioactive substances activities permit was issued by the Environment Agency.

Dounreay

Dounreay Site Restoration Ltd continued the decommissioning programme and completed the significant milestone of transferring its stock of civil separated plutonium to Sellafield. The site has been consolidating its health and safety performance this year, however, a small number of significant near miss issues have been under scrutiny with the NDA and improvements to mitigate these are being pursued.

Magnox

Safety performance at Magnox has slightly improved this year indicating that the transition from parent body organisation to wholly owned subsidiary of the NDA has not adversely affected health & safety. Magnox has a well-structured safety

Business Safety Performance

improvement plan 'target zero' that has no doubt contributed to the performance.

Magnox has completed defueling of all reactors, with Wylfa sending its final consignment of spent fuel to Sellafield in September 2019. This marks a significant reduction in nuclear risk at Magnox plants.

Low Level Waste Repository (LLWR)

LLWR's accident rate is zero and has been all year, against a backdrop of some significant decommissioning work - including completion of the PCM magazine decommissioning where the buildings housing this facility have been demolished. This is a pleasing improvement on the previous year.

Other Subsidiaries

INS, DRS and RWM all maintained good safety performance throughout the year and reported no Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR) events.

Businesses – Environmental performance

Sellafield

This represents the culmination of several years' work by both Sellafield and the Environment Agency. Work has been undertaken by Sellafield to map carbon footprint for the site with the help of the Carbon Trust and to set carbon reduction targets. In addition, work is ongoing with the Environment Agency to reduce limits on water abstraction which will help to protect aquatic diversity.

However, there are still ongoing environmental events, although none of which have caused harm to the environment. Asset condition remains one of the key factors and issues with the on-site sewage treatment works attracted an Environment Agency warning letter. There was also a large loss of refrigerant gas. All of the above are subject to investigation and actions to prevent recurrence.

Sellafield's Independent Oversight Group identified shortfalls in environmental culture and leadership at the site – there is a programme underway to improve.

Dounreay

At Dounreay, improvements attained in previous years have largely held with a low number of events. However, there has been some slippage in the eyes of the Scottish Environment Protection Agency, formal correspondence from SEPA is awaited. In February 2019, during routine ventilation system testing a damper valve led to a contamination event within the Fuel Cycle Area. There was no harm but investigation by SEPA identified a number of issues associated with maintenance of ventilation system dampers and valves. A number of non-compliances and actions were identified. DSRL set up a specific project to resolve. Also a SEPA inspection revealed failures to comply with internal standards, work is ongoing to rectify these issues.

Magnox

Environmental performance at Magnox has generally been good. There has been a significant reduction in environmental risk at Wylfa with the removal of 25,000 litres of sodium hypochlorite, as part of decommissioning and, 280,000 litres of generator transformer oil were removed from Chapelcross. Magnox rolled out an excellent sustainability message in their 'target zero' campaign.
However, there have been issues throughout the year at Harwell and Winfrith associated with the management and transport of waste, for which warning letters were received from the Environment Agency. An improvement plan was agreed with the regulators and implemented. Also Chapelcross received a warning letter from SEPA after rainwater was found accumulating on tarpaulin over low level waste packages. Actions have been implemented and lessons learned.

Other companies and subsidiaries

Elsewhere, there has been good environmental performance at LLWR and in our businesses NDA Properties Ltd, INS/PNTL, RWM and DRS.

Security and Information Governance

An overview of progress for the year can be found in the Governance Statement on page 70.


FIRE — RESCUE
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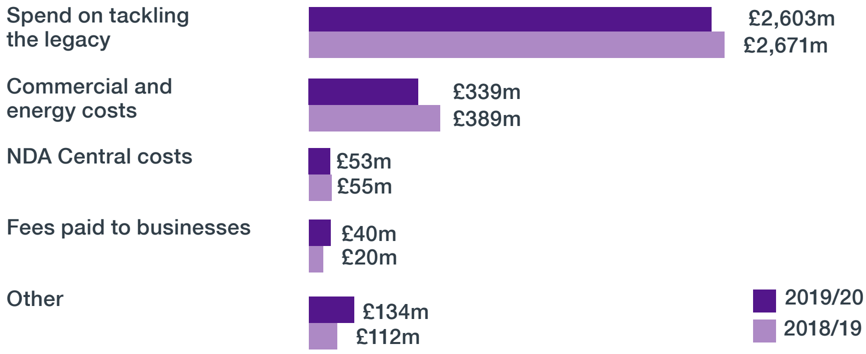
VOLVO

Financial summary 2019/20

The NDA spend on tackling the legacy

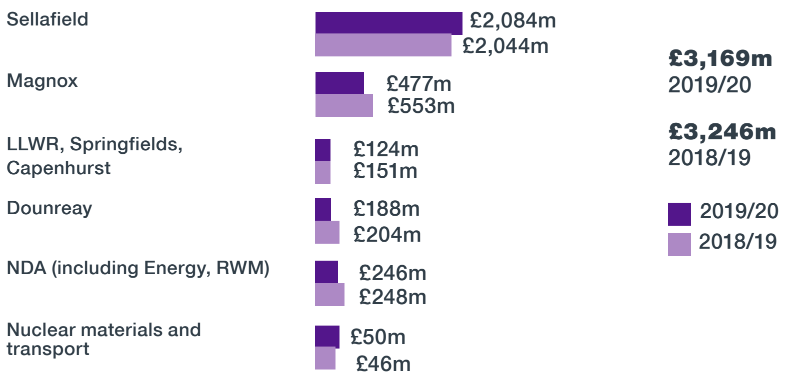
The bulk of the NDA's budget is directed towards tackling the nuclear legacy, by funding the decommissioning carried out by Site Licence Companies. The remainder funds commercial operations, industry-wide costs, fees to Site Licence Companies and the NDA's own running costs.



The NDA spend by site licence company.

Spend in 2019/20 was £3.2 billion. More than 65% of this was spent at Sellafield, reflecting the priority given to the site.
Expenditure at Sellafield has increased during the NDA's existence and now stands at £2.1 billion per year.

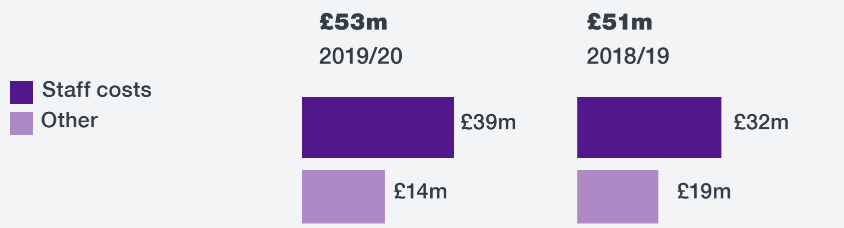
NDA spend by business or activity £m



The NDA Corporate Centre net spend

The NDA's own running costs increased to £53 million per year, or approximately 1.7% of overall expenditure, reflecting the NDA's investment in enhanced capability and capacity.

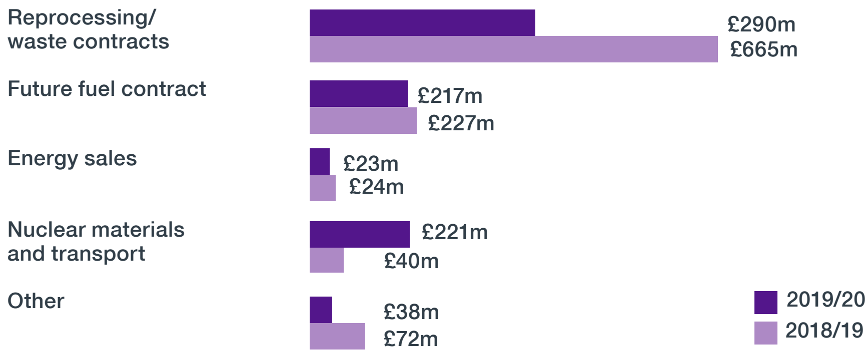
NDA HQ net spend £m



The NDA's income

The NDA recognised income of almost £0.8 billion in the year, with over £0.5 billion arising from reprocessing and management of spent fuels and waste.

NDA income £m

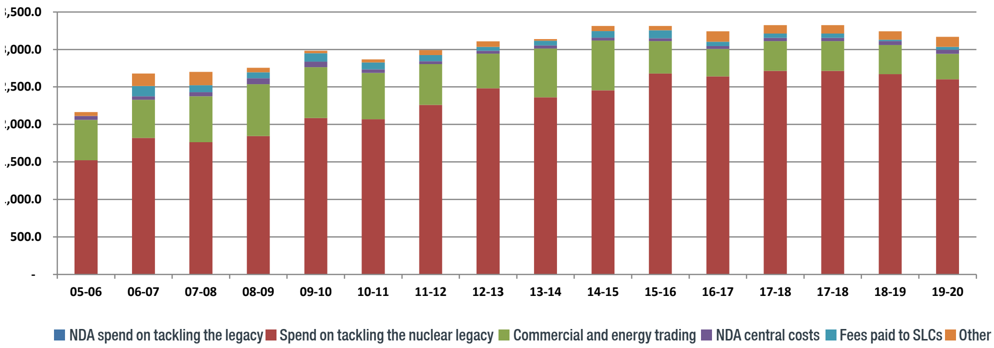


Note the figures in the above, and following, graphs are prepared on the basis of government financial reporting, which differs in part from the basis used to prepare the financial statements.

The NDA spend on tackling the legacy

The proportion of the NDA expenditure tackling the nuclear legacy has increased since 2005, with a corresponding reduction in commercial costs as commercial operations wind down.

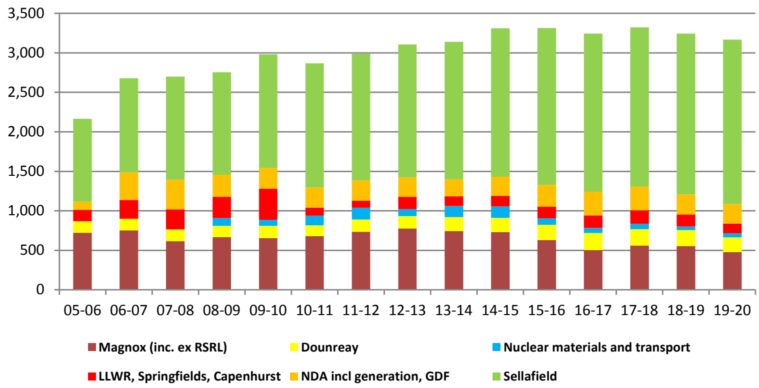
Proportion of NDA spend on tackling the nuclear legacy since 2005 (£m)



The NDA spend by site licence company

Sellafield has always been the NDA's largest area of spend, and has been increasingly prioritised in recent years as funding has been directed towards the estate's highest hazards.

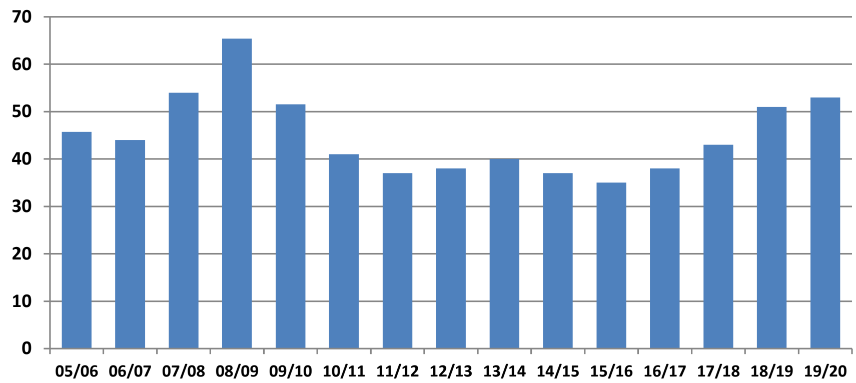
NDA spend by site licence company or activity since 2005 (£m)



The NDA Corporate Centre net spend

After the early years in establishing the NDA's structure and programme, annual running costs stabilised at below £40 million per year. In 2019/20 the NDA invested in enhanced capability and capacity in order to ensure the successful delivery of its mission.

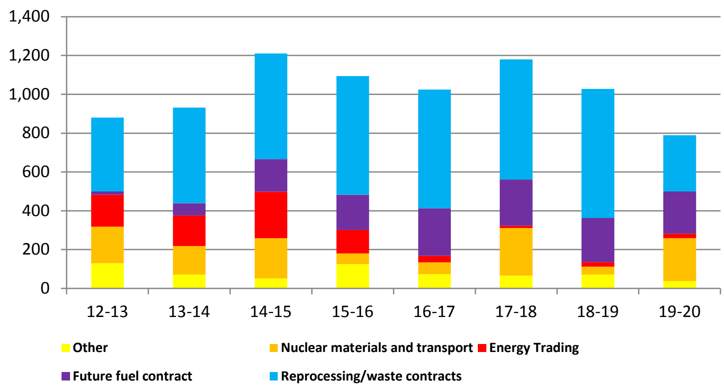
NDA HQ net spend since 2005 (£m, excluding RWM)



The NDA's income

In recent years electricity generation income has reduced, leaving reprocessing and management of spent fuels and waste as the dominant source of income.

NDA income since 2012 (£m)



Nuclear provision

The Nuclear Provision is a single point number in the Statement of Financial Position which represents the discounted estimated cost of the decommissioning mission.

The NDA management's best estimate of the future costs of the estate is based on an assumed inventory of materials, using strategies for retrieval and disposal over several decades. Each of these elements (quantity, method and time to treat) is uncertain in their own right, as is the cost of developing the necessary technology and plans to deal with these activities. The quality of the forecast becomes less certain further into the future, and acceptable standards of clean-up and end states may change.

It is important to understand the basis of this estimate and the inherent uncertainty around it, and therefore that it is simply a single point in a credible range of potential outcomes. For more detail see Appendix A on pages 177-178).

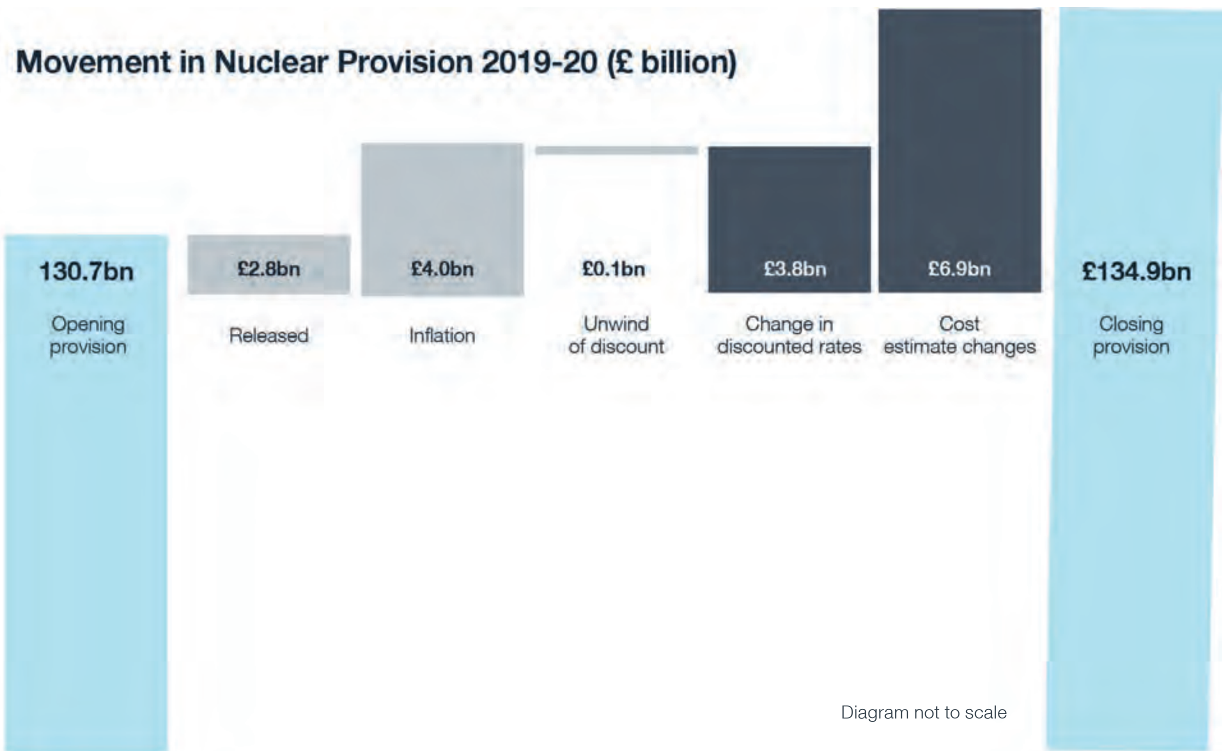
Changes in 2019/20 estimate Authority

The discounted nuclear provision at the end of 2018/19 was **£130.7 billion**. Since then the movements have been:

- The value provided for 2019/20 released from the provision **- £2.8 billion**
- Increases from inflation **+£4.0 billion**
- Unwinding of the existing discount applied to the provision every year **- £0.1 billion**
- The impact of the changes in discount rates **-£3.8 billion**
- Cost estimate changes which increase the liability estimate by **£6.9 billion**.

These movements bring the 2019/20 Authority estimate to **£134.9 billion** discounted.

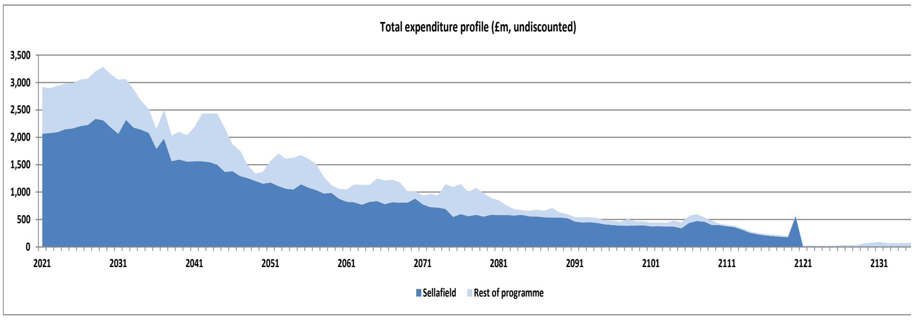
The nuclear provision is the best estimate of how much our mission will cost over approximately 120 years



The graph (below) shows the undiscounted expenditure profile for future years (excluding NDA administrative and other non-programme costs, and some commercial costs) from lifetime cost projections from each of the site licence companies.

The expenditure profile illustrates a downward trend in expenditure over the next 50 years, following a short-term peak over the next 10 years, as sites enter into Care and Maintenance with subsequent increases in expenditure in the period from 2070 when final site clearance work on Magnox sites is undertaken.

Total expenditure profile (£m, undiscounted)



		Movements								
	2018/19 un discounted £m	2018/19 dis-counted £m	Unwind of dis-count £m	Discount rate change £m	Released in year £m	Inflation	Other cost change £m	Movement dis-counted £m	2019/20 un discounted £m	2019/20 discounted £m
Magnox	(14,571)	(15,584)	39	775	474	(383)	(5,463)	(4,558)	(19,718)	(20,142)
Sellafield	(93,985)	(98,529)	87	2,557	1,944	(3,334)	(1,256)	(1)	(96,515)	(98,529)
Dounreay	(2,678)	(2,793)	2	(26)	180	(68)	-	88	(2,564)	(2,705)
LLW Repository	(560)	(598)	3	19	30	(14)	(70)	(34)	(606)	(632)
INS Contracts	(44)	(47)	-	1	1	(1)	(1)	-	(46)	(47)
Springfields	(645)	(678)	1	26	33	(17)	-	44	(628)	(634)
Capenhurst	(1,511)	(1,573)	3	18	70	(38)	-	53	(1,479)	(1,521)
GDF	(10,266)	(10,856)	1	449	48	(180)	(119)	199	(10,499)	(10,657)
Authority	**(124,260)**	**(130,658)**	**136**	**3,819**	**2,780**	**(4,035)**	**(6.909)**	**(4,209)**	**(132,055)**	**(134,867)**
NDA group companies	(58)	(59)	-	(1)	-	-	39	38	(20)	(21)
Group Provision Adjustment	759	759	-	-	-	-	(617)	(617)	142	142
NDA Group	**(123,559)**	**(129,958)**	**136**	**3,818**	**2,780**	**(4,035)**	**(7,487)**	**(4,788)**	**(131,933)**	**(134,746)**

Parliamentary accountability disclosures

The notes and disclosures in this section are subject to audit.

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 £4,623,843 (2019: £1,481,536).

Type of loss	2020 Total £	2020 Number of cases	2019 Total £	2019 Number of cases
Cash losses	-	-	-	-
Store losses	4,429,784	100+	363,940	100+
Losses of pay, allowances and superannuation	-	-	-	-
Fruitless payments	70,057	333	82,616	382
Constructive losses	-	-	296,624	1
Claims waived or abandoned	-	-	-	-
Book-keeping losses	11,984	1	-	-
Failure to make adequate charges	-	-	-	-
Exchange rate fluctuation losses	112,018	1	168,933	1
Special payments	-	-	569,423	2
Total	4,623,843		1,481,536	

A contract loss provision in respect of potentially onerous commercial contracts to manage spent fuel and waste is included within other provisions (note 25 to accounts) and is not included in the losses disclosed above.

Store losses relate to the write off of stores item on licence sites. Stores losses reported in 2020 includes the write off of chemicals purchased for use in the Thorp reprocessing plant at Sellafield, and no longer required following the conclusion of reprocessing activity at the plant in 2019 (value £916,418).

Book-keeping losses relate to the writing off of a historic debt associated with a Magnox site.

Parliamentary accountability disclosures

Contingent liabilities

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

(i) The NDA has non-quantifiable contingent liabilities arising from indemnities given as part of the contracts for the management of the site licence companies.

These indemnities are in respect of the uninsurable residual risk that courts in a country which is not party ro the Paris and Brussels Conventions on third party liabilities in the field of nuclear energy may accept jurisdiction to determine liability in the event of a nuclear incident. Indemnities are in place in respect of Magnox, LLWR and Dounreay, as set out in the relevant Parent Body Agreements. In addition, indemnities are provided to the previous PBOs of Magnox and Sellafield covering the periods in their ownership. 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.
(a) In November 2019 a novel strain of coronavirus was detected and spread rapidly, leading the World Health Organisation to declare a pandemic on 11 March 2020. The pandemic caused significant economic disruption just before the financial year end.

The Authority responded by suspending certain projects and operations in order to ensure the safety and security of the sites and to protect the workforce.

The ongoing disruption caused by the pandemic has created significant economic uncertainty, and this uncertainty is expected to continue throughout 2020. As a result, an unquantifiable contingent liability is disclosed, relating to potential additional costs resulting from the suspension of projects and operations at the Authority's sites. In accordance with accounting standards, no contingent assets can be recognised.

(b) On 29 March 2017, the UK Government submitted its notification to leave the EU in accordance with Article 50. On 31 January 2020, the Withdrawal Agreement between the UK and the EU became legally binding and the UK left the EU. The future relationship between the EU and the UK will be determined by negotiations taking place during a transition period ending 31 December 2020.

Any subsequent changes in legislation, regulation and funding arrangements are subject to the outcome of the negotiations.
As a result, an unquantifiable contingent liability is disclosed.
In accordance with accounting standards, no contingent assets can be recognised.

The report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I have audited the financial statements of the Nuclear Decommissioning Authority for the year ended 31 March 2020 under the Energy Act 2004. The financial statements comprise: the Group and Authority Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of the Nuclear Decommissioning Authority's affairs as at 31 March 2020 and of the group's and the Authority's net expenditure after taxation 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 provisions

Without qualifying my opinion, I draw attention to the disclosures made in notes 3 and 24 to the financial statements concerning the uncertainties inherent in the nuclear decommissioning provisions. 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 regularity

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

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Nuclear Decommissioning Authority in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Nuclear Decommissioning Authority's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Nuclear Decommissioning Authority have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Nuclear Decommissioning Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Authority and Accounting Officer for the financial statements

As explained more fully in the Statement of 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.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and report on the financial statements in accordance with the Energy Act 2004.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the Nuclear Decommissioning Authority's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.
- conclude on the appropriateness of the Nuclear Decommissioning Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the Nuclear Decommissioning Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the group and the Nuclear Decommissioning Authority to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure 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.

Other Information

The Authority and the Accounting Officer are responsible for the other information. The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Energy Act 2004;
- in the light of the knowledge and understanding of the group and the Authority and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in Performance Report and Accountability 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 returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Gareth Davies

13 July 2020
Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Annual Accounts

Annual accounts

Consolidated Statement of Comprehensive Net Expenditure

for the year ended 31 March 2020

	note	**2020 £m**	2019 £m
Expenditure			
Authority administration expenditure	5	**53**	51
Programme expenditure	6	**3,351**	3,505
Adjustments to provisions	7	**4,833**	(102,208)
Depreciation and impairment	8	**87**	58
		8,324	(98,594)
Income	9	**(740)**	(900)
Net expenditure/(income) before interest and taxation		**7,584**	(99,494)
Interest receivable	4	**(2)**	(18)
Interest payable		**14**	4
Net interest payable on defined benefit pension schemes	26	**22**	18
Net expenditure/(income) before taxation		**7,618**	(99,490)
Taxation	10	**-**	-
Net expenditure/(income) after taxation for the year		**7,618**	(99,490)
Other comprehensive expenditure/(income):			
Deficit/(surplus) arising on revaluation of property, plant and equipment	11	**(1)**	22
Net recognised (gain)/loss on defined benefit pension schemes	26	**(877)**	(8)
Total comprehensive net expenditure/(income) for the year		**6,740**	(99,476)

The related notes numbered 1 to 30 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 the subsidiaries are given in note 12.

Annual accounts

Authority Statement of Comprehensive Net Expenditure

for the year ended 31 March 2020

	note	**2020 £m**	2019 £m
Expenditure			
Authority administration expenditure	5	**53**	51
Programme expenditure	6	**3,306**	3,409
Adjustments to provisions	7	**4,092**	(102,114)
Depreciation and impairment	8	**49**	42
		7,500	(98,612)
Income	9	**(720)**	(850)
Net expenditure/(income) before interest and taxation		**6,780**	(99,462)
Interest receivable	4	**-**	(1)
Interest payable		**-**	–
Net interest payable on defined benefit pension scheme	26	**-**	–
Net expenditure/(income) before taxation		**6,780**	(99,463)
Taxation	10	**-**	-
Net expenditure/(income) after taxation for the year		**6,780**	(99,463)
Other comprehensive expenditure/(income):			
Deficit/(surplus) arising on revaluation of property, plant and equipment	11	**-**	22
Actuarial (gain)/loss on defined benefit pension schemes	26	**(22)**	(2)
Total comprehensive net expenditure/(income)for the year		**6,758**	(99,443)

The related notes numbered 1 to 30 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 the subsidiaries are given in note 12.

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Consolidated Statement of Financial Position

as at 31 March 2020

	note	**2020 £m**	2019 £m
Property, plant and equipment	11	**641**	652
Recoverable contract costs	13	**1,425**	1,620
Finance lease receivables	19	**44**	43
Trade and other receivables	20	**36**	39
Total non-current assets		**2,146**	2,354
Inventories	15	**103**	82
Other investments	18	**428**	450
Finance lease receivables	19	**1**	2
Trade and other receivables	20	**343**	171
Cash and cash equivalents	21	**215**	113
Total current assets		**1,090**	818
Total assets		**3,236**	3,172
Trade and other payables	22	**(1,197)**	(1,093)
Lease liabilities	23	**(25)**	-
Nuclear provisions	24	**(2,941)**	(2,735)
Other provisions	25	**(18)**	(10)
Total current liabilities		**(4,181)**	(3,838)
Total assets less current liabilities		**(945)**	(666)
Trade and other payables	22	**(1,481)**	(1,696)
Lease liabilities	23	**(44)**	-
Nuclear provisions	24	**(131,805)**	(127,223)
Other provisions	25	**(130)**	(127)
Defined benefit pension scheme deficits	26	**(149)**	(798)
Total non-current liabilities		**(133,609)**	(129,844)
Net liabilities		**(134,554)**	(130,510)
Taxpayers' equity			
Revaluation reserve		**30**	29
General reserve		**(134,586)**	(130,541)
Total taxpayers' equity		**(134,556)**	(130,512)
Non-controlling interests	27	**2**	2
Total equity		**(134,554)**	(130,510)

The financial statement on pages 96 to 143 were approved by the Board and authorised for issue by the Accounting Officer on 13 July 2020

D. Peattie

David Peattie, Chief Executive and Accounting Officer. 13 July 2020

The related notes numbered 1 to 30 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 the subsidiaries are given in note 12.

Authority Statement of Financial Position

as at 31 March 2020

	note	2020 £m	2019 £m
Property, plant and equipment	11	**341**	380
Investments in subsidiaries	12	**259**	259
Recoverable contract costs	13	**1,425**	1,620
Finance lease receivables	19	**72**	43
Trade and other receivables	20	**37**	39
Defined benefit pension scheme asset	26	**5**	-
Total non-current assets		**2,139**	2,341
Inventories	15	**48**	34
Finance lease receivables	19	**4**	2
Trade and other receivables	20	**515**	370
Cash and cash equivalents	21	**95**	28
Current assets		**662**	434
Total assets		**2,801**	2,775
Trade and other payables	22	**(1,120)**	(1,038)
Lease liabilities	23	**(3)**	-
Nuclear provisions	24	**(2,941)**	(2,735)
Other provisions	25	**(7)**	(9)
Total current liabilities		**(4,071)**	(3,782)
Total assets less current liabilities		**(1,270)**	(1,007)
Trade and other payables	22	**(1,477)**	(1,696)
Lease liabilities	23	**(29)**	-
Nuclear provisions	24	**(131,926)**	(127,923)
Other provisions	25	**(103)**	(100)
Defined benefit pension scheme deficits	26	**-**	(18)
Total non-current liabilities		**(133,535)**	(129,737)
Net liabilities		**(134,805)**	(130,744)
Taxpayers' equity			
Revaluation reserve		**5**	4
General reserve		**(134,810)**	(130,748)
Total taxpayers' equity		**(134,805)**	(130,744)

The financial statement on pages 96 to 143 were approved by the Board and authorised for issue by the Accounting Officer on 13 July 2020

David Peattie, Chief Executive and Accounting Officer. 13 July 2020

The related notes numbered 1 to 30 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 the subsidiaries are given in note 12.

Statement of Cash Flows

for the year ended 31 March 2020

		NDA Group		Authority	
	Notes	**2020 £m**	2019 £m	**2020 £m**	2019 £m
Cash flows from operating activities					
Net expenditure after taxation for the year	SoCNE	**(7,618)**	99,490	**(6,780)**	99,463
Adjustments for:					
Interest receivable	4	**(2)**	(18)	**-**	(1)
Interest payable		**14**	4	**-**	-
Net interest payable on defined pension schemes	26	**22**	18	**-**	-
Excess of pension service costs over cash contributions paid		**94**	77	**-**	-
Depreciation of property, plant and equipment	11	**73**	56	**35**	40
Impairment of property, plant and equipment	11	**9**	-	**9**	-
Revalorisation of advance payments	22	**126**	123	**126**	123
Amortisation of recoverable contract costs	13	**101**	166	**101**	166
Decrease/(Increase) in inventories	15	**(21)**	(14)	**(14)**	(5)
Decrease/(Increase) in receivables		**(169)**	53	**(175)**	43
Decrease in payables		**(102)**	(516)	**(86)**	(502)
Increase/(Decrease) in nuclear provisions impacting net expenditure	7	**4,798**	(101,633)	**4,067**	(101,539)
Increase/(Decrease) in other provisions impacting net expenditure	7	**35**	(575)	**25**	(575)
Net cash outflow from operating activities		**(2,640)**	(2,769)	**(2,692)**	(2,787)
Cash flows from investing activities					
Interest received	4	**2**	18	**-**	1
Interest paid		**(14)**	(4)	**-**	-
Purchases of property, plant and equipment	11	**(32)**	(9)	**(4)**	(7)
Disposals of property, plant and equipment	11	**3**	-	**2**	-
Purchase of investments		**22**	(76)	**-**	-
Net cash outflow from investing activities		**(19)**	(71)	**(2)**	(6)
Cash flow from financing activities					
Grants from parent department	SoCTE	**3,317**	3,391	**3,317**	3,391
Surrender of receipts to Consolidated Fund	SoCTE	**(556)**	(652)	**(556)**	(652)
Net cash inflow from financing activities		**2,761**	2,739	**2,761**	2,739
Net increase / (decrease) in cash and cash equivalents		**102**	(101)	**67**	(54)
Cash and cash equivalents at beginning of period	21	**113**	214	**28**	82
Cash and cash equivalents at end of period		**215**	113	**95**	28

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2020

NDA Group	General £m	Revaluation £m	Total £m
Balance at 31 March 2018	(232,775)	51	(232,724)
Deficit arising on revaluation of PPE	–	(22)	(22)
Gross grants from parent department	3,391	–	3,391
Amounts surrenderable to Consolidated Fund (a)	(655)	–	(655)
Actuarial gain/(loss) on defined benefit pension schemes	8	–	8
Net expenditure	99,490	–	99,490
Balance at 31 March 2019	(130,541)	29	(130,512)
Surplus arising on revaluation of PPE	-	1	1
Gross grants from parent department	3,317	-	3,317
Amounts surrenderable to Consolidated Fund (a)	(621)	-	(621)
Actuarial gain/(loss) on defined benefit pension schemes	877	-	877
Net expenditure	(7,618)	-	(7,618)
Balance at 31 March 2020	**(134,586)**	**30**	**(134,556)**

Authority	General £m	Revaluation £m	Total £m
Balance at 31 March 2018	(232,949)	26	(232,923)
Deficit arising on revaluation of PPE	–	(22)	(22)
Gross grants from parent department	3,391	–	3,391
Amounts surrenderable to Consolidated Fund (a)	(655)	–	(655)
Actuarial gain/(loss) on defined benefit pension schemes	2	–	2
Net expenditure	99,463	–	99,463
Balance at 31 March 2019	(130,748)	4	(130,744)
Surplus arising on revaluation of PPE	–	1	1
Gross grants from parent department	3,317	–	3,317
Amounts surrenderable to Consolidated Fund (a)	(621)	–	(621)
Actuarial gain/(loss) on defined benefit pension schemes	22	–	22
Net expenditure	(6,780)	–	(6,780)
Balance at 31 March 2020	**(134,810)**	**5**	**(134,805)**

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, and the deficit or surplus arising on the transfer of assets and liabilities to the NDA from other parts of the public sector.

(a) Surrender of receipts to Consolidated Fund of £621 million (2019: £655 million) included £68 million payable as at 31 March 2020 (2019: £2 million payable at 31 March 2019).

The amount paid in cash in the year was £556 million (2019: £652 million).

Notes to the financial statements

for the year ended 31 March 2020

1. General information

The NDA is an executive NDPB that was established on 22 July 2004 under the Energy Act 2004 and is currently sponsored by BEIS. 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 and Strategic Overview on pages 14 to 15 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 Energy and Climate Change in accordance with section 26 of the Energy Act 2004. The accounts direction requires compliance with the 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 amortised cost.

The consolidated statement of financial position at 31 March 2020 shows net liabilities of £135 billion (2019: £131 billion). 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 in aid from the NDA's sponsoring department, BEIS. Under the normal conventions applying to parliamentary control over income and expenditure, such grants in aid may not be issued in advance of need. Grants in aid for 2020/21, taking into account the amounts required to meet the NDA's liabilities falling due in this year, have already been included in BEIS's estimates, and these have been approved by Parliament. There is no reason to believe that future BEIS 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 or revised standards were adopted during the year: IFRS 16 Leases (see notes 11, 19 and 23)

The following Standards have been issued but are not yet effective: IFRS 17 Insurance Contracts

IFRS16 Leases

The Authority applied IFRS 16 Leases for the first time to the Authority and Group accounts, having sought and gained approval from HM Treasury to adopt the standard early under the criteria set out in the Financial Reporting Manual (FReM) for 2019/20. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

The adoption of this new standard has resulted in the Authority recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value; having a remaining lease term of less than 12 months from the date of initial application; or being deemed to not be a lease under IFRS16 definitions. The Authority adopted IFRS 16 using the modified retrospective (ii) method of transition, with the date of initial application of 1 April 2019. Prior year figures were not adjusted. The Authority elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 April 2019. Instead, the Authority applied the standard only to contracts that were previously identified as leases applying IAS 17 at the date of initial application.

A reconciliation of Group and Authority operating lease commitments at 31 March 2019 to the lease liabilities recognised at 1 April 2019 following the implementation of IFRS16 is shown in the table (opposite).

The Authority has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 April 2019. At this date, the Authority has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

The lease term determined by the Authority comprises non-cancellable period of lease contracts, periods covered by an option to extend the

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for the year ended 31 March 2020

	Group £m	Authority £m
Operating lease liability at 31 March 2019	103	43
Adjustment to opening lease liability	(9)	3
Adjusted operating lease liability	**94**	**46**
Short term leases	(2)	-
Low value leases	(1)	(1)
Agreements assessed as not containing a lease under IFRS16	(4)	-
Operating lease commitment to be treated under IFRS16	**87**	**45**
Effect of discounting	(7)	(8)
Operating lease liability capitalised at 1 April 2019	**80**	**37**
Existing finance lease liability	-	-
Total lease liability at 1 April 2019	**80**	**37**

lease if the Authority is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Authority is reasonably certain not to exercise that option. The Authority has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Authority has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

At transition the Authority has elected to use the recognition exemption as per IFRS16, for lease contracts that at the transition date, 1 April 2019, have a lease term of 12 months or less remaining. On an ongoing basis, the Authority has elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less remaining and for leases of low-value assets. Such leases will be recognised on a straight-line basis through the SoCNE.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application.

On transition, the incremental borrowing rate applied to lease liabilities recognised under IFRS16 was 1.99%. As the authority is unable to borrow funds from outside of the exchequer, the HM Treasury discount rate promulgated in the PES papers is adopted.

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

Where not otherwise measured and recognised in accordance with IFRS15 and the NDA's accounting policy on contracts (below) 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.

The Authority implemented IFRS15 for the first time in the prior year and in doing so departed from the requirements of the Standard as follows.

In order to produce a consistent measurement of fulfilment of the remaining performance obligations under the waste treatment elements of the respective spent fuel reprocessing contracts the Authority determined that the remaining revenue on overseas reprocessing contracts would be recognised over the remainder of the period in which waste treatment services for all wastes produced by the Thorp plant would be completed (currently expected to conclude in 2025). This means that the completion of the programme will be treated as a single performance obligation under a single contract and as a result there was a non-recurring adjustment to the contract loss provision on the Authority's and Group's respective Statements of Financial Position.

The Authority deemed this treatment to be appropriate and necessary given that the Authority was not retrospectively restating revenues under the contracts in question on the basis that:

- a literal interpretation of the Standard may have resulted in the immediate recognition in full, at the point of application and therefore within the reporting

Notes to the financial statements - continued

period, of the revenue remaining on the overseas reprocessing contracts.
- had the Authority applied retrospective restatement of revenues, this would have been offset by an adjustment to revenues still to be recognised on other reprocessing contracts, as at the point of application
- the offsetting adjustment was not available, and therefore an otherwise literal application of the Standard would produce a result which is not reflective of the overall progress of the waste treatment programme

The Authority therefore deemed it appropriate and necessary to account for the waste treatment performance obligations within the reprocessing contracts on a portfolio basis (and therefore in practice a single performance obligation) which, while deviating from a literal interpretation of the Standard, was deemed consistent with its intent.

2.5 Contracts

Income recognition

Contract income is recognised by reference to the stage of completion of the contract activity at the reporting date. Prior to the implementation of IFRS 15 the Authority's accounting policy for most spent fuel reprocessing and/or waste management contracts was to measure the stage of completion according to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.
In accordance with IFRS 15 the Authority has:
- identified contracts with customers and the contract price still to be recognised at the reporting date (in accordance with the derogation that allows the Authority to set aside the requirement to retrospective restate revenues) under each contract
- determined the performance obligations under each contract
- determined the relative value of each performance obligation
- identified the appropriate basis for measuring the fulfilment of each performance obligation and therefore the recognition of revenue arising from each

Note 3 to the financial statements provides information on significant judgements performed by the Authority in applying IFRS 15, as required in order to determine:
- the expected value of each of the contracts with customers (the transaction price)
- the amounts of the transaction price of each contract to be allocated to each of the performance obligations in the contract
- the timing of satisfaction of performance obligations

Note 9 to the financial statements provides the following information:
- The extent of revenue recognised from contracts with customers
- Disaggregation of said revenue into categories that depict how the nature, timing and uncertainty of cash flows are affected by economic factors
- The aggregate amount of the transaction price allocated to the performance obligations that are wholly or partially unsatisfied
- Explanation of when the Authority expects to recognise the above transaction price as revenue
- note 13 to the financial statements provides information on recoverable contract costs, which comprise two elements:
- historic costs incurred prior to the recognition of revenue on each relevant contract, which constitute financial assets for the purposes of IFRS15 and are charged to the accounts (amortised) in proportion to revenue recognised in each reporting period
- an estimate of the future costs which will be incurred in fulfilling the performance obligations under each contract which are accounted for under IAS37 and constitute a subset of the costs included in the nuclear provision (and are presented as equal and opposite asset balances).

Note 22 to the financial statements provides information on payments on account, which are payments made by customers under long term contracts, in advance of the fulfilment of performance obligations. These balances are contract liabilities under IFRS15.

The Authority will allocate any changes in the transaction price of each contract (including but not limited to the future revalorisation of payments on account balances) to the performance obligations as defined in the initial allocation of the transaction price to performance obligations at 1 April 2018, and in proportion to the allocations made at that time. Where this results in allocation of changes in transaction price to performance obligations already satisfied at the respective reporting date, the resulting allocation to satisfied performance obligations will be recognised as revenue in that reporting period. Variations in contract work are included to the extent that they have been agreed with the customer.

Treatment of costs

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, being an adjustment to the contract loss provision in notes 7 and 24.

For contracts in progress at the reporting date, where costs still to be incurred exceed amounts received to

Notes to the financial statements - continued

date the balance is shown under non-current assets as recoverable contract costs. Where amounts received to date exceed costs still to be incurred the balance is shown under trade and other payables as payments received on account.

2.6 Leasing
The Authority applied IFRS 16 Leases for the first time which has had a material impact on the assets and liabilities held on the balance sheet. The Authority has applied the modified retrospective approach to the implementation, meaning that there is no restatement of prior year comparative information.

2.6 (a) The NDA Group as lessor
Lessor accounting has remained substantially unchanged under IFRS16. 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. Where a sub-lease exists an assessment of the 'right of use asset' is undertaken rather than the underlying asset.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the discounted rent receivable. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Authority'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.

2.6 (b) The NDA Group as lessee
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..

For any new contracts entered into on or after 1 April 2019, the Authority considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Authority assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Authority;
- the Authority has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract;
- the Authority has the right to direct the use of the identified asset throughout the period of use.
- measurement and recognition of leases as a lessee

At lease commencement date, the Authority recognises a right-of-use asset and a lease liability on the balance sheet.

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Authority, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Authority depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Authority also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Authority measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate as dictated by HM Treasury.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss if the right-of-use asset is already reduced to zero.

The Authority has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

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.

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

Notes to the financial statements - continued

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.

The turnover, assets and liabilities of the foreign operations included within these consolidated financial statements are minor in the context of the Group as a whole and therefore the potential impact of any foreign currency movements are deemed to be negligible.

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.

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. Any amounts recoverable from third parties are recognised as separate assets.

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.

The Authority also makes contributions to multi-employer defined benefit schemes, for which it is ultimately responsible, but where it is not possible to identify its share of underlying assets and liabilities. Consequently, the Authority's participation in these schemes is accounted for as if they were defined contribution schemes, as permitted under IAS 19.

Further information on the PCSPS and alpha pension schemes can be found within the Remuneration and Staff Report on pages 73 to 82.

2.9 Research and development expenditure
Expenditure on research activities is recognised as an expense in the period in which it is incurred.

2.10 Taxation
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

Notes to the financial statements - continued

the legal title transferred to the Group under Transfer Scheme arrangements pursuant to the Energy Act 2004. Assets on designated nuclear sites are only recognised where two criteria are met. Firstly the economic element of the asset's value at the reporting date must exceed £100,000, and secondly the proportion of the asset relating to commercial activity should exceed 10%.

In line with the accounts direction issued by the Secretary of State for Energy and Climate Change, waste management assets are excluded from the FReM requirement to carry PPE at fair value due to lack of reliable and cost effective revaluation methodology. Such waste management assets are therefore carried at cost less accumulated depreciation and any impairment charges.

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. This includes assets used to support commercial activities, property located outside nuclear licensed site boundaries, and property located inside nuclear licensed site boundaries where a reliable and cost effective revaluation methodology exists. The categories of property, plant and equipment subject to revaluation are land and buildings.

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 de-recognition of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to the general reserve. 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.

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 30 years
Transport equipment	4 to 14 years

The exceptions to the above are:

- in the depreciation of certain shipping assets which is calculated on a usage, rather than straight-line, basis; and
- in the depreciation of plant and equipment for which the remaining useful commercial life of the assets is less than 10 years (such assets are depreciated over the remaining useful commercial life)

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

Notes to the financial statements - continued

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.

Reprocessed uranic material is held at nil value, pending development of long term options and cost estimates for disposition of this material, and is disclosed as a contingent liability in note 28.

2.15 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.

2.15 (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.

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.

Other investments are measured at fair value through profit or loss.

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 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 expected credit loss provision. When a trade receivable is considered uncollectible, it is written off against the expected credit loss provision.

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.

De-recognition 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.

2.15 (b) Financial Liabilities
Financial liabilities are classified as financial liabilities at amortised cost.

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

2.15 (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 re-measured 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.

Notes to the financial statements - continued

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.

2.16 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 are the licensed nuclear sites designated to the NDA by the Secretary of State under powers provided by the Energy Act 2004 and operated under contract to the NDA by the SLCs. 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 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 Provision and recoverable balances are expressed at current price levels and discounted in accordance with guidance issued by HM Treasury. In reporting periods up to and including 2017/18 HM Treasury determined a real terms discount rate to be applied in calculating provisions. A real terms rate combines a nominal discount rate and an implied inflation rate.
From 2018/19 onwards guidance issued by HM Treasury determines a nominal discount rate, and recommends (in what is termed a rebuttable presumption) an implied inflation rate based on forecasts of Consumer Price Index (CPI) inflation made by the Office of Budget Responsibility (OBR). Reporting entities are able to select and apply an implied inflation rate which differs from the recommended rate where this can be demonstrated to be clearly more applicable to the underlying nature of the entity's cash flows.

The Authority has determined that, based on inflation experienced in its cash flows in recent years and future expectations, the implied inflation rate recommended by HM Treasury is appropriate for use in calculating its provisions.

The rates applied in the 2019/20 accounts are shown in the table below (rates per annum).

Provision movement expenditure in the statement of comprehensive net expenditure includes the adjustments necessary to unwind one year's discount and restate the liabilities to current price levels. The movement also includes the adjustments arising from the change in discount rates described above.

	Time Period	Nominal discount rate	Implied inflation rate	Real terms discount rate	Equivalent rate in 2018/19
Short term	Between 0 and up to and including 5 years	0.51%	2.00%	-1.49%	-1.34%
Medium term	After 5 and up to and including 10 years	0.55%	2.00%	-1.45%	-0.96%
Long term	After 10 and up to and including 40 years	1.99%	2.00%	-0.01%	-0.11%
Very Long term	Exceeding 40 years	1.99%	2.00%	-0.01%	-0.11%

Notes to the financial statements - continued

2.17 Grants from parent department
In accordance with the FReM the NDA prepares its financial statements showing grants received from BEIS as credited to the general reserve, and as financing in the statement of cash flows. Grants are received gross from BEIS and receipts are surrendered separately.

2.18 Contractor costs
Contractor costs are defined as payments to contractors relating to the core NDA programme (work performed on behalf of the NDA by contractors) adjusted to eliminate payments made between those contractors. Contractor costs are recognised as an expense under programme expenditure within the Statement of Comprehensive Net Expenditure, in the period to which they relate.

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 Authority applied IFRS 15 at 1 April 2018, and in doing so was required to perform a number of significant accounting judgements. These judgements, the methods employed in determining them, and the associated uncertainties are described below. The judgements have been made on a prospective basis from the application date onwards, in accordance with the Authority's derogation from HM Treasury to set aside the retrospective restatement requirements of the standard (described in note 2).
The expected value of each of the contracts with customers (the transaction price)

The Authority has determined the transaction price of each contract on a prospective basis at 1 April 2018 (being the total expected price of the contract less the revenue recognised in prior periods). The transaction price of each contract comprises the total payments made on account and the total of future cash flows from the customer. In determining the latter, the Authority has determined that future cash flows will not be subject to significant variation from existing contractual terms. This is on the basis that the Authority does not currently anticipate significant discounts, returns, refunds or other types of variable consideration to apply to the contracts other than the indexation of cash flows as set out in contracts as applicable. Where such indexation arises in future reporting periods, an adjustment to the contract price will be applied in that period.
The amounts of the transaction price of each contract to be allocated to each of the performance obligations in the contract

In recognition of the complexity of the Authority's major long term contracts, which typically do not feature standalone services with discreet prices, the Authority has allocated the transaction price of each contract to the performance obligations in that contract through the estimation of the expected future cost of fulfilling each performance obligation, and subsequently allocating the transaction price in proportion to the future cost of each. In doing so, the Authority determines that any difference between the price and cost of each contract (notional profit or loss) will be applied to each performance obligation in proportion to the cost of fulfilment.

The basis of determining the cost of each performance obligation requires significant judgement on future cost forecasts. These are derived from and consistent with the cost estimates used to determine the Authority's nuclear provision and subject to the same estimation uncertainties described below. Specifically in respect of the costs of fulfilling the performance obligations in the applicable contracts, the estimates rely on:

- judgements of the continued operation of certain plants and services, the conclusion of certain works programmes, and other assumed milestones
- judgements of the appropriate allocation of costs to individual performance obligations based on estimates of the extent of capacity, utilisation of other measure of service provision as they apply to each contract and the performance obligations therein
- in accordance with the requirements of IFRS 15 the above determinations were made for existing contracts at the point of application of the standard and will not be revised for future reporting periods. Determinations will be made for new contracts at the point of inception

The timing of satisfaction of performance obligations

Notes to the financial statements - continued

The Authority has determined that performance obligations will be satisfied in accordance with contractually defined timescales, and in accordance with strategic assumptions implicit in the site lifetime plans. Examples of the assumed timing of satisfaction of performance obligations include that the Authority:

- satisfied its performance obligations in respect of the receipt of spent fuel intended for reprocessing, and the reprocessing thereof, upon cessation of reprocessing operations at the THORP plant at Sellafield and effective closure of the plant in the reporting period of 2018-19, and therefore that the transaction price allocated to these performance obligations was recognised in full in 2018-19
- will continue to store spent fuels, waste, products and other materials in line with the respective storage periods contained in each contract, that the associated performance obligation will be satisfied over time, and therefore that the transaction price allocated to these performance obligations will be recognised as revenue evenly over the respective time periods will continue to provide services for the interim storage of wastes produced by spent fuel reprocessing and the subsequent treatment of said wastes, concluding in 2025, that these performance obligations will be satisfied evenly over time, and therefore that the transaction price allocated to these performance obligations will be recognised as revenue evenly over the period to 2025. This judgement assumes and relies upon the continued availability and performance of waste treatment plants at Sellafield and a significant disruption in plant operations and/or change in duration of the remaining waste treatment programme would require the Authority to review and potentially amend its assumptions on the timing of the satisfaction of this performance obligation. For example a significant unplanned temporary halt to operations in a future reporting period may reduce the revenue recognised in that period
- will continue to receive spent fuel which is not intended for reprocessing, and in doing so will assume title of ownership for said fuel at the point in time when it is received by the Authority, therefore that the transaction price of the contract will be allocated to a single performance obligation, and therefore that the transaction price will be recognised as revenue in proportion to the volume of spent fuel received and taken into ownership in each reporting period, relative to the total volume of spent fuel expected to be received and taken into ownership for the remainder of the duration of the contract

The costs to fulfil contracts with customers

The Authority has determined the remaining costs of fulfilling each contract, prospectively at the point of application, comprising the following and has applied judgements as described:

- costs incurred prior to contract inception have been estimated in previous reporting period, and amortised in proportion to the revenue recognised in each reporting period, relative to the total revenue still to be recognised. The respective balances for each contract are defined as ‘contract assets’ under IFRS15 and are disclosed at note 13.
- costs expected to be incurred in fulfilling the remaining performance obligations for each contract are estimated as described above, are stated at note 13 and will be expensed in each reporting period as they arise.

The balances are deemed financial assets under IAS37 and offset against costs provided in the nuclear provision at note 24.

In addition to the above, costs incurred in the acquisition of property, plant and equipment required to fulfil the contracts are capitalised, depreciated and otherwise valued, in accordance with the Authority’s accounting policies and stated in total at note 11.

Further information on the application of IFRS15 is contained in Note 9.

Leases

The Authority applied IFRS 16 Leases for the first time which has had a material impact on the assets and liabilities held on the balance sheet. The following accounting judgements have been made.

Determining whether a lease exists

Management have exercised judgement when reviewing agreements to determine whether or not a lease exists. Management have considered whether an agreement, in substance, grants the Authority the right to direct the use of the asset and allows the Authority to receive substantially all of the economic benefit of the asset.

Determining the lease term of contracts with renewal and termination options

The Authority determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease, or any periods covered by an option to terminate the lease. When the Authority has the option to extend or terminate a lease, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practice.

Key Sources of Estimation Uncertainty

The key assumptions concerning

Notes to the financial statements - continued

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 £641 million.

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 licensed 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.

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 £56 billion out of the total £134 billion provision (2019: £50 billion out of £130 billion). In undiscounted terms it represents £56 billion out of a total of £132 billion (2019: £48 billion out of £124 billion).

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 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. Should outcomes differ from assumptions in any of the following areas, this may require a material adjustment to the carrying amount of the Nuclear Provision and related assets and liabilities:

- 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; for example emanating from either economic conditions or changes in funding resulting from the next Government Spending Review
- 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.
- uncertainty over the future location of the planned Geological Disposal Facility (GDF) and the timing of its availability
- 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
- possible technological advances which may occur which could impact the work to be undertaken to decommission and clean up the sites.

Government has indicated that the preferred policy for management of plutonium is for reuse. Any final decision is conditional on business case approval for reuse of the material. Following review of the likely costs of the preferred policy, and the credible alternative of storage and disposal in the long-term, a prudent estimate of £7 billion (discounted) has been included within the Provision.

4. Operating segments

For management purposes, the NDA is currently organised into various operating units, which are grouped according to activity type. The segmental analysis in the following table presents the net expenditure for each of the continuing operations.

Notes to the financial statements - continued

NDA Group 2020	Sellafield reprocessing and transport £m	Magnox electricity generation and research sites £m	Dounreay site restoration £m	Waste management £m	Springfields and Capenhurst £m	NDA admin and other non-programme £m	Subsidiaries and Group adjustments £m	**Total 2020 £m**
Authority administration expenditure	–	–	–	–	–	53	–	**53**
Programme expenditure	2,352	465	189	122	46	132	45	**3,351**
Decommissioning costs charged to nuclear provision	(1,761)	(474)	(180)	(77)	(103)	–	–	**(2,595)**
Decommissioning costs charged to other provisions	(132)	–	–	–	–	–	-	**(132)**
Nuclear Provision increase/(decrease)	1,620	5,032	92	(88)	6	–	731	**7,393**
Other provisions increase/(decrease)	157	–	–	–	–	–	10	**167**
Adjustments to provisions	(116)	4,558	(88)	(165)	(97)	–	741	**4,833**
Depreciation and impairment	44	–	–	–	–	5	38	**87**
Income (a)	(691)	(3)	(2)	(3)	–	(21)	(20)	**(740)**
Interest payable	–	–	–	–	–	–	36	**36**
Interest receivable	–	–	–	–	–	-	(2)	**(2)**
Net expenditure/(income) from continuing operations for the year before taxation	**1,589**	**5,020**	**99**	**(46)**	**(51)**	**169**	**838**	**7,618**

(a) See note 9 for commentary on revenue from contracts. Income in 'subsidiaries and group adjustments' includes revenue from rail and marine transport services and property rental.

(b) The basis for accounting for transactions between reportable segments is given in Note 29.

(c) There have been no changes from the prior period to the measurement methods used to determine reported segment net expenditure.

NDA Group 2019	Sellafield reprocessing and transport £m	Magnox electricity generation and research sites £m	Dounreay site restoration £m	Waste management £m	Springfields and Capenhurst £m	NDA admin and other non-programme £m	Subsidiaries and Group adjustments £m	Total 2019 £m
Authority administration expenditure	–	–	–	–	–	51	–	51
Programme expenditure	2,367	574	202	129	56	81	96	3,505
Decommissioning costs charged to nuclear provision	(1,673)	(556)	(188)	(72)	(110)	–	–	(2,599)
Decommissioning costs charged to other provisions	(164)	–	–	–	–	–	-	(164)
Nuclear Provision increase/(decrease)	(63,830)	(20,627)	291	(13,401)	(1,373)	–	(94)	(99,034)
Other provisions increase/(decrease)	(411)	–	–	–	–	–	-	(411)
Adjustments to provisions	(66,078)	(21,183)	103	(13,473)	(1,483)	–	(94)	(102,208)
Depreciation and impairment	40	–	–	–	–	2	16	58
Income (a)	(813)	(7)	(1)	(6)	–	(23)	(50)	(900)
Interest payable	–	–	–	–	–	–	22	22
Interest receivable	–	–	–	–	–	(1)	(17)	(18)
Net expenditure/(income) from continuing operations for the year before taxation	**(64,484)**	**(20,616)**	**304**	**(13,350)**	**(1,427)**	**110**	**(27)**	**99,490**

Geographical information

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

NDA Group	2020 £m	2019 £m
United Kingdom	**508**	655
Germany	**9**	7
Japan	**213**	217
Italy	**7**	7
Other countries	**3**	14
Total income	**740**	900

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

5. Authority administration expenditure

Authority	2020 £m	2019 £m
Staff costs (see Remuneration and People Report)	**39**	31
Administration costs	**14**	17
Rentals under operating leases – other	**-**	3
Auditors' remuneration	**–**	–
Total Authority administration expenditure	**53**	51

Directors' emoluments are included in the above figures and can be seen in the Remuneration and People Report on pages 73 to 82.

Auditors remuneration represents fees payable to the NAO for the audit of the Authority and the NDA Group and amounted to £330,000 (2019: £330,000). No other remuneration has been paid to the NAO.

6. Programme expenditure

	NDA Group		Authority	
NDA Group & Authority	**2020 £m**	2019 £m	**2020 £m**	2019 £m
Contractor and subsidiary costs (a), (b)	**2,999**	3,068	**2,945**	3,003
Amortisation of recoverable contract costs (see note 13)	**101**	166	**101**	166
Revalorisation of advance payments (see note 22)	**126**	123	**126**	123
Fees payable to SLCs	**40**	44	**40**	44
Trading costs	**19**	38	**19**	38
Rentals under operating leases – other	**-**	29	**–**	–
Research and development costs	**12**	14	**6**	8
Insurance	**-**	9	**8**	16
Skills and socio-economic	**-**	7	**-**	7
Release of fees previously accrued	**-**	(24)	**-**	(24)
Release of pension costs previously accrued	**-**	(15)	**-**	(15)
Dividend payable to minority interest	**1**	2	**-**	-
Information governance	**13**	15	**13**	15
Cyber security	**9**	11	**9**	11
Plutonium management strategy	**14**	7	**14**	7
Movements in inventory provisions	**8**	-	**8**	-
Group development projects	**4**	-	**4**	-
Property management	**5**	2	**6**	2
Other costs	**-**	9	**7**	8
Total Programme expenditure	**3,351**	3,505	**3,306**	3,409

(a) Contractor and subsidiary costs shown are after deduction for capitalisation of £5 million (2019: £7 million)
(b) Contractor and subsidiary costs include auditors' remuneration payable for the audit of the NDA subsidiary companies amounting to £298,000 (2019: £258,835)

Notes to the financial statements - continued

7. Adjustments to provisions

NDA Group & Authority	NDA Group 2020 £m	NDA Group 2019 £m	Authority 2020 £m	Authority 2019 £m
Movement in nuclear provisions:				
Provided for in the year (see note 24)	**6,792**	(95,410)	**6,791**	(95,408)
In-year group provision adjustment (see note 24)	**730**	(92)	**–**	–
Unwind of discount (see note 24)	**(129)**	(3,532)	**(129)**	(3,532)
Release of provision (see note 24)	**(2,595)**	(2,599)	**(2,595)**	(2,599)
Total movement in nuclear provisions	**4,798**	(101,633)	**4,067**	(101,539)
Movement in other provisions:				
Provided for in the year (see note 25)	**170**	(396)	**160**	(396)
Unwind of discount (see note 25)	**(3)**	(15)	**(3)**	(15)
Release from provision (see note 25)	**(132)**	(164)	**(132)**	(164)
Total movement in other provisions	**35**	(575)	**25**	(575)
Total provisions movement	**4,833**	(102,208)	**4,092**	(102,114)

8. Depreciation and impairments

NDA Group & Authority	NDA Group 2020 £m	NDA Group 2019 £m	Authority 2020 £m	Authority 2019 £m
Depreciation of property, plant and equipment (see note 11)	**73**	56	**35**	40
Impairment of property, plant and equipment (see note 11)	**9**	-	**9**	-
Impairment of financial instruments for expected credit loss (see notes 19 and 20)	**5**	2	**5**	2
Total depreciation and impairments	**87**	58	**49**	42

9. Income

NDA Group & Authority	NDA Group 2020 £m	NDA Group 2019 £m	Authority 2020 £m	Authority 2019 £m
Spent fuel reprocessing and associated waste management	**(183)**	(346)	**(183)**	(346)
Spent fuel receipt	**(215)**	(226)	**(215)**	(226)
Other contracts for waste and product storage	**(67)**	(55)	**(67)**	(55)
Storage and destorage of residues	**(5)**	(4)	**(5)**	(4)
Waste substitution (destorage and return of substituted waste)	**-**	-	**-**	-
Revenue from major contracts (continuing)	**(470)**	(631)	**(470)**	(631)
Legacy waste management	**(6)**	(134)	**(6)**	(134)
Waste substitution (initial substitution agreement)	**-**	-	**-**	-
Transfer of ownership of nuclear materials	**(166)**	-	**(166)**	-
Revenue from major contracts (non-recurring)	**(172)**	(134)	**(172)**	(134)
Transportation of nuclear fuel, waste and materials	**(61)**	(86)	**(42)**	(40)
Energy trading	**(6)**	(7)	**(6)**	(7)
Sundry	**(15)**	(22)	**(18)**	(15)
Admin / non-programme	**(10)**	(17)	**(10)**	(20)
Revenue from other contracts	**(92)**	(132)	**(76)**	(82)
Revenue from contracts with customers	**(734)**	(897)	**(718)**	(847)
Other revenues (rental income)	**(6)**	(3)	**(2)**	(3)
Total revenues	**(740)**	(900)	**(720)**	(850)

The total revenue from contracts with customers totalled £734 million (2019: £897 million) of which:

- £470 million (2019: £631 million) was recognised on major contracts which will continue beyond the reporting date
- £172 million (2019: £134 million) was recognised on non-recurring major contracts which concluded during the reporting period.
- £92 million (2019: £132 million) was recognised on other contracts

The Authority's major contracts with customers, the main performance obligations remaining on each contract and the factors affecting future cash flows and timing of revenue recognition can be summarised as follows:

Contract type and customer(s)	**Main categories of performance obligation**	**Factors potentially affecting future cash flows and revenue recognition**
Spent fuel reprocessing and associated waste management Customer(s): Nuclear energy producers in the UK and overseas	Storage of spent fuel not reprocessed (to 2086)	Overall contract value is materially certain, and timing of recognition is certain (corresponds directly to contracted storage period)
	Interim storage of wastes (expected to continue to 2025)	Overall contract value is materially certain. Revenue is recognised over time, and period of recognition is dependent on future performance of waste management plants
	Storage of treated wastes (to 2038 or 2086 depending on type of material)	Overall contract value is materially certain. Revenue is recognised over time, and period of recognition is dependent on future performance of waste management plants
	Storage of products (to 2086)	Overall contract value is materially certain, and timing of recognition is certain (corresponds directly to contracted storage period)
Spent fuel receipt and management Customer(s): Nuclear energy producers in the UK	Receipt of spent fuel, currently expected to continue until 2034	Overall contract value dependent on volume of spent fuel produced by customer Timing of revenue recognition dependent on ability of customer to consign spent fuel and on ability of Authority to receive spent fuel
Other contracts for waste and product storage Customer(s): Nuclear operators in the UK, nuclear energy producers overseas	Storage of materials, last contract continuing to 2042	Overall contract value dependent on future price negotiations with customers , occurring at intervals (of one to five years) determined in individual contracts
Storage and destorage of residues Customer(s): Nuclear energy producers overseas	Storage of residues, currently expected to continue until 2025	Contract values may vary according to storage periods required by customers
	Subsequent destorage of residues, currently expected to continue until 2023	Contract values may vary according to storage periods required by customer Timing of revenue recognition dependent on ability of Authority to destore residues and on ability of customer to receive residues
Waste substitution Customer(s): Nuclear energy producers overseas	Destorage and transportation of waste	Contract value is materially certain. Timing of revenue recognition dependent on ability of Authority to destore wastes and on ability of customer to receive wastes.
Transportation of nuclear fuel, waste and materials	Transportation of nuclear fuel, waste and materials	Availability of transportation capacity and customer ability and readiness to receive nuclear fuel, waste and materials; customer demand for transportation services
Energy trading	Production of electricity and sales of gas	Performance of electricity producing plants
Sundry	Various including provision of rechargeable services to third parties	Continued demand for services.
Admin / non programme	Various	Continued demand for services

Notes to the financial statements - continued

The key uncertainty in the Authority's revenue forecasts is the volume and timing of spent fuel which is received and not intended for reprocessing. There is uncertainty in the overall value of the contract because it is directly related to the volume of spent fuel produced by the customer. There is uncertainty in the timing of revenue recognition in each reporting period because revenue is recognised at the point of receipt of spent fuel, therefore the revenue recognised in each reporting period is directly related to the volume of fuel received in that reporting period. The volume of fuel received is subject to a number of uncertain external factors which are not entirely within the control of the Authority.

The table shows the main types of contract, the main areas of performance obligations therein, and for each category:

- the revenue recognised in the reporting period [A]:
- the revenue expected to be recognised in future reporting periods (being the aggregate amount allocated to performance obligations that are wholly or partially unsatisfied at the reporting date) [B]
- an indication of when the Authority expects to recognise the remaining contract price

Contract type	Categories of performance obligation	[A] £m	[B] £m	Of which £m:		
				2020-2025	2026- 2038	2039-2087
Spent fuel reprocessing and associated waste management	Spent fuel storage	12	710	53	138	519
	Interim storage of wastes	85	419	419	-	-
	Treatment of wastes	64	314	314	-	-
	Storage of treated wastes	4	172	20	52	100
	Storage of products	19	840	84	219	537
Spent fuel receipts	Receipt of spent fuel	215	4,076	1,644	2,432	-
Other storage contracts	Storage of materials	67	1,087	299	579	209
Storage and destorage of residues	Storage	4	10	10	-	-
	Destorage	1	24	21	3	-
Waste substitution	Destorage	-	72	47	25	-
Legacy waste	Waste management	6	171	171	-	-
Transfer of ownership of materials and flasks	Transfer of ownership	166	-	,	-	-
TOTAL		**643**	**7,895**	**3,082**	**3,448**	**1,365**

Notes to the financial statements - continued

10. Tax

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

NDA Group & Authority	**2020 £m**	2019 £m
NDA Group net expenditure before tax	**7,618**	(99,490)
Deficit on ordinary activities before tax at the UK standard rate of corporation tax of 19% (2019: 19%)	**1,447**	(18,903)
Effects of:		
Income and expenditure which is not taxable or tax deductible	**(1,295)**	19,103
Capital allowances for the year in excess of depreciation	**122**	116
Unutilised losses	**(274)**	(316)
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. The NDA is liable for Controlled Foreign Company Tax on the activities of Rutherford Indemnity Limited, the NDA's wholly-owned captive insurance company based in Guernsey.

11. Property, plant and equipment

NDA Group 2020	Land £m	Buildings £m	Fixtures & fittings £m	Plant & equipment £m	Transport equipment £m	Assets under construction £m	Right of Use assets £m	**Total £m**
Cost or valuation								
At 1 April 2019	15	297	5	4,520	71	76	80	5,064
Revaluations	-	1	-	-	-	-	-	1
Eliminations (c)	-	(2)	-	(15)	-	-	-	(17)
Additions	-	8	-	-	-	9	15	32
Other reclassifications (d)	-	43	-	(37)	1	(46)	-	(39)
Disposals	-	(1)	-	(17)	(1)	(4)	(2)	(25)
Impairments (g)	-	-	-	-	-	(9)	-	(9)
At 31 March 2020	**15**	**346**	**5**	**4,451**	**71**	**26**	**93**	**5,007**
Depreciation								
At 1 April 2019	-	(230)	(4)	(4,065)	(33)	-	-	(4,332)
Eliminations (e)	-	2	-	15	-	-	-	17
Charged in year	-	(1)	-	(42)	(5)	-	(25)	(73)
Disposals	-	–	-	18	-	4	-	22
At 31 March 2020	**-**	**(229)**	**(4)**	**(4,074)**	**(38)**	**4**	**(25)**	**(4,366)**
Net book value at 31 March 2019	15	67	1	455	38	76	-	652
Recognition of right of use asset under IFRS16	-	-	-	-	-	-	80	80
Net book value at 1 April 2019	15	67	1	455	38	76	80	732
Net book value at 31 March 2020	**15**	**117**	**1**	**377**	**33**	**30**	**68**	**641**

The net book value of plant and equipment at 31 March 2020 (£377 million) includes £127 million relating to future decommissioning costs

Right of use assets are recognised for the first time under IFRS16 (see note 2.6). Opening balances are stated in line with IFRS16 and therefore differ from the previous year's closing balances (below).

Notes to the financial statements - continued

11. Property, plant and equipment (continued)

NDA Group 2019	Land £m	Buildings £m	Fixtures & fittings £m	Plant & equipment £m	Transport equipment £m	Assets under construction £m	Right of Use assets £m	Total £m
Cost or valuation								
At 1 April 2018	37	2,135	5	4,742	70	104	-	7,093
Revaluations	(22)	-	-	-	-	-	-	(22)
Eliminations (e)	-	(1,838)	-	(101)	-	-	-	(1,939)
Additions	-	-	-	-	-	9	-	9
Other reclassifications (f)	-	-	-	(73)	1	(37)	-	(109)
Disposals	-	-	-	(48)	-	-	-	(48)
At 31 March 2019	**15**	**297**	**5**	**4,520**	**71**	**76**	**-**	**4,984**
Depreciation								
At 1 April 2018	-	(2,066)	(4)	(4,164)	(29)	-	-	(6,263)
Eliminations (e)	-	1,838	-	101	-	-	-	1,939
Charged in year	-	(2)	-	(50)	(4)	-	-	(56)
Disposals	-	-	-	48	-	-	-	48
At 31 March 2019		**(230)**	**(4)**	**(4,065)**	**(33)**	**-**	**-**	**(4,332)**
Net book value at 31 March 2018	37	69	1	578	41	104	-	830
Net book value at 31 March 2019	**15**	**67**	**1**	**455**	**38**	**76**	**-**	**652**

The net book value of plant and equipment at 31 March 2019 (£455 million) includes £279 million relating to future decommissioning costs

Authority 2020	Land £m	Buildings £m	Fixtures & fittings £m	Plant & equipment £m	Transport equipment £m	Assets under construction £m	Right of Use assets £m	Total £m
Cost or valuation								
At 1 April 2019	11	253	3	4,176	4	74	3	4,524
Revaluations	-	-	-	–	-	–	-	-
Eliminations (e)	-	(2)	-	(15)	-	–	-	(17)
Additions	-	-	-	–	-	4	-	4
Other reclassifications (f)	-	42	-	1	-	(43)	-	-
Disposals	-	-	-	-	-	-	(2)	(2)
Impairments (g)	-	-	-	-	-	(9)	-	(9)
At 31 March 2020	**11**	**293**	**3**	**4,162**	**4**	**26**	**1**	**4,500**
Depreciation								
At 1 April 2019	-	(229)	(3)	(3,907)	(2)	-	-	(4,141)
Eliminations (e)	-	2	-	15	-	-	-	17
Charged in year	-	(1)	-	(34)	-	-	-	(35)
Disposals	-	–	-	-	-	-	-	-
At 31 March 2020	**-**	**(228)**	**(3)**	**(3,926)**	**(2)**	**-**	**-**	**(4,159)**
Net book value at 31 March 2019	11	24	-	269	2	74	-	380
Recognition of right of use asset under IFRS16	-	-	-	-	-	-	3	3
Net book value at 1 April 2019	11	24	-	269	2	74	3	383
Net book value at 31 March 2020	**11**	**65**	**-**	**236**	**2**	**26**	**1**	**341**

Notes to the financial statements - continued

The net book value of plant and equipment at 31 March 2020 (£236 million) includes £106 million relating to future decommissioning costs
Right of use assets are recognised for the first time under IFRS16 (see note 2.6). Opening balances are stated in line with IFRS16 and therefore differ from the previous year's closing balances (below).

11. Property, plant and equipment (continued)

Authority 2019	Land £m	Buildings £m	Fixtures & fittings £m	Plant & equipment £m	Transport equipment £m	Assets under construction £m	Right of Use assets £m	Total £m
Cost or valuation								
At 1 April 2018	33	2,091	3	4,240	4	104	-	6,475
Revaluations	(22)	-	-	–	-	–	-	(22)
Eliminations (e)	-	(1,838)	-	(101)	-	–	-	(1,939)
Additions	-	-	-	–	-	7	-	7
Other reclassifications (f)	-	-	-	37	-	(37)	-	-
At 31 March 2019	**11**	**253**	**3**	**4,176**	**4**	**74**	**-**	**4,521**
Depreciation								
At 1 April 2018	-	(2,066)	(3)	(3,970)	(1)	-	-	(6,040)
Eliminations (e)	-	1,838	-	101	-	-	-	1,939
Charged in year	-	(1)	-	(38)	(1)	-	-	(40)
At 31 March 2019	**-**	**(229)**	**(3)**	**(3,907)**	**(2)**	**-**	**-**	**(4,141)**
Net book value at 31 March 2018	33	25	-	270	3	104	-	435
Net book value at 31 March 2019	**11**	**24**	**-**	**269**	**2**	**74**	**-**	**380**

The net book value of plant and equipment at 31 March 2019 (£269 million) includes £113 million relating to future decommissioning costs

(a) Right of Use assets included in Property, Plant and Equipment comprise the following:

NDA Group 2020	Land £m	Buildings £m	Fixtures & fittings £m	Plant & equipment £m	Transport £m	Total £m
Cost or valuation						
Balance at 1 April 2019	-	13	-	11	56	80
Additions	-	2	-	-	14	16
Disposals	-	(3)	-	-	-	(3)
At 31 March 2020	**-**	**12**	**-**	**11**	**70**	**93**
Depreciation						
At 1 April 2019	-	-	-	-	-	-
Depreciation expense	-	(2)	-	(3)	(20)	(25)
Disposals	-	-	-	-	-	-
At 31 March 2020	**-**	**(2)**	**-**	**(3)**	**(20)**	**(25)**
Net book value at 31 March 2019	-	-	-	-	-	-
Net book value at 31 March 2020	**-**	**10**	**-**	**8**	**50**	**68**

Notes to the financial statements - continued

11. Property, plant and equipment (continued)

(a) Right of Use assets included in Property, Plant and Equipment comprise the following:

Authority 2020	Land £m	Buildings £m	Fixtures & fittings £m	Plant & equipment £m	Transport £m	**Total £m**
Cost or valuation						
Balance at 1 April 2019	-	3	-	-	-	3
Disposals	-	(2)	-	-	-	(2)
At 31 March 2020	**-**	**1**	**-**	**-**	**-**	**1**
Depreciation						
At 1 April 2019	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At 31 March 2020	**-**	**-**	**-**	**-**	**-**	**-**
Net book value at 31 March 2019	-	3	-	-	-	3
Net book value at 31 March 2020	**-**	**1**	**-**	**-**	**-**	**1**

(b) The NDA accounts 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 licensed site boundaries are revalued inaccordance with FReM.

The NDA continues to require SLCs 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.

(c) Land and buildings located outside the nuclear licensed site boundaries, were revalued at 31 March 2020 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 Avison Young Ltd Chartered Surveyors.

(d) Contracted capital commitments relating to those economic assets expected to be subsequently capitalised, were £4 million (2019: £4 million).

(e) During the previous year (2019) the NDA eliminated fully depreciated assets no longer performing commercial activity, which had a gross book value and accumulated of £1,939 million. The assets included the Thorp reprocessing plant and associated buildings and plant and equipment which no longer perform commercial activity following the cessation of reprocessing during the year.

(f) 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 decrease of £39 million was recognised in the year (2019: £109 million decrease), see note 24.

(g) Impairment charges of £9 million were made in the year on assets at the end of their commercial usage (2019: nil)

Notes to the financial statements - continued

12. Investments in subsidiaries

Authority	2020 £m	2019 £m
Cost		
At 1 April	**259**	259
Additions	**-**	-
At 31 March	**259**	259
Impairment		
At 1 April	**–**	–
Reversal	**–**	–
At 31 March	**–**	–
Net book value at 1 April	**259**	259
Net book value at 31 March	**259**	259

Details of the Authority's subsidiaries at 31 March 2020 are as follows:

Name	Country of incorporation	Nature of business	Proportion of ordinary shares held by NDA %
Direct Rail Services Ltd	UK	Rail transport services within the UK	100
International Nuclear Services France SAS (i)	France	Transportation of spent fuel	100
International Nuclear Services Japan KK (i)	Japan	Transportation of spent fuel	100
International Nuclear Services Ltd (INS Ltd)	UK	Contract management and the transportation of spent fuel, reprocessing products and waste	100
NDA Properties Ltd	UK	Property management	100
Pacific Nuclear Transport Ltd (i)	UK	Transportation of spent fuel, reprocessing products and waste	69
Rutherford Indemnity Ltd	Guernsey	Nuclear insurance	100
Radioactive Waste Management Ltd	UK	Development of Geographical Disposal Facility	100
NDA Archives Ltd	UK	Operation of Nucleus – The Nuclear and Caithness Archive	100
Sellafield Ltd	UK	Operation of nuclear licensed sites	100
Magnox Ltd (ii)	UK	Operation of nuclear licensed sites	100

(i) Ownership through INS Ltd.
(ii) On 31 August 2019 100% of the issued share capital of Magnox Ltd was acquired by the NDA from Cavendish Fluor Partnership Ltd (CFP) for £1.

The results of all of the above subsidiaries are included within these consolidated financial statements.

The NDA is a member of Energus, a company limited by guarantee registered in the UK, providing training facilities in support of the nuclear estate. The NDA's liability is limited to £10.

The NDA is a member of North Highland Regeneration Fund Limited, a company limited by guarantee registered in Scotland and contributing to socio-economic development in the North Highland region. The NDA's liability is limited to £100.

The NDA is a member of Energy Coast West Cumbria Limited, a company limited by guarantee registered in the UK and contributing to the economic regeneration of West Cumbria. NDA's liability is limited to £1.

Notes to the financial statements - continued

13. Recoverable contract costs

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

Recoverable contract costs comprise costs which were incurred before the revenue recognition period of each contract and which are amortised each year in line with revenue ('Historic costs' below) and costs which form part of the nuclear provision, which are restated each year for unwinding of discount and other changes in estimate, and released as they occur in each year ('Future costs' below).

NDA Group and Authority	2020 £m	2019 £m
Recoverable contract costs relating to nuclear provisions:		
Gross recoverable contract costs	**5,087**	5,046
Less applicable payments received on account	**(3,304)**	(3,092)
Less associated contract loss provisions	**(358)**	(334)
Total recoverable contract costs	**1,425**	1,620

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

			2020			2019
NDA Group and Authority	Historic costs £m	Future costs £m	Total costs £m	Historic costs £m	Future costs £m	Total costs £m
Balance as at 1 April	**1,617**	**3,429**	**5,046**	1,783	5,298	7,081
Increase in year (see note 24)	**–**	**334**	**334**	–	(1,510)	(1,510)
Unwind of discount (see note 24)	**–**	**(7)**	**(7)**	–	(83)	(83)
Amortisation (see note 6)	**(101)**	**–**	**(101)**	(166)	–	(166)
Release in year (see note 24)	**–**	**(185)**	**(185)**	–	(276)	(276)
Balance as at 31 March	**1,516**	**3,571**	**5,087**	1,617	3,429	5,046

The historic costs within the above are deemed contract assets under IFRS 15. The opening balances, amortisation in period and closing balances for each main contract type are:

NDA Group and Authority	Spent fuel reprocessing and associated waste management £m	Spent fuel receipt and management £m	2020 Total £m	Spent fuel reprocessing and associated waste management £m	Spent fuel receipt and management £m	2019 Total £m
Balance as at 1 April	**1,026**	**591**	**1,617**	1,162	621	1,783
Amortisation	**(71)**	**(30)**	**(101)**	(136)	(30)	(166)
Balance as at 31 March	**955**	**561**	**1,516**	1,026	591	1,617

Contract assets under IFRS15 are deemed financial instruments for the purposes of IFRS9 and therefore are ordinarily required to be reviewed for expected credit loss impairment. The above contract asset balances comprise costs which have been previously incurred and are now being amortised in each reporting period. They are not related to or dependent on the future payments still to be made under each contract and therefore a credit loss impairment is not required.

Notes to the financial statements - continued

14. Deferred taxation

Deferred tax liability not recognised
There were no unrecognised deferred tax liabilities at 31 March 2020 or 31 March 2019.

Deferred tax assets not recognised
The following deferred tax assets have not been recognised as the NDA does not anticipate a taxable surplus arising in the foreseeable future:

NDA Group	2020 £m	2019 £m
Tax losses	**1,418**	1,277
Accelerated capital allowances	**644**	568
Intangibles	**6**	6
Short term timing differences	**-**	7
Deferred tax asset at UK standard rate of Corporation Tax for 2020 of 19% (2019: 19%)	**2,068**	1,858

15. Inventories

	NDA Group		Authority	
	2020 £m	2019 £m	**2020 £m**	2019 £m
Raw materials and consumables	**57**	43	**48**	34
Work-in-progress	**46**	39	**–**	–
Total inventories	**103**	82	**48**	34

The cost of raw materials and consumables recognised as an expense in the year was £55 million in Authority (2019: £74 million) and £61 million in NDA Group (2019: £81 million).

Work-in–progress recognised as an expense in the year in both Authority and NDA Group was nil (2019: nil).

Notes to the financial statements - continued

16. Financial instruments by category

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

		NDA Group		Authority	
	note	**2020 £m**	2019 £m	**2020 £m**	2019 £m
Financial assets at fair value through profit or loss (FVTPL):					
Other investments	18	**428**	450	**-**	-
Financial assets (FVTPL)		**428**	450	**-**	-
Financial assets at amortised cost:					
Non-current finance lease receivable	19	**44**	43	**72**	43
Non-current other receivables	20	**5**	8	**6**	8
Current trade and other receivables	20	**248**	90	**429**	294
Current finance lease receivables	19	**1**	2	**4**	2
Cash and cash equivalents	21	**215**	113	**95**	28
Total financial assets at amortised cost:		**513**	256	**606**	375

		NDA Group		Authority	
	note	**2020 £m**	2019 £m	**2020 £m**	2019 £m
Financial liabilities at amortised cost:					
Current trade and other payables	22	**(617)**	(564)	**(619)**	(576)
Total financial liabilities at amortised cost		**(617)**	(564)	**(619)**	(576)

a) Prepayments and VAT are excluded.
b) Deferred income and amounts owed to HMRC (in Note 22, other taxes and social security) are excluded

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 2.15.

The Group has a small number of Euro-denominated contracts which are not significant to the financial statements of the Group. This small currency risk is nonetheless still mitigated through the use of forward currency contracts placed with the Government Banking Service. The currency risk arising from overseas operations within the group is negligible.

The Group is not exposed to any significant level of interest rate risk due to the absence of any commercial borrowings in its Consolidated Statement of Financial Position.

The Group is exposed to a low level of price risk in respect of its energy trading operations. This risk is mitigated by the trading strategy employed which stipulates how far ahead of time energy products are purchased and sold. Due to the pricing structure and historical nature of reprocessing contracts, there is no significant exposure to price risk.

There is no significant exposure of the Group to liquidity risk due to the nature of its funding arrangement with BEIS.

The NDA is required to place deposit deeds as collateral in respect of certain energy trading costs incurred. £2 million of such collateral is included within current trade and other receivables in both the Authority and Group Statement of Financial Position at 31 March 2020 (2019: £2 million). The risk of loss associated with these deposits is considered to be minimal.

In addition to this, a letter of credit is issued by a commercial bank on the NDA's behalf in favour of a certain supplier, with respect to energy trading costs. This does not give rise to a financial asset in the accounts of the NDA Authority or Group.

Notes to the financial statements - continued

17. 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. This sets the annual expenditure limit net of the NDA's commercial income, derived largely from reprocessing and spent fuel and waste management contracts. 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

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 risk to the NDA in relation to electricity prices is not considered to be significant.

Credit risk
Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the NDA. This risk is managed through ongoing monitoring of the aging of receivables (for which expected credit loss impairments have been made under IFRS9). The Authority's contracts are almost entirely reprocessing and spent fuel and waste management contracts, for which the NDA is not taking on any new customers.

18. Other investments

	NDA Group		Authority	
	2020	2019	**2020**	2019
NDA Group and Authority	**£m**	£m	**£m**	£m
Bank deposits	**67**	53	**–**	–
Managed investments	**361**	397	**–**	–
Total Other Investments	**428**	450	**–**	–

Managed investments comprises of funds held within Rutherford Indemnity Limited in order to allow it to provide insurance for assets across the NDA estate.

19. Finance lease receivables

	NDA Group		Authority	
	2020	2019	**2020**	2019
NDA Group and Authority	**£m**	£m	**£m**	£m
Amounts receivable under finance leases:				
Not later than one year	**2**	2	**4**	2
Later than one year and not later than five years	**6**	6	**17**	6
Later than five years	**172**	174	**190**	174
	180	182	**211**	182
Less: unearned finance income	**(133)**	(135)	**(133)**	(135)
Present value of minimum lease payments receivable	**47**	47	**78**	47
Less: expected credit loss	**(2)**	(2)	**(2)**	(2)
Present value of minimum lease payments receivable after expected credit loss	**45**	45	**76**	45
Of which:				
Current	**1**	2	**4**	2
Non-current	**44**	43	**72**	43
	45	45	**76**	45

Notes to the financial statements - continued

19. Finance lease receivables (continued)

NDA Group and Authority	NDA Group 2020 £m	NDA Group 2019 £m	Authority 2020 £m	Authority 2019 £m
Amounts receivable under finance leases:				
Not later than 1 year	**1**	2	**4**	2
Later than 1 year and not later than 5 years	**6**	5	**14**	5
Later than 5 years	**38**	40	**58**	40
Present value of minimum lease payments receivable	**45**	47	**76**	47

The finance lease receivable relates to:

(a) Land and buildings of the Springfields Fuels operation which was disposed of to Westinghouse Electric UK Holdings Limited by way of a 150 year lease on 1 April 2010. The interest rate inherent in the lease was fixed at the contract date for all of the lease term. The average effective interest rate contracted approximates to 3.50% per annum.

(b) Certain land and buildings of the Capenhurst site which were disposed of to Urenco UK Ltd on 29 November 2012 by way of a combination of freehold and leasehold sales. The interest rate inherent in the lease was fixed at the contract date for all of the lease term. The average effective interest rate contracted approximates to 3.50% per annum.

(c) The office building at Harwell which is leased by the Authority and subsequently leased out to Radioactive Waste Management on a back to back arrangement this is eliminated in the group figures as it is an inter-group sub-lease. The sub-lease was entered into in July 2019 on an 8 year term.

(d) Five office buildings leased by the Authority and subsequently leased to Sellafield Limited on a back to back arrangement with a total receivable value of £33 million. These leases are for a period of between 1 and 25 years at the transition date.

The finance lease receivable balance is secured over the assets leased. The NDA is not permitted to sell or re-pledge 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 Authority has assessed its expected credit loss on finance lease receivables as at the reporting date and determined that all amounts owed by parties outside of the NDA Group are assessed to have an expected credit loss of 5%.

Notes to the financial statements - continued

20. Trade and other receivables

NDA Group and Authority	NDA Group 2020 £m	NDA Group 2019 £m	Authority 2020 £m	Authority 2019 £m
Non-current:				
Prepayments	**31**	31	**31**	31
Other receivables	**5**	8	**6**	8
Total non-current trade and other receivables	**36**	39	**37**	39
Current:				
Trade receivables	**152**	62	**362**	282
Accrued income	**82**	20	**64**	13
Other receivables	**15**	11	**4**	2
Prepayments	**11**	10	**3**	6
VAT	**91**	71	**90**	70
	351	174	**523**	373
Less: provision for expected credit loss	**(8)**	(3)	**(8)**	(3)
Current trade and other receivables	**343**	171	**515**	370

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 2020. 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.

Provision for expected credit loss

The Authority has assessed its expected credit loss on trade and other receivables as at the reporting date as follows:

- Amounts owed by UK government departments are considered to have no expected credit loss, in accordance with FReM
- Amounts owed by entities in the NDA estate (subsidiaries and site licence companies) are considered to have no expected credit loss, based on the Authority's knowledge of the financial position and future operations of each company
- Amounts owed by all other entities have been subject to a probability weighted assessment based in the outcomes of default and no default.

Amounts past due (following table) include amounts owed by government departments, other NDA estate entities and other entities considered relatively low risk by the NDA, therefore the overall expected credit loss risk for these sums is assessed as being relatively low.

The assessment of expected credit loss on trade and other receivables in the reporting period resulted in an impairment of £5 million (see note 8).

Notes to the financial statements - continued

20. Trade and other receivables (continued)

Ageing of current trade receivables:

NDA Group and Authority	NDA Group 2020 £m	NDA Group 2019 £m	Authority 2020 £m	Authority 2019 £m
Neither impaired or past due	**131**	17	**348**	240
Not past due:				
Within 30 days	**12**	34	**5**	33
31 to 60 days	**-**	2	**-**	1
61 to 90 days	**-**	2	**-**	2
91 to 120 days	**-**	-	**-**	-
Over 120 days	**9**	7	**9**	6
Total	**152**	62	**362**	282

21. Cash and cash equivalents

NDA Group and Authority	NDA Group 2020 £m	NDA Group 2019 £m	Authority 2020 £m	Authority 2019 £m
Balance at 1 April	**113**	214	**28**	82
Net change in cash and cash equivalent balances	**102**	(101)	**67**	(54)
Balance at 31 March	**215**	113	**95**	28
The balances at 31 March were held at:				
Commercial banks	**106**	78	**-**	1
Government Banking Service	**109**	35	**95**	27
Total cash and cash equivalents	**215**	113	**95**	28

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

Notes to the financial statements - continued

22. Trade and other payables

	NDA Group		Authority	
	2020 £m	2019 £m	**2020 £m**	2019 £m
Current:				
Trade payables	**100**	103	**205**	138
Receipts to surrender to the Consolidated Fund	**68**	2	**68**	2
Other payables	**29**	2	**1**	-
Accruals	**420**	457	**344**	436
	617	564	**618**	576
Other taxes and social security	**67**	55	**–**	-
Payments received on account	**506**	468	**500**	461
Deferred income	**7**	6	**2**	1
Current trade and other payables	**1,197**	1,093	**1,120**	1,038
Non-current:				
Payments received on account	**1,477**	1,696	**1,477**	1,696
Other payables	**4**	-	**-**	-
Non-current trade and other payables	**1,481**	1,696	**1,477**	1,696

	NDA Group		Authority	
NDA Group and Authority	**2020 £m**	2019 £m	**2020 £m**	2019 £m
Movements on gross payments received on account:				
Balance at 1 April per accounts	**5,256**	5,472	**5,249**	5,466
Revalorisation	**126**	123	**126**	123
Cash received	**341**	448	**341**	447
Released to income	**(436)**	(787)	**(435)**	(787)
Balance at 31 March	**5,287**	5,256	**5,281**	5,249

	NDA Group		Authority	
	2020 £m	2019 £m	**2020 £m**	2019 £m
Gross payments on account at 31 March	**5,287**	5,256	**5,281**	5,249
Deduction of recoverable contract costs (see note 13)	**(3,304)**	(3,092)	**(3,304)**	(3,092)
Net payments received on account at 31 March	**1,983**	2,164	**1,977**	2,157
Of which:				
Current	**506**	468	**500**	461
Non-current	**1,477**	1,696	**1,477**	1,696
	1,983	2,164	**1,977**	2,157

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 13). Payments on account not yet recognised as revenue are adjusted for inflation each year (known as revalorisation).

Payments on account balances are deemed contract liabilities under IFRS15.

Notes to the financial statements - continued

23. Lease Liabilities

The Authority has entered into commercial leases for land and buildings; motor vehicles; locomotives / rolling stock; and plant and equipment. With the exception of short term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a Right of Use Asset and a Lease Liability. Right of Use assets and the underlying asset class to which they relate are shown at note 11. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset.

The leases for land and buildings have remaining durations of between 1 and 25 years.
The leases for motor vehicles have durations up to a period of 4 years.
The leases for locomotives and rolling stock have remaining durations of between 1 and 5 years.
The leases for Plant and equipment have durations up to a period of 4 years.

Each lease generally imposes a restriction that, unless there is a contractual right for the Authority to sublet the asset to another party, the right of use asset can only be used by the Authority. Leases are either non-cancellable or may only be cancelled by incurring a termination fee. The Authority is prohibited from selling or pledging the underlying leased assets as security. In general leases dictate that the authority must keep those assets in a good state of repair and return the assets in their original condition at the end of the lease allowing for normal wear and tear. Further, the Authority must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The Authority has leases of land and buildings, vehicles and plant and equipment with lease terms of 12 months or less and leases of office equipment of low value. The Authority applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases as permitted by IFRS16.

The undiscounted maturity analysis of lease liabilities as at 31 March 2020 is as follows:

	NDA Group	Authority
	2020 £m	**2020 £m**
Lease liabilites		
Not later than one year	**25**	**3**
Later than one year and not later than five years	**41**	**8**
Later than five years	**9**	**29**
Total cash payments	**75**	**40**
Less amount representing interest	**(6)**	**(8)**
Present Value of lease liability	**69**	**32**
Of which:		
Current	**25**	**3**
Non-current	**44**	**29**
	69	**32**

Depreciation charged on Right of Use assets during the year (also shown at note 11)	25	-
Expenses relating to short-term leases	2	1
Expenses relating to leases of low-value assets	-	1
Interest expense on leases liabilities	2	1
Total cash outflow for leases	28	3
of which low value or short term	2	-
Variable lease costs expensed (where not included in the ROUA and lease liability)	-	-
Income from sub-leasing	9	3
Gains /losses from sale and leaseback transactions	n/a	n/a

Notes to the financial statements - continued

24. Nuclear Provisions

	NDA Group		Authority	
	2020	2019	**2020**	2019
NDA Group and Authority	**£m**	£m	**£m**	£m
Balance at 1 April	**129,958**	233,569	**130,658**	234,066
Provided for in the year and charged to:				
Statement of Comprehensive Net Expenditure (note 7)	**6,792**	(95,410)	**6,791**	(95,408)
Provided in year, charged to recoverable contract costs (a) (note 13)	**334**	(1,510)	**334**	(1,510)
Unwind of discount, charged to Statement of Comprehensive Net Expenditure (note 7)	**(129)**	(3,532)	**(129)**	(3,532)
Unwind of discount, charged to recoverable contract costs (a) (note 13)	**(7)**	(83)	**(7)**	(83)
Decommissioning costs utilised in year (note 7)	**(2,595)**	(2,599)	**(2,595)**	(2,599)
Recoverable contract costs released in year (note 13)	**(185)**	(276)	**(185)**	(276)
In-year group provision adjustment - Sellafield Ltd (b) (note 7)	**239**	(92)	**-**	-
Opening group provision adjustment - Magnox Ltd (b)	**(113)**	-	**-**	-
In-year group provision adjustment - Magnox Ltd (b) (note 7)	**491**	-	**-**	-
Provision changes impacting PPE (note 11)	**(39)**	(109)	**-**	-
Total change in provision	**4,788**	(103,611)	**4,209**	(103,408)
Balance at 31 March	**134,746**	129,958	**134,867**	130,658
Of which:				
Current (Nuclear Provision)	**2,941**	2,735	**2,941**	2,735
Non-current (Nuclear Provision)	**131,805**	127,223	**131,926**	127,923
	134,746	129,958	**134,867**	130,658

(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 those elements of the Nuclear Provision are therefore matched by a change in future 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 2020 (NDA Group and Authority) is £3,571 million (2019: £3,429 million) – the 'future costs' balance in note 13.

(b) An in-year group provision adjustment is made for the movement in the net pension deficit at Sellafield Ltd, which is already implicitly included in the nuclear provision and so is deducted here. The opening balance of the net pension deficit is included in the Group opening nuclear provision, and the in-year movement of the deficit included in the note. The 2019/20 decrease in this pension deficit is £239 million (2018/19: increase of £92 million).
Magnox Ltd became a subsidiary of the NDA on 1 September 2019 and has been consolidated into NDA Group with effect from that date. Magnox's net pension deficit of £113 million was brought into the Consolidated Statement of Financial Position on 1 September 2019, but as it was already implicitly included in the nuclear provision it is deducted here. The 2019/20 reduction in this pension deficit / increase in the surplus was £491 million which is also implicitly included in the nuclear provision, requiring deduction here with a corresponding credit to the SoCNE – see note 7.

The discount implicit in recognising nuclear provisions is unwound over the life of the provisions, with the impact of the unwind of one years' discount shown in adjustments to provisions in the Statement of Comprehensive Net Expenditure. An increase of 0.5% in the discount rate (producing a less negative, or more positive, discount rate) would reduce the provision to £116 billion, whilst a decrease in discount rate of 0.5% (producing a more negative, or less positive, discount rate) would increase the provision to £159 billion.

The change in discount rates (see note 2.16) in the current financial year produced a decrease of £3,818 million (2019: £107,764 million decrease).

Changes in the cost estimates of discharging the Nuclear Provision (representing increase or decrease in future decommissioning costs) are charged to the adjustments to provisions in the Statement of Comprehensive Net Expenditure. This charge includes the impact of restating liabilities from March 2019 values to current price levels. The overall increase in the provision was £4,788 million (2019: £103,611 million decrease) of which the Authority estimates that £4,035 million related to changes in price levels (2019: £9,915 million).

Notes to the financial statements - continued

24. Nuclear Provisions (continued)

A total of £2,780 million (2019: £2,875 million) has been released from the Nuclear Provision in the year to 31 March, being the amount provided for that year as at 31 March 2019, adjusted for price changes.

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 decrease of £39 million was recognised in the year (2019: £109 million decrease).

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

NDA Group	Sellafield £m	Waste £m	Fuel manufacturing & generation £m	Research £m	Others £m	2020 Total £m	2019 Total £m
Within 1 year	2,080	90	475	183	114	**2,942**	2,738
2–5 years	8,877	497	1,834	758	383	**12,349**	11,159
6–20 years	31,869	2,802	5,681	1,592	717	**42,661**	36,451
21–50 years	32,596	3,667	8,712	117	643	**45,735**	38,752
After 50 years	23,109	4,233	3,440	55	364	**31,201**	41,617
	98,531	**11,289**	**20,142**	**2,705**	**2,221**	**134,888**	130,717
Deduction in respect of pension deficits (b)						**(142)**	(759)
Total NDA Group						**134,746**	129,958
Sensitivity:							
Increase	83,558	25,912	2,014	173	110		
Reduction	(13,926)	(3,860)	(2,014)	(346)	(220)		

The NDA calculates its provision based on management's best estimate of the future costs of the decommissioning programme, which is expected to take until 2137 to complete. The NDA also considers credible risks and opportunities which may increase or decrease the cost estimate, but which are deemed less probable than the best estimate. These are the basis of the sensitivities identified above, and the key sensitivities are as follows:

- waste activities cover the Low Level Waste Repository and the GDF, with the key sensitivities being in the timing and costs of constructing and operating the GDF. The above range from a reduction of £3,860 million to an increase of £25,912 million reflects three separate sensitivities:
    - The potentially higher costs of constructing and operating the GDF itself, which dependent on the location and construction requirements of the facility, could be up to £22,780 million higher (or £3,797 million lower) than the base case assumption
    - The impact of the timing of the facility's construction and operations. The current planned date for the facility to receive wastes 2045. NDA has identified a risk that the construction and opening of the facility may be delayed beyond 2045 (see Governance Statement page 49) A delay to this date may increase the cost of the facility itself, along with the cost of interim storage of waste at sites across the NDA estate. A delay of a small number of years is considered to be within the overall tolerance of the estimate for GDF construction and waste transfer, and is not considered to have a material impact on the provision estimate. A longer delay of say 20 years could materially impact the provision, by approximately £2,100 million.
    - A delay of 20 years would not necessarily increase the underlying costs of the facility, but would increase the discounted value of the estimate by approximately £1,000 million due to the effect of long term negative discount rates.

- Activities on the sites primarily used for research (Dounreay, Harwell, and Winfrith) are concerned with final decommissioning of assets and site clearance. Sites will be cleared by 2080. Options are being explored to accelerate site clearance, which in the case of Dounreay would reduce the provision by £346 million; an increase in the cost and/or a delay of past the latest anticipated Interim State date (2033) would increase the provision by up to £173 million.
- Sellafield represents activities associated with operation of the site, reprocessing and eventual decommissioning, and includes all site overheads. Principal sensitivities are around the cost of delivering the plan, particularly the costs of new construction, decommissioning and post operational clean out (POCO) work in the long-term (beyond the next twenty years). The potential costs range from a £13,926 million reduction against the current estimate, to a £83,558 million increase.
- fuel manufacturing and generation (which for this purpose includes Magnox and Springfields) programme of work includes defueling the generating stations and preparing for interim Care and Maintenance (complete by 2030) followed by final site clearance

Notes to the financial statements - continued

25. Other provisions

NDA Group	Restructuring 2020 £m	Contract loss 2020 £m	Other 2020 £m	Total 2020 £m	Restructuring 2019 £m	Contract loss 2019 £m	Other 2019 £m	Total 2019 £m
Balance at 1 April	**61**	**373**	**37**	**471**	63	948	35	1,046
Provided in year	**14**	**156**	**-**	**170**	5	(403)	2	(396)
Released in year	**(7)**	**(125)**	**-**	**(132)**	(7)	(157)	–	(164)
Unwind of discount	**-**	**(3)**	**-**	**(3)**	-	(15)	-	(15)
Balance at 31 March	**68**	**401**	**37**	**506**	61	373	37	471
Amount deducted from recoverable contract costs	-	**(358)**	**-**	**(358)**	-	(334)	-	(334)
Net balance at 31 March	**68**	**43**	**37**	**148**	61	39	37	137
of which:								
Current				**18**				10
Non-current				**130**				127
				148				137

Authority	Restructuring 2020 £m	Contract loss 2020 £m	Other 2020 £m	Total 2020 £m	Restructuring 2019 £m	Contract loss 2019 £m	Other 2019 £m	Total 2019 £m
Balance at 1 April	**61**	**372**	**10**	**443**	57	951	10	1,018
Provided in year	**14**	**156**	**(10)**	**160**	11	(407)	-	(396)
Released in year	**(7)**	**(125)**	**-**	**(132)**	(7)	(157)	-	(164)
Unwind of discount	**–**	**(3)**	**-**	**(3)**	-	(15)	-	(15)
Balance at 31 March	**68**	**400**	**-**	**468**	61	372	10	443
Amount deducted from recoverable contract costs	-	**(358)**	-	**(358)**	-	(334)	-	(334)
Net balance at 31 March	**68**	**42**	**-**	**110**	61	38	10	109
of which:								
Current				**7**				9
Non-current				**103**				100
				110				109

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 2020. 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 13). The amount provided in the year for the contract loss provision relates to changes in estimates of the costs of existing contracts. Other provisions in 2019 comprised of provisions for insurance claims.

Notes to the financial statements - continued

26. Retirement benefit schemes

The NDA Group has a range of pension schemes including both defined contribution and defined benefit plans.

Defined contribution schemes
NDA and RWM employees have pension benefits provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher, details are described on page 80). Prior to that date, NDA and RWM employees participated in the Principal Civil Service Pension Scheme (PCSPS), an unfunded multi-employer defined benefit scheme in which the NDA and RWM are unable to identify their share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2016 and details can be found in the resource accounts of the Cabinet Office: Civil Superannuation at: www.civilservicepensionscheme.org.uk/about-us/resource-accounts/. The next actuarial valuation has not yet been completed. In accordance with guidance issued by HM Treasury, the Civil Service pension arrangements are accounted for as a defined contribution scheme in these financial statements.

A small number of employees transferred to the NDA from INS in 2019 and continue to accrue benefits in the UKAEA Combined Pension Scheme.
The NDA is unable to identify their share of the underlying assets and liabilities and NDA's participation in the UKAEA Combined Pension Scheme is accounted for as if they were defined contribution schemes, as permitted under IAS 19

Direct Rail Services Limited (DRS) employees joining after 1 April 2008 participate on a defined contribution basis in the Combined Nuclear Pension Plan (CNPP).

Sellafield Limited employees joining with effect from 24 November 2008 participate on a defined contribution basis in the CNPP.

Magnox Limited employees joining with effect from 26 June 2007 (or 1 November 2009 for former employees of Research Sites Restoration Limited) participate on a defined contribution basis in the CNPP.

International Nuclear Services Ltd (INS) employees participate in the United Kingdom Atomic Energy Authority (UKAEA) Combined Pension Scheme, the CNPP and the Magnox Electric Group section of the Electricity Supply Pension Scheme. Participation in these schemes is in sections with other employers and INS is unable to identify its share of the underlying assets and liabilities. Consequently INS's participation in these schemes is accounted for as if they were defined contribution schemes, as permitted under IAS 19. INS's contributions to these schemes are assessed as part of regular actuarial valuations of those schemes and will vary in line with the funding position of the relevant scheme.

Pacific Nuclear Transport Ltd (PNTL) participates in the following industry wide defined contribution schemes:

The ENSIGN Retirement Plan (for the MNOPF) which replaced the Merchant Navy Officers' Pension Plan (MNOPP); the scheme was closed to new contributions on 31 July 2015 and all existing members' benefits were transferred to the ENSIGN scheme.

The Merchant Navy Ratings' Group Personal Pension Plan (MNRGPPP) which replaced the MNRPP in September 2010.

The National Employment Savings Trust (NEST) is an auto enrolment scheme set up by the Government. There are a small number of NDA Group employees who have exhausted their participation in their respective pension schemes and have been auto enrolled into NEST.

The total cost charged to expenditure of £39,795,000 (2019: £29,407,000) 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 years.

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

GPS DRS section of the CNPP
DRS participates in the GPS DRS section of the CNPP, a defined benefit (final salary) funded pension scheme. The defined benefit structure was available to all DRS employees until 31 March 2008 when it was closed to new entrants.

Nirex section of the CNPP
The Nirex section of the CNPP is a defined benefit (final salary) funded pension scheme. The Nirex section was closed to new entrants on 1 April 2007 and has no active members.

Closed section of the 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 Closed section was closed to new entrants and further accrual on 31 March 2010.

Sellafield and GPS SLC sections of the CNPP
Sellafield Limited participates in the Sellafield and GPS SLC sections of the CNPP, a defined benefit (final salary) funded pension scheme. The defined benefit structure was available to all Sellafield Limited employees up to 24 November 2008 when it was closed to new entrants.

Magnox section of the CNPP and Magnox Electric Group section of the Electricity Supply Pension Scheme
Magnox Limited participates in the Magnox and GPS SLC sections of the CNPP and the SLC Section of the Magnox Electric Group section of the Electricity Supply Pension Scheme which is defined benefit (final salary) funded pension scheme. The defined benefit structure was available to all Magnox Limited employees up to 26 June 2007 (or 1 November 2009 for former employees of Research Sites Restoration Limited) when it was closed to new entrants.

Merchant Navy Officers Pension Fund (MNOPF)
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.

In relation to the CNPP and Magnox Electric Group section of the Electricity Supply Pension Scheme it is noted that:

- the scheme is sectionalised and individual sections cannot be liable for any other sections' obligations under the rules of the scheme
- there is no agreed allocation of any surplus or deficit should a participating employer withdraw from the scheme or on wind up. In such an event the participating employer's obligations would be subject to negotiation with the scheme trustees in light of the funding position of the scheme at that time
- the aggregate average duration of the CNPP obligation is 22 years (2019: 23 years), although this differs slightly by section. For those sections within NDA Authority, the aggregate average duration is 19 years (2019: 19 years)
- the aggregate average duration of the Magnox electric group section of the electricity supply pension scheme obligation is 16 years.

In relation to the Merchant Navy schemes, whilst the schemes are sectionalised they operate on a "last man standing" basis such that a participating employer can become liable for part of the obligations of another participating employer should that employer withdraw from the scheme with underfunded obligations. The average duration of the Merchant Navy schemes obligations is 12 years (2019: 12 years).

Actuarial valuations for the various defined benefit schemes referred to above are performed on a triennial basis with 'roll forward' valuations performed in intervening years. For CNPP a fourth year roll forward valuation has been used to produce the IAS19 valuation with no material impact as a result. Accordingly the relevant valuations have been updated at 31 March 2020 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.

Risks associated with the Group's defined benefit schemes
The defined benefit schemes expose the Group to a number of risks such as:

Changes in bond yields
Pension liabilities are calculated using discount rates linked to bond yields which are subject to volatility. In order to mitigate this risk the schemes hold a proportion of their assets in bonds, which provide a hedge against falling bond yields.

Investment risk
Some asset classes such as equities, which are expected to provide higher returns over the long term, are subject to short term volatility and may lead to deficits if assets underperform the discount rate used to calculate future liabilities. The allocation to such assets is monitored to ensure it remains appropriate given the schemes' long-term objectives.

Inflation risk
Since most of the scheme liabilities are indexed in line with price inflation, higher than assumed levels of inflation will increase the liabilities. In order to mitigate this risk the schemes hold a proportion of their assets in index-linked bonds.

Longevity risk
Increases in life expectancy will result in an increase in liabilities. The scheme actuaries regularly review actual experience of the scheme membership against the actuarial assumptions underlying the valuation of the liabilities and carry out detailed analysis when setting appropriate scheme specific mortality assumptions.

Other risks
There are a number of other risks involved in sponsoring defined benefit schemes including operational risks and legislative risks. The scheme trustees regularly assess these risks as part of their ongoing governance process.

The Merchant Navy Ratings Pension Fund Trustee became aware in 2018 of legal uncertainties relating to the ill-health early retirement benefits payable from the fund since the early 1990s. It is possible that the issue could result in significant additional benefit liabilities for the fund. The Trustee is seeking directions from the Court. No allowance has been made for the potential liabilities that could possibly arise.

Notes to the financial statements - continued

26. Retirement benefit schemes (continued)

NDA Group
Employee benefit obligations
The amounts recognised in the Statement of Financial Position are as follows:

	2020 £m	2019 £m
Benefit obligations	**5,785**	3,147
Fair value of scheme assets	**(5,637)**	(2,354)
Deficit in schemes	**148**	793
Unrecognised asset under IAS 19 para 64b *	**2**	5
Receivable from third parties	**(1)**	-
Net deficit recognised in schemes	**149**	798

Statement of Comprehensive Net Expenditure
The amounts recognised in the Statement of Comprehensive Net Expenditure are as follows:

	2020 £m	2019 £m
Current service cost	**195**	165
Past service cost	**6**	1
Net interest on net defined benefit (DB) assets / liabilities	**22**	18
Net cost in SoCNE	**223**	184
Actuarial (gain)/loss	**(873)**	(12)
Movement in unrecognised asset under IAS 19 para 64b	**(3)**	4
Receivable from third parties	**(1)**	-
Actuarial (gain)/loss recognised in OCE	**(877)**	(8)

Changes in the present value of the defined benefit obligations
The amounts recognised in the Statement of Financial Position are as follows:

	2020 £m	2019 £m
Opening defined benefit obligation	**3,147**	2,841
Aquisition of Magnox Ltd	**3,788**	-
Current service cost	**196**	165
Past service cost	**6**	1
Net interest on scheme liabilities	**118**	74
Employee contributions	**18**	18
Actuarial (gain)/loss	**(1,328)**	95
Benefits paid	**(160)**	(47)
Closing defined benefit obligation	**5,785**	3,147

Notes to the financial statements - continued

Changes in the fair value of the scheme assets are as follows:

	2020 £m	2019 £m
Opening fair value of scheme assets	**2,354**	2,136
Aquisition of Magnox Ltd	**3,675**	-
Interest income on scheme assets	**96**	56
Actuarial gain/(loss)	**(455)**	103
Employer contributions	**109**	88
Employee contributions	**18**	18
Benefits paid	**(160)**	(47)
Closing fair value of scheme assets	**5,637**	2,354

Changes in the value of unrecognised assets under IAS 19 para 64b are as follows:

	2020 £m	2019 £m
Opening value of unrecognised assets	**5**	1
Movement in unrecognised assets	**(3)**	4
Closing value of unrecognised assets	**2**	5

Estimated expected employer contributions over the next financial year are as follows:

	2020 £m	2019 £m
Contributions including deficit repair payments	**122**	89

The major categories of plan assets as a percentage of total scheme assets are as follows:

	2020 %	2019 %
Equities	**15**	38
Property	**8**	12
Fixed Interest Gilts	**1**	2
Index Linked Gilts	**8**	19
Corporate Bonds	**8**	10
Hedge funds	**-**	–
Credit investment	**8**	19
LDI Fund	**26**	-
Other growth assets	**23**	-
Cash/other	**3**	-
Total	**100**	100

Principal actuarial assumptions at the date of the SOFP (expressed in weighted averages):

	2020 %	2019 %
Discount rate	**2.25**	2.45
Future salary increases*	**2.00–3.00**	1.00–1.85
Rate of increase of pensions in payment	**2.40**	3.35–3.50
Rate of increase of pensions in deferment	**2.00–2.40**	2.35–3.50
Retail Price Inflation	**2.40**	3.5
Life expectancy for a male pensioner aged 65 (in years)	**22.2**	21.8
Life expectancy for a male non-pensioner currently aged 45 from age 65 (in years)	**23.1**	22.9

*For those schemes with members accruing benefits future salary increases for 2020 are assumed to be between 2.0% and 3.0% in the first year, and then between 2.0% and 2.5% thereafter.

Notes to the financial statements - continued

Mortality assumption

2020

MNOPF & MNRPF: 100% S2PA CMI18 projections, 1.0% trend (males and females)
Magnox Electric: 85%(pensioner)/90% (non-pensioner) of the S2PXA tables with CMI2018 projections (SK=0, A=0.5), 1.0% trend
All others: 100% S2P SAPS CMI18 projections, 1.0% trend (males and females)

2019

'MNOPF & MNRPF: 100% S2PA CMI17 projections, 1.0% trend (males and females)
All others: 100% S2P SAPS CMI17 projections, 1.0% trend (males and females)

*For those schemes with members accruing benefits future salary increases for 2020 are assumed to be 2.0% for ten years, and then 2.5% thereafter.

	2020 £m	2019 £m
Experience adjustments on plan liabilities	**(11)**	3
Experience adjustments on plan assets	**(455)**	104

Sensitivity analysis

Change to	Change in assumption	Impact on DB obligation as at 31.03.20	Change in assumption	Impact on DB obligation as at 31.03.20
Discount rate	Increase by 0.5%	(9%)	Decrease by 0.5%	10%
Rate of salary increase	Increase by 0.5%	2%	Decrease by 0.5%	(2%)
Rate of price inflation	Increase by 0.5%	10%	Decrease by 0.5%	(9%)
Rate of mortality	Increase by 1 year	4%		

Authority
Employee benefit obligations
The amounts recognised in the Statement of Financial Position are as follows:

	2020 £m	2019 £m
Benefit obligations	**130**	158
Fair value of scheme assets	**(135)**	(140)
Deficit/(surplus) in schemes	**(5)**	18
Receivable from third parties	**-**	-
Net deficit/(surplus) recognised in schemes	**(5)**	18

Statement of Comprehensive Net Expenditure
The amounts recognised in the Statement of Comprehensive Net Expenditure are as follows:

	2020 £m	2019 £m
Current service cost	**-**	-
Net interest on net defined benefit assets / liabilities	**-**	-
Net cost in SoCNE	**-**	-
Actuarial (gain)/loss	**(22)**	(2)
Receivable from third parties	-	-
Actuarial (gain)/loss recognised in OCE	**(22)**	(2)

Changes in the present value of the defined benefit obligations
The amounts recognised in the Statement of Financial Position are as follows:

	2020 £m	2019 £m
Opening defined benefit obligation	**158**	154
Net interest on scheme liabilities	**4**	4
Actuarial (gain)/loss	**(28)**	5
Benefits paid	**(4)**	(5)
Closing defined benefit obligation	**130**	158

Notes to the financial statements - continued

26. Retirement benefit schemes (continued)

Changes in the fair value of the scheme assets are as follows:

	2020 £m	2019 £m
Opening fair value of scheme assets	**140**	134
Interest income on scheme assets	**4**	4
Employer contributions	**1**	–
Actuarial gain/(loss)	**(6)**	7
Benefits paid	**(4)**	(5)
Closing fair value of scheme assets	**135**	140

The Authority made contributions to the Authority's defined benefit pension schemes during the year. The value of these contributions was below the level of rounding used in the financial statements.

Estimated expected employer contributions over the next financial year are as follows:

	2020 £m	2019 £m
Contributions including deficit repair payments	**1**	1

The major categories of plan assets as a percentage of total scheme assets are as follows:

	2020 %	2019 %
Equities	**25**	27
Property	**11**	10
Fixed Interest Gilts	**-**	–
Index Linked Gilts	**28**	28
Corporate Bonds	**23**	22
Credit investments	**13**	13
Cash	**-**	-
Total	**100**	100

Principal actuarial assumptions at the date of the SOFP (expressed in weighted averages):

	2020 £m	2019 £m
Discount rate	**2.25**	2.45
Future salary increases	**–**	–
Rate of increase of pensions in payment	**2.40**	3.35 –3.50
Rate of increase of pensions in deferment	**2.00–2.40**	2.35–3.50
Retail Price Inflation	**2.40**	3.50
Life expectancy for a male pensioner aged 65 (in years)	**21.3**	21.8
Life expectancy for a male non pensioner currently aged 45 from age 65 (in years)	**22.4**	22.9

Mortality assumption

2020

100% S2PA CMI18 projections, 1% trend (males and females)

2019

100% S2PA CMI17 projections, 1% trend (males and females)

Notes to the financial statements - continued

26. Retirement benefit schemes (continued)

	2020 £m	2019 £m
Experience adjustments on plan liabilities	**-**	-
Experience adjustments on plan assets	**(6)**	6

Sensitivity analysis

Change to	Change in assumption	Impact on DB obligation as at 31.03.20	Change in assumption	Impact on DB obligation as at 31.03.20
Discount rate	Increase by 0.5%	(9%)	Decrease by 0.5%	10%
Rate of salary increase	Increase by 0.5%	-	Decrease by 0.5%	-
Rate of price inflation	Increase by 0.5%	10%	Decrease by 0.5%	(9%)
Rate of mortality	Increase by 1 year	4%		

27. Non-controlling interests

NDA Group	**2020 £m**	2019 £m
At 1 April	**2**	2
Change in equity of non-controlling interests during year	**–**	–
At 31 March	**2**	2

28. Contingent liabilities

Indemnities

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) At 31 March 2020 the NDA held inventories of reprocessed uranic material. These materials are currently held at nil value, due to uncertainty over their future use, which may result in as-yet-unquantified liabilities for the NDA.

b) Whilst not the lead employer, the NDA is the lead organisation and has ultimate responsibility for certain nuclear industry pension schemes, including the Combined Nuclear Pension Plan, the Magnox section of the ESPS, and the GPS Pension Scheme. Provisions for known deficits are included within Nuclear Provisions. However, movements in financial markets may adversely impact the actuarial valuations of the schemes, resulting in an increase in scheme deficits and consequent increase in nuclear provision.

c) In previous reporting periods the Authority maintained a provision for the settlement of health claims payable to former employees in the civil nuclear industry. Claims have reduced to a non-material level in recent years and the future level of remaining claims is expected to be non-material and not able to be accurately forecast. The Authority has therefore discontinued accounting for the provision (see note 25) but recognises the resulting contingent liability

International Carrier Bond

During 2014/2015 the NDA procured a US Bond on behalf of their subsidiary, INS Ltd, in order to meet US law in respect of vessels calling at US ports for commercial purposes. This Bond is required to ensure that all duties, taxes and fees owed to the federal government are paid. The Bond would therefore only be called on in the case of non-payment of any of the above, and the total cost would not be expected to exceed $100,000.

Notes to the financial statements - continued

29. Related parties

Government bodies
The NDA is an Executive NDPB sponsored by BEIS, which is regarded as a related party. During the year, the NDA has had various material transactions with BEIS and with other entities for which BEIS is regarded as the responsible department. The NDA receives grant financing from BEIS.
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 parent		Purchase of goods from parent		Amounts owed by related parties		Amounts owed to related parties	
	2020 £m	2019 £m	**2020 £m**	2019 £m	**2020 £m**	2019 £m	**2020 £m**	2019 £m
Direct Rail Services Ltd	**(34)**	(37)	**-**	-	**7**	7	**-**	-
International Nuclear Services Ltd	**(63)**	(64)	**2**	1	**180**	181	**-**	-
NDA Properties Ltd	**(8)**	(9)	**1**	1	**40**	24	**-**	-
Pacific Nuclear Transport Ltd	**(3)**	-	**2**	2	**-**	-	**3**	-
Rutherford Indemnity Ltd	**-**	-	**-**	-	**-**	–	**-**	-
Radioactive Waste Management Ltd	**(44)**	(38)	**3**	3	**-**	-	**-**	-
NDA Archives Ltd	**(5)**	(5)	**2**	2	**-**	-	**-**	-
Magnox Ltd	**(285)**	-	**-**	-	**-**	-	**84**	-
Sellafield Ltd	**(2,076)**	(2,026)	**17**	17	**-**	-	**352**	331
	(2,518)	(2,179)	**27**	26	**227**	212	**439**	331

Sales of goods to related parties were made at arm's 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.

Notes to the financial statements - continued

29. Related parties (continued)

Loans to related parties
Amounts owed by DRS includes a loan of £7 million which is interest bearing at a fixed percentage above Bank of England base rate. The loan is not repayable until at least 2021.

Amounts owed by NDA Properties Limited includes a loan of £20 million which is interest bearing at a fixed rate, repayable in instalments over twenty five years to 2038. At 31 March 2020 the balance owing was £16 million (2019: £16 million).

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 and people report on pages 73 to 82.

Authority	**2020 £'000**	2019 £'000
Short-term employee benefits	**3,973**	3,547
Post-employment benefits	**335**	322
Other long-term benefits	**1,308**	1,155
Total key management compensatons	**5,616**	5,024

30. Events after the reporting period

- IAS 10 requires the NDA to disclose the date on which the accounts are authorised for issue, which is the date of the Certificate and Report of the Comptroller and Auditor General.

- On 10 July 2020 the NDA announced its decision to acquire the share capital of Dounreay Restoration Services Ltd (DSRL) and Low Level Waste Repository Ltd (LLWR), thereby bringing the companies into the NDA Group in a future reporting period.

Performance Analysis

Performance Analysis

The following section provides a summary as to how each of the organisations in the NDA group has performed in 2019/20. The performance of Urenco Nuclear Stewardship Ltd and Springfield Fuels Ltd is also included due to their role in decommissioning our sites at Capenhurst and Springfields.

Overall, 2019/20 has seen strong performance across the group with many important milestones achieved as has already been outlined in this report.

The following section provides a summary as to how each of the organisations in the group has performed against the key activities and milestones set out in our 2019/22 Business Plan. The 'golden thread' from the NDA's 47 Strategic Outcomes to each of these key activities and milestones is also shown.

As in previous years, the performance of NDA's major projects (defined as being those very large and complex new construction projects that require business case approval by Government) is included in Appendix C of this report. A number of these projects have seen significant increases to their lifetime cost and completion dates this year, most notably the Sellafield Box Encapsulation Plant (BEP) and the Sellafield SIXEP Contingency Plant. The current portfolio of in-flight major projects in the group is limited to nine projects at Sellafield, which equates to approximately 20% of Sellafield's total expenditure this year.

In response to the COVID-19 outbreak NDA prepared and responded to guidance issued by HMG beginning in February 2020. In line with the lockdown announced by the Prime Minister on 23 March 2020 all non-essential activity at our sites was suspended with only essential services (including receipt of spent fuel at Sellafield and receipt of waste at the Low Level Waste Repository at Drigg) remaining operational. Direct Rail Services continued to run train services where required, however some services were suspended at the customer's request and certain trains had additional wagons added to increase capacity. In line with HMG guidance our people have worked from home during the lockdown where possible. As the lockdown occurred late in the reporting period there was limited impact on performance against targets for the year. Our businesses are currently planning how to resume operational, decommissioning and project activity at sites as and when HMG guidance allows.

Further, NDA responded to the requirements of PPN 02/20 in a manner intended to minimise the risk to our critical supply chain and the delay to our important programme of works during the COVID-19 disruption. In return for agreeing to a number of conditions, including an open book approach, agreeing not to access any duplicate government support and to retain their key staff and supply chain, key suppliers who were financially impacted by COVID-19 and who have been unable to deliver goods or services at the levels that were envisaged before the COVID-19 outbreak have been eligible to apply for support payments. The maximum in support payments available to each key supplier is an amount equal to the shortfall in billable work they have been able to deliver since 1 April 2020, when compared with pre-COVID expectations. NDA has liaised closely with each supplier receiving support and in accordance with PPN 04/20 is now formulating a plan with each supplier for how support will be withdrawn no later than 31 October 2020.

NDA continued to support the UK government throughout 2019/20 in its negotiations and preparation for the UK's exit from the European Union and the European Atomic Energy Community (Euratom).

NDA Corporate Centre

The NDA Corporate Centre is a non-departmental public body created by the Energy Act 2004 to lead the clean-up and decommissioning work at the NDA's 17 sites on behalf of government. NDA is sponsored and funded by the Department for Business, Energy and Industrial Strategy (BEIS).

Key Activities	Strategic outcome	Timescale	2019/20 Target	2019/22 Target	Comments
Nuclear Materials					
Work with government to develop a long-term management solution for separated plutonium in the UK.	20	2019-2022		ON TARGET	
Manage special nuclear materials consolidation in agreed locations.	22	2019-2022		ON TARGET	
Integrated Waste Management					
NDA will work with group Businesses to explore alternative disposal options for Higher Activity Waste.	39	2019-2022		ON TARGET	
Critical Enablers					
Review of NDA operations and implementation of the accepted recommendations from the Magnox Inquiry, NAO landscape report and Public Accounts Committee.		2019-2020	ON TARGET		
Manage the existing Magnox Limited contract through to termination; and transition to new arrangements.		2019-2022		ACHIEVED	
Development of strategic opportunities that optimise delivery of the mission.		2019-2022		ON TARGET	
Implementation of a group Equality, Diversity and Inclusion (EDI) Strategy.		2019-2022		ON TARGET	
Implement Government led reforms of public sector pensions and exit caps across the NDA group.		2019-2022		ON TARGET	
Provide support to government on nuclear new build decommissioning plans.		2019-2022		ON TARGET	

Key Activities	Strategic outcome	Timescale	2019/20 Target	2019/22 Target	Comments
Working to embed the capability to proactively protect, detect, respond and recover against current and evolving cyber threats.		2019-2022		ON TARGET	
Implementation of our strategic people delivery plan to enable resource planning, skills development and flexibility and mobility across the group.		2019-2022		ON TARGET	
Support small and medium enterprise organisations by increasing overall spend with them in line with the government growth agenda.		2019-2022		ON TARGET	
Performance management of group businesses.		2019-2022		ON TARGET	
Embed the key tenets of the Industrial Strategy, including active participation in the Nuclear Sector Deal to help achieve HMG key deliverables.		2019-2022		ON TARGET	
Support implementation of forthcoming new nuclear emergency preparedness standards across the NDA group, as part of the UK's implementation of the Basic Safety Standards Directive 2013.		2019-2022		ON TARGET	
International support, sharing knowledge and expertise in decommissioning and clean-up activities.		2019-2022		ON TARGET	
Regulatory Control					
Continue working with regulators and government to determine institutional controls appropriate to restoration of nuclear sites		2019-2022		ON TARGET	
Contribute to sustainability performance under the Greening Government Commitments (GGC).		2019-2022		ON TARGET	

Performance Analysis - Site Licence Companies

Sellafield Ltd

Sellafield is an NDA subsidiary, responsible for operating and decommissioning Europe's largest and most complex nuclear site, Sellafield in west Cumbria. This includes cleaning up nuclear facilities and safeguarding nuclear fuel, materials and waste.

Key Activities	Strategic outcome	Timescale	2019/20 Target	2019/22 Target	Comments
Spent Fuels					
All of the spent fuels discharged from the operating Advanced Gas-Cooled Reactor (AGR) power stations and defueling Magnox power stations reactors are sent to Sellafield for management. The management of AGR fuel under contracts with EDF Energy provides a significant income stream to NDA.					
Continue to receive and prepare for receipt of Dounreay spent fuels.	12 14	2019-2022		ON TARGET	
Continue to receive / manage AGR spent fuel from EDF Energy and prepare for receipt of bulk defueling.	6 9	2019-2022		ON TARGET	
Completion of Magnox Reprocessing.	3 4	2020-2022		ON TARGET	
Complete defueling of Calder Hall.	2	2019-2020	ACHIEVED		
Nuclear Materials					
Sellafield is the custodian of the majority of the UK's inventory of separated plutonium which is held in safe and secure storage.					
Continue the safe and secure storage of plutonium in line with UK policy.	18 19	2019-2022		ON TARGET	
Continue to receive and securely store nuclear materials from Dounreay before treatment and repackaging.	17	2019-2022		ON TARGET	
Ensure safe, secure management of our uranics inventory.	22 24	2019-2022		ON TARGET	

Performance Analysis - Site Licence Companies

Key Activities	Strategic outcome	Timescale	2019/20 Target	2019/22 Target	Comments
Integrated Waste Management					
The various activities of the site produce wastes in many forms. These require varying degrees of treatment and onward processing. The site will continue to focus on safe, efficient management of these wastes, including: the conversion of Highly Active Liquor (HAL) into passively safe vitrified waste; the return of vitrified material overseas; and the management of on-site intermediate and low level wastes.					
Continue the programme to repatriate overseas owned vitrified waste to its country of origin.	38	2019-2022		ON TARGET	
Prepare and commence the co-processing of HA POCO solids.	31	2020-2022		ON TARGET	
Pile Fuel Storage Pond					
Continue sludge and solids retrievals from the pond and wetbays.	31	2019-2022		ON TARGET	
Complete Bay Dewatering Trial.	31	2020-2022		ON TARGET	
First Generation Magnox Storage Pond					
Continue bulk sludge removal from D Bay.	31	2019-2022		ON TARGET	
Continue to export fuel and sludge from the pond.	2 31	2019-2022		ON TARGET	
Magnox Swarf Storage Silo					
Commence SEP1 (Silo Emptying Plant) Phase 1 active commissioning.	31	2020-2022		ON TARGET	
Volume manufacture of 3m3 boxes.	31	2019-2022		ON TARGET	
Begin retrievals from Magnox Swarf Storage Silo (MSSS).	31	2019-2020	MISSED		The first skip of waste from the facility is scheduled to be placed in store via the Encapsulated Product Store Waste Transfer Route (EPS-WTR) using SEP Cave 2. This was targeted to be in quarter 4 of 2020/21 but will now be subject to the impact of COVID-19. The key decommissioning milestone target for first skip of waste from the facility is Q2 2021/22.

Performance Analysis - Site Licence Companies

Key Activities	Strategic Outcome	Timescale	2019/20 Target	2019/22 Target	Comments
Integrated Waste Management					
Pile Fuel Cladding Silo					
Completion of Inactive Safety commissioning of the Box Encapsulation Plant and Product Store (BEPPS)/Direct Import facility.	31	2020-2022		ON TARGET	
Commence inactive commissioning of waste retrieval equipment	31	2019-2020	ACHIEVED		
Begin retrievals from the Pile Fuel Cladding Silo.	31	2020-2022		ON TARGET	
Continue to generate savings and preserve capacity at the LLW Repository by diversion of materials into the supply chain.	27	2019-2022		ON TARGET	
Continue the programmes to receive and treat waste materials from Harwell and AWE Aldermaston.	30 32	2019-2022		ON TARGET	
Site Decommissioning and Remediation					
Complete decommissioning and demolition of the upper diffuser section of the Windscale Pile Chimney Number 1	42 43	2020-2022		ON TARGET	
Complete demolition of the SEP Head End Stack.	43	2020-2022		ACHIEVED	Decommissioning Milestone met – opportunity to continue demolition to 0.3m has been enacted.
Commence POCO of Magnox Reprocessing Plant.	42	2020-2020		ON TARGET	
Regulatory permissioning in support of decommissioning and demolition activities.	42 43	2019-2022		ON TARGET	
Critical Enablers					
A number of key enabling activities require specific focus, ranging from infrastructure refurbishment or replacement projects, in support of the above activities, through to key change programmes which aim to improve operational delivery and efficiency on site.					
Continue the Sellafield Limited transformation to support future business requirements including the development and embedding of a value-led culture		2019-2022		ON TARGET	

Performance Analysis - Site Licence Companies

Key Activities	Strategic outcome	Timescale	2019/20 Target	2019/22 Target	Comments
Critical Enablers					
Develop and embed the long-term partnership with the supply chain		2019-2022		ON TARGET	
Progress the transformation of Project delivery on site and embed PPP (Programme and Project Partnership).		2019-2022		ON TARGET	
Support small and medium enterprise organisations by targeting overall spend with them in line with the government growth agenda		2019-2022		ON TARGET	
Continue the Sellafield Security Enhancement Programme		2019-2022		ON TARGET	
Continue with improvements to the site utilities infrastructure and new steam generation		2020-2022		ON TARGET	
Continue the programme to ensure the Analytical Services capability is available to support the mission.		2019-2022		ON TARGET	
Continuation of information assurance activities and supporting processes.		2019-2022		ON TARGET	
Embed the key tenets of the Industrial Strategy, including facilitation under the Nuclear Sector Deal.		2019-2022		ON TARGET	
Working to embed the capability to proactively protect, detect, respond and recover against current and evolving cyber threats.		2019-2022		ON TARGET	
Maintain an asset management regime that takes into account the impact of asset condition on meeting regulation.		2019-2022		ON TARGET	
Regulatory Control					
Ensure discharges are in line with UK discharge strategy.		2019-2022		ON TARGET	
Reduce environmental risk (including retrieval and treatment of legacy wastes, reduction of HAL stocks).		2019-2022		ON TARGET	
Continue joint working between Office for Nuclear Regulation, Environment Agency, Sellafield Ltd, NDA, UKGI and BEIS with the overriding objective of accelerating risk and hazard reduction'.		2019-2022		ON TARGET	

Performance Analysis - Site Licence Companies

Magnox Ltd

Magnox is an NDA subsidiary, responsible for 12 nuclear sites across the UK: Berkeley, Bradwell, Chapelcross, Dungeness A, Harwell, Hinkley Point A, Hunterson A, Oldbury, Sizewell A, Trawsfynydd, Winfrith and Wylfa. Magnox also generates electricity at the Maentwrog hydroelectric plant.

Key Activities	Strategic outcome	Timescale	2019/20 Target	2019/22 Target	Comments
Spent Fuels					
Management of MOP9 (ref 2) and co-ordination of Magnox fuel management activities with Sellafield and Dounreay complete	1	2019-2020	ACHIEVED		
Transfer Magnox fuel flask fleet management responsibility to Sellafield Ltd	1	2019-2020	ACHIEVED		
Completion of Wylfa defueling	1	2019-2020	ACHIEVED		
Nuclear Materials					
Continuation of the programme for the transfer of nuclear materials.	22	2019-2022		ON TARGET	
Integrated Waste Management					
Delivery of the Magnox elements of the estate-wide low level waste management plan including diversion to alternative treatment.	26 27 28 29	2019-2022		ON TARGET	
Progression of activities to retrieve, process and package wastes.	31 32 33	2020-2022		ON TARGET	
Site Decommissioning and Remediation					
Continuation of estate decommissioning and demolition activities working towards Interim States.	42 43	2019-2022		ON TARGET	
Asbestos management – continued focus on the major risk of asbestos including production of an optimised, underpinned strategy for asbestos, without detriment to Care and Maintenance.	42	2019-2022		ON TARGET	
Continue preparations for Winfrith to enter its Interim State.	42 44	2019-2022		ON TARGET	

Performance Analysis - Site Licence Companies

Key Activities	Strategic outcome	Timescale	2019/20 Target	2019/22 Target	Comments
Site Decommissioning and Remediation					
Support to the NDA in property activities to reduce the NDA decommissioning liability and achieve best value on asset disposal.	42 44	2019-2022		ON TARGET	
Development of Interim State approaches, utilising revised management arrangements.	44	2020-2022		ON TARGET	
Monitoring management arrangements for sites in Care and Maintenance.	42	2019-2022		ON TARGET	
Ensuring the management arrangements for Interim States are determined and agreed with regulators	42	2019-2022		ON TARGET	
Regulatory permissioning in support of the transfer of nuclear materials between sites.	44	2020-2022		ON TARGET	
Regulatory permissioning in support of the Interim End State definition and arrangements for Winfrith.	42	2019-2022		ON TARGET	
Critical Enablers					
Support to the Government in activities to deliver the new build agenda and preparations for decommissioning the AGR fleet.		2019-2022		ON TARGET	
Continuation of information governance activities and supporting processes.		2019-2022		ON TARGET	
Develop and implement a “sift & lift” programme to rationalise all Magnox records and transfer as appropriate to NDA Archive in Wick.		2019-2022		ON TARGET	
Support small and Medium enterprise organisations by targeting overall spend with them in line with government Growth Agenda.		2019-2022		ON TARGET	
Implement a change in management arrangements to smoothly transition from a PBO to becoming an NDA subsidiary		2019-2022		ACHIEVED	
Support closure of Magnox Operations and Maintenance Contract with Cavendish Fluor Partnership		2019-2020	ACHIEVED		

Performance Analysis - Site Licence Companies

Berkeley

Key Activities	Strategic Outcome	Timescale	2019/20 Target	2019/22 Target	Comments
Integrated Waste Management					
Continuation of retrieval and packaging activities in the active waste vaults.	32	2019-2022		ON TARGET	fuel eement debris retrievals ongoing but issues with waste characteristics have impacted programme schedule and review of these impacts is ongoing.
Complete design and commissioning of shielded area waste retrieval equipment	31	2019-2020	ACHIEVED		
Retrieval of waste from shielded area (caves).	32 33	2019-2022		ON TARGET	
Continuation of waste retrieval plant design, commissioning and packaging.	31 32 33	2019-2022		ON TARGET	
Complete design and build of encapsulation facility.	32	2019-2020	MISSED		Current forecast is to complete inac-tive commissioning in August 2020.
Encapsulation of ILW packages.	32	2019-2022		ON TARGET	
Regulatory permissioning in support of the Berkeley ILW Management Programme.	31 32 33 34	2019-2022		ON TARGET	
Site Decommissioning and Remediation					
Decommissioning and demolition activities ongoing in preparation for entry into Care and Maintenance.	42 43	2019-2022		ON TARGET	
Regulatory permissioning in support of the Care and Maintenance entry definitions and transitional arrangements.	42	2020-2022		ON TARGET	

Performance Analysis - Site Licence Companies

Bradwell in Care and Maintenance

Key Activities	Strategic Outcome	Timescale	2019/20 Target	2019/22 Target	Comments
Integrated Waste Management					
Receipt and storage of other ILW waste packages in line with planning permission.	32	2019-2022		ON TARGET	
Site Decommissioning and Remediation					
Ongoing monitoring of Care and Maintenance phase.	42 44	2019-2022		ON TARGET	

Chapelcross

Key Activities	Strategic Outcome	Timescale	2019/20 Target	2019/22 Target	Comments
Integrated Waste Management					
Encapsulation facility design and build complete.	32	2019-2020	MISSED		Work commenced late after deferral to meet CFP Contract funding commitments. Current forecast is to complete in May 2021.
Progressing of ILW retrievals, processing and storage activities.	31 32 33	2019-2022		ON TARGET	
Interim Storage Facility commissioned and complete.	33	2020-2022		ON TARGET	
Site Decommissioning and Remediation					
Decommissioning and demolition activities in preparation for entry into Care and Maintenance	42 43	2019-2022		ON TARGET	
Preparations for pond draining and stabilisation.	42	2019-2022		ON TARGET	
Commence pond draining and stabilisation.	42	2020-2022		ON TARGET	
Regulatory permissioning in support of the Care and Maintenance entry definitions and transitional arrangements.	42 44	2019-2022		ON TARGET	

Performance Analysis - Site Licence Companies

Dungeness A

Key Activities	Strategic Outcome	Timescale	2019/20 Target	2019/22 Target	Comments
Integrated Waste Management					
Complete retrievals, treatment and transport of ILW	31 32 33	2019-2022		ON TARGET	
Site Decommissioning and Remediation					
Commence preparations for Boiler Annexe removal	42	2019-2020	ACHIEVED		Strategic change approved, business case in production
Complete bulk asbestos removal from reactor buildings	42	2019-2020	MISSED		Current forecast is to complete in September 2020
Decommissioning and demolition activities in preparation for entry into Care and Maintenance	42 43	2020-2022		ON TARGET	
Ponds cleaned and stabilised	42	2019-2020	ACHIEVED		
Regulatory permissioning in support of the Care and Maintenance entry definitions and transitional arrangements	42 44	2019-2022		ON TARGET	

Performance Analysis - Site Licence Companies

Harwell

Key Activities	Strategic Outcome	Timescale	2019/20 Target	2019/22 Target	Comments
Nuclear Materials					
Continuation of the programme for the transfer of nuclear materials and ILW.	22	2019-2022		ON TARGET	
Integrated Waste Management					
Recovery, processing and packaging of solid ILW.	31 32 33	2019-2022		ON TARGET	
Commence receipt of packaged ILW from Winfrith in the Harwell store.	33	2019-2022		ON TARGET	
Site Decommissioning and Remediation					
Complete preparations for decommissioning of radium chemistry facilities.	42	2019-2020	DEFERRED		Project deferred due to funding pressures.
Decommissioning of radium chemistry facilities.	42	2019-2022		ON TARGET	
Continuation and completion of Liquid Effluent Treatment Plant area environmental restoration.	42 43 46	2019-2022		ON TARGET	
Decommissioning (including asbestos removal) and demolition activities.	42 43	2019-2022		ON TARGET	
Regulatory permissioning in support of decommissioning and demolition activities.	42 44	2019-2022		ON TARGET	

Performance Analysis - Site Licence Companies

Hinkley Point A

Key Activities	Strategic Outcome	Timescale	2019/20 Target	2019/22 Target	Comments
Integrated Waste Management					
Continuation of FED retrieval activities.	32	2019-2022		ON TARGET	
Continue and complete ILW skip management	32	2019-2022		ON TARGET	
Complete waste conditioning facility construction and commissioning.	32	2019-2020	MISSED		Due for completion in Q2 FY20/21
Continue preparations for Sludge Canning Building waste retrievals	32	2019-2022		ON TARGET	
Complete Interim Storage Facility construction and commissioning	33	2019-2020	ACHIEVED		Inactive commissioning completed. Active commissioning reliant on packages being available. Not due yet.
Complete receipt of ILW packages from other sites into the Interim Storage Facility complete.	33	2019-2022		BEHIND TARGET	Planning application was unsuccessful, Magnox reviewing approach.
Site Decommissioning and Remediation					
Decommissioning and demolition activities in preparation for entry into Care and Maintenance.	42 43	2019-2022		ON TARGET	Project deferred due to funding pressures.
Complete deplant and demolition of Turbine Hall.	42	2019-2020	ACHIEVED		
Regulatory permissioning in support of the Care and Maintenance entry definitions and arrangements.	42 44	2019-2022		ON TARGET	

Performance Analysis - Site Licence Companies

Hunterston A

Key Activities	Strategic Outcome	Timescale	2019/20 Target	2019/22 Target	Comments
Integrated Waste Management					
Completion of solid ILW encapsulation plant construction and mechanical and electrical installation.	32	2019-2020	MISSED		Technical issues have delayed the delivery of the Project. Completion schedule under review
Completion of inactive commissioning of solid ILW encapsulation plant.	32	2019-2020	MISSED		Delayed construction and installation will delay commissioning activities. Completion schedule under review.
Progressing of ILW retrievals, processing and storage activities.	31 32 33	2019-2022		ON TARGET	
Completion of Solid Active Waste Bunker Retrieval Operations excluding post operational clean out.	31	2019-2022		ON TARGET	
Site Decommissioning and Remediation					
Decommissioning and demolition activities in preparation for entry into Care and Maintenance.	42 43	2019-2022		ON TARGET	
Commence and complete Weather Envelope repairs.	42	2019-2022		DEFERRED	Work deferred due to funding pressure. Review of requirements underway.
Regulatory permissioning in support of the Care and Maintenance entry definitions and transitional arrangements	42 44	2019-2022		ON TARGET	

Performance Analysis - Site Licence Companies

Oldbury

Key Activities	Strategic Outcome	Timescale	2019/20 Target	2019/22 Target	Comments
Integrated Waste Management					
ILW retrieval enabling works complete.	31	2019-2022		ACHIEVED	Completed for MCI waste stream
Progression of activities supporting consolidated ILW storage.	33	2019-2022		ON TARGET	
Commence retrievals, treatment and transport of ILW.	31 32 33	2019-2022		ON TARGET	
Site Decommissioning and Remediation					
Decommissioning and demolition activities in preparation for entry into Care and Maintenance.	42 43	2019-2022		ON TARGET	
Complete ponds decommissioning preparations.	42	2019-2020	ACHIEVED		
Complete ponds draining, cleaning and stabilisation.	42	2019-2022		ON TARGET	
Commence and complete weather envelope repairs.	42	2019-2022		ON TARGET	
Regulatory permissioning in support of the Care and Maintenance entry definitions and transitional arrangements	42 44	2019-2022		ACHIEVED	

Performance Analysis - Site Licence Companies

Sizewell A

Key Activities	Strategic Outcome	Timescale	2019/20 Target	2019/22 Target	Comments
Integrated Waste Management					
Continue preparation for FED retrievals.	31	2019-2022		DEFERRED	Deferred due to funding constraints
ILW retrieval enabling works complete.	33	2019-2022		DEFERRED	Deferred due to funding constraints
Progression of activities to support consolidation of ILW storage.	31 32 33	2019-2022		ON TARGET	
Commencement of retrievals, treatment and transport of ILW.		2019-2022		DEFERRED	Deferred due to funding constraints
Management of receipt of waste packages at Bradwell Site.		2019-2022		ON TARGET	
Site Decommissioning and Remediation					
Decommissioning and demolition activities in preparation for entry into Care and Maintenance.	42 43	2019-2022		ON TARGET	
Complete ponds decommissioning preparations.	42	2019-2022		ON TARGET	
Ponds draining and stabilisation complete.	42	2019-2020	ACHIEVED		
Commence preparation for asbestos removal.	42 43	2019-220	DEFERRED		Deferred due to funding constraints
Commence asbestos removal.	42 43			ON TARGET	
Regulatory permissioning in support of the Care and Maintenance entry definitions and arrangements.	42 44			ON TARGET	

Performance Analysis - Site Licence Companies

Trawsfynydd

Key Activities	Strategic Outcome	Timescale	2019/20 Target	2019/22 Target	Comments
Integrated Waste Management					
FED retrievals and encapsulation complete.	31 32	2019-2022		ON TARGET	
Continued recovery and treatment of ILW	31 32 33	2019-2022		ON TARGET	
Site Decommissioning and Remediation					
Complete developing strategy for ponds end state conditions.	42	2019-2020	ACHIEVED		
Decommissioning and demolition activities in preparation for entry into Care and Maintenance.	43	2019-2022		ON TARGET	
Regulatory permissioning in support of decommissioning and demolition activities.	42 44	2019-2022		ON TARGET	

Winfrith

Key Activities	Strategic Outcome	Timescale	2019/20 Target	2019/22 Target	Comments
Integrated Waste Management					
Consolidation of packaged ILW to the Harwell store complete.	32	2019-2022		ON TARGET	
Commence shipments of LLW drums to LLWR.	28	2019-2020	DEFERRED		Project deferred due to funding pressures
Site Decommissioning and Remediation					
DRAGON – continue reactor decommissioning.	42	2019-2022		ON TARGET	
SGHWR – complete design and build of reactor decommissioning equipment.	42	2019-2020	MISSED		Project has experienced delays during the FY. Current forecast is to complete in April 2020.
SGHWR – continue decommissioning of the primary and secondary containment areas.	42	2019-2022		ON TARGET	
Decommissioning (including asbestos removal) and demolition activities.	42 43	2019-2022		ON TARGET	
Regulatory permissioning in support of decommissioning and demolition activities.	42 43	2019-2022		ON TARGET	
Regulatory permissioning in support of the Interim end state Definition and arrangements for Winfrith	42 44	2019-2022		ON TARGET	

Performance Analysis - Site Licence Companies

Wylfa

Key Activities	Strategic Outcome	Timescale	2019/20 Target	2019/22 Target	Comments
Spent Fuels					
Defueling activities in line with MOP9 (ref 2) complete.	1	2019-2020	ACHIEVED		All fuel offsite, Fuel Free Verification confirmation by ONR expected October 19
Completion of Wylfa defueling in line with MOP9 (ref 2).	1	2019-2020	ACHIEVED		All fuel offsite, Fuel Free Verification confirmation by ONR expected October 19
Complete fuel free verification agreement with the ONR.	1	2019-2020		ACHIEVED	
Integrated Waste Management					
Continuation of ILW retrievals and packaging.	31	2019-2022		ON TARGET	
Continue and complete waste retrieval enabling activities.	31 32	2019-2022		ON TARGET	
Site Decommissioning and Remediation					
Bulk asbestos removal from turbine hall complete.	42	2019-2022		ON TARGET	
Commence admin and ancillary buildings decommissioning.	42	2020-2022		ON TARGET	
Decommissioning and demolition activities in preparation for entry into Care and Maintenance.	42 43	2019-2022		ON TARGET	
Provision of support and assets to nuclear new build.	42	2019-2022		DEFERRED	Horizon have demobilised
Regulatory permissioning in support of the Care and Maintenance entry definitions and arrangements.	42 44	2019-2022		ON TARGET	

Performance Analysis - Site Licence Companies

Dounreay Site Restoration Ltd

Dounreay Site Restoration Ltd (DSRL) is responsible for cleaning up and decommissioning the Dounreay site in the north of Scotland. It also operates a Low Level Waste (LLW) disposal facility to deal with waste from the site. The organisation is owned and managed by parent body organisation Cavendish Dounreay Partnership.

Key Activities	Strategic Outcome	Timescale	2019/20 Target	2019/22 Target	Comments
Spent Fuels					
Continued removal of Breeder Fuel elements from DFR.	11	2019-2020	ACHIEVED		Removal of elements from DFR continued. Additional effort was expended due to issues with the flasks, furniture and Sellafield availability. Shipments have now been suspended due to the controlled shut-down of the Magnox reprocessing facility at Sellafield (COVID-19)
Completion of delivery of all in reactor DFR breeder fuel to Sellafield.	12	2020-2022		ON TARGET	
Complete delivery of all fuels from DFR.	12	2020-2022		ON TARGET	
Nuclear Materials					
Continued consolidation of special nuclear materials.	17	2019-2020	ACHIEVED		Programme for consolidation of the special nuclear materials, with removal of the unirradiated fuels (except remnants) completed as per target D13.7C. The project is 97% complete and additional effort has been expended due to Brexit induced postponement of shipments.

Performance Analysis - Site Licence Companies

Key Activities	Strategic Outcome	Timescale	2019/20 Target	2019/22 Target	Comments
Integrated Waste Management					
Continued transfer of LLW to LLW vault.	27	2019-2020	ACHIEVED		Transfer continued until the site stand-down for COVID-19
Complete shaft and silo hazop studies.	31	2019-2020	ACHIEVED		Complete August 2019
Commence DCP ILW store extension.	33	2019-2020	ACHIEVED		Complete July 2019
Site Decommissioning and Remediation					
D1225 demolition complete.	43	2019-2020	MISSED		Target is behind the target date of Q4 2019/20. However the target is on schedule against the revised site wide impact revision date.
D1211 suction sump decommissioning.	42	2019-2020	MISSED		Target missed due to ILW being found in the suction sump. Pit 1 in the building has been decommissioned meeting target D1.10C.
Decontamination of PFR Pond suitable for final disposal.	42	2019-2022		BEHIND TARGET	This is behind target but is not a priority in the next 18 months. The approved Performance Plan will determine when the PFR Pond scope will be undertaken.
Critical Enablers					
Support small and medium enterprise (SME) organisations by measuring and reporting overall spend with them, in line with the government growth agenda.		2019-2022		ON TARGET	
Regulatory Control					
NDA and regulatory permissioning in support of the Interim End State definition and arrangements for Dounreay.		2019-2022		ON TARGET	

Performance Analysis - Site Licence Companies

Low Level Waste Repository Ltd

LLWR Ltd

Low Level Waste Repository is managed under a parent body organisation model and owned by Nuclear Waste Management Ltd. It manages and operates the UK's low level waste repository in west Cumbria, providing safe, permanent disposal for a range of radioactive wastes. It's also responsible for delivering the UK's national low level waste programme and associated waste management services

Key Activities	Strategic Outcome	Timescale	2019/20 Target	2019/22 Target	Comments
Spent FuIntegrated Waste Management					
Delivery of the National LLW Programme to optimise LLW Strategy implementation. Work with consigning SLC's to improve waste forecasts and inventory and continue segregated waste, treatment and disposal services.	26 27 28 29	2019-2022		ON TARGET	
Work with the NDA to support innovation in approaches to waste management.	32 33 34	2019-2022		ON TARGET	
Type B programme fleet commences key transport scope.	33	2019-2022		ON TARGET	
Site Decommissioning and Remediation					
Ongoing site preparation for phased construction of the final cap for trenches 1 to 7 and Vault 8.	41	2019-2022		BEHIND TARGET	The project has been experiencing some technical difficulties with the structural stability of the waste mass in work package 2, and how the project can close the Vault 8 with minimal impact to the environment. A change control has been submitted for approval which will introduce additional scope to work through the waste mass stability technical problems. The work package 1 preliminary design has progressed well and is heading for the evaluate gate in March 2020, which will enable the new minor civils contractor to commence construction and for detailed design to progress.

Performance Analysis - Site Licence Companies

Key Activities	Strategic Outcome	Timescale	2019/22 Target	2019/22 Target	Comments
Critical Enablers					
Support hazard reduction across the NDA group.		2019-2022		ON TARGET	
Manage and operate LLWR safely to provide an effective UK disposal service.		2019-2022		ON TARGET	
Consideration of options to further optimise operations at the LLWR.		2019-2022		ON TARGET	
Continue to pursue overall cost savings in delivery of the Lifetime Plan.		2019-2022		ON TARGET	
Support small and medium enterprise organisations by targeting overall spend with them in line with the government growth agenda		2019-2022		ON TARGET	

Performance Analysis - Other businesses that support the NDA mission

Radioactive Waste Management

Radioactive Waste Management (RWM) Ltd is an NDA subsidiary, responsible for delivering a geological disposal facility in the UK, on behalf of the NDA. This includes finding a suitable site with a willing community to host this permanent and safe solution for managing radioactive waste.

Key Activities 2019–2022	2019/20 Status
Critical enablers	
Implement government policy on geological disposal of higher activity waste (HAW) through effective engagement with willing communities in the delivery of a site for the construction and operation of a GDF.	ACHIEVED
Deliver a robust technical programme to drive our design and safety assessment work.	ACHIEVED
Develop Radioactive Waste Management Limited into a competent delivery organisation.	ACHIEVED
Work proactively with waste producers, planning for and delivering disposability assessments for their range of wastes.	ACHIEVED

International Nuclear Services Ltd

International Nuclear Services (INS) is an NDA subsidiary, with locations in the UK, France and Japan. It provides specialist nuclear transport, design and licensing services to the NDA group, as well as to a range of domestic and international customers. It also operates the nuclear shipping company, Pacific Nuclear Transport Ltd, the world's most experienced marine transporter of specialist nuclear materials.

Key Activities 2019–2022	2019/20 Status
Critical enablers	
Support the NDA's decommissioning programme by providing transport and technical solutions for movements of nuclear material in the UK.	ACHIEVED
Continue to deliver important international transports of nuclear materials including Spent Fuel, Mixed Oxide (MOX) fuel, vitrified high level waste (HLW) and conditioned intermediate level waste (ILW).	ACHIEVED
Seek opportunities for new international business within nuclear shipping, packaging and design and establish a consultancy that provides transport enabling solutions to UK and international markets.	ACHIEVED
Maintain a leading fleet of specialist nuclear transport vessels and crews that, by undertaking regular shipments, meets the highest standards of quality, safety and security.	ACHIEVED
Continue to develop a strategic partnership with Direct Rail Services including the creation of a joint consultancy offering that combines the nuclear transport capabilities of both organisations.	ACHIEVED
Implement a series of transformation activities that make INS more competitive, innovative and efficient whilst ensuring it has the right skills, capability and diversity of talent to deliver in a safe, secure and reliable manner.	ACHIEVED

Performance Analysis - Other businesses that support the NDA mission

Direct Rail Services Ltd

Direct Rail Services (DRS) is an NDA subsidiary, providing expert and specialist nuclear transport services to support the NDA mission. A world leader in safe, secure and reliable nuclear logistics, DRS also has contracts with domestic customers, providing other tailored rail logistics solutions

Key Activities 2019–2022	2019/20 Status
Critical enablers	
Delivery of the rail transport element in support of the completion of MOP (ref 2).	ACHIEVED
Support national nuclear material rail movements for Harwell, Winfrith and DSRL.	ACHIEVED
Support AGR fuel movements by rail for EDF from stations to Sellafield.	ACHIEVED
Support the discharge of NDA obligations with respect to MOD Nuclear rail transportation.	ACHIEVED
Provide value for money to the tax payer through the execution of identified non-nuclear work that complements the skills and capabilities required to support the core nuclear mission	ACHIEVED
Provide rail authority expertise to the NDA and consider areas of synergy between DRS and INS in support of NDA's strategic transport capability review.	ACHIEVED
Operate and maintain technology leading fleet of locomotives to support NDA operations.	ACHIEVED
Attract and retain the necessary skills, capability and diversity of talent to deliver our rail logistics business in a safe, secure and reliable manner.	ACHIEVED
Delivery of the rail transport element in support of the special nuclear fuels programme.	ACHIEVED
Provision and maintenance of locomotives for TransPennine Express.	ACHIEVED

Performance Analysis - Other businesses that support the NDA mission

NDA Archives Ltd

NDA Archives is an NDA subsidiary, responsible for the Nucleus (the Nuclear and Caithness Archives). The facility is operated by a commercial partner and provides long-term records management and archiving services for the NDA group.

Key Activities 2019–2022	2019/20 Status
Critical enablers	
Work with The National Archives of both England and Scotland in working towards relevant Accreditation Standards and Regulatory best practice.	ACHIEVED
Continue the work on the commercial model review (make vs buy options) and develop the plan and future options as we approach the end of the first contract period in June 2020.	ACHIEVED
Continuing to collaborate with interested third parties to consider providing services to other organisations outside the NDA group. This will include analysing the potential for commercial contracts and Agreements.	ACHIEVED
Develop the archive 'service' to the NDA group.	ACHIEVED

Rutherford Indemnity Ltd

Rutherford Indemnity Ltd provides insurance cover for the NDA group. It has a particular focus on nuclear liability cover and the provision of support for changes to insurance requirements. The organisation is an NDA subsidiary, managed for the NDA by Marsh Captive Management services, and has no direct employees.

Key Activities 2019–2022	2019/20 Status
Critical enablers	
Provide optimal insurance coverage to the NDA to support its group-wide insurance programme and exploit opportunities to reduce overall cost of insurable risk.	ACHIEVED
Explore all avenues to develop potential innovative solutions to the increased financial security or insurance requirements resulting from the Nuclear Installations (Liability for Damage) Order 2016 and to respond to emerging demands for new or additional policy cover.	ACHIEVED
Continue to deliver the target return on the investment portfolio, protecting Rutherford's ability to offer insurance on a cost effective basis, maintaining liquidity in order to be able to respond promptly to major loss.	ACHIEVED
Continue to explore ways to use a prudent proportion of Rutherford's investment portfolio to support infrastructure investment in the NDA group.	ACHIEVED
Implement new ways of working following changes in the group broking arrangements designed to improve efficiency and reduce costs.	ACHIEVED

Performance Analysis - Other businesses that support the NDA mission

NDA Properties

NDA Properties Ltd is an NDA subsidiary, holding and managing the majority of the non-nuclear property assets within the NDA group.

Key Activities 2019–2022	2019/20 Status
Critical enablers	
Effective and proactive management of the property portfolio to include projects for repair work and improved environmental stewardship.	ACHIEVED
Development of Off Site Command Facility at Moresby for Sellafield Ltd.	ACHIEVED
Completion of snagging to the Nuclear Archive and CNC facility.	ACHIEVED
To proactively dispose of surplus assets when no longer required by the NDA group.	ACHIEVED

Capenhurst

Owned by: URENCO

The NDA Capenhurst site is located near Ellesmere Port in Cheshire.
In 2012, the site was transferred to URENCO, owners of the adjacent licensed site, and was amalgamated into a single nuclear licensed site. As part of this transfer, URENCO established Urenco Nuclear Stewardship (UNS), formerly known as Capenhurst Nuclear Services, to provide responsible management of uranic materials and carry out remediation work on behalf of the NDA.
UNS manages a large proportion of the NDA's uranic inventory and also provides broader decommissioning and demolition works for redundant facilities, in order to reduce liability and optimise space utilisation on site.

Activity	Strategic Outcome	Timescale	2019/20 Target	2019/22 Target	Comments
Nuclear Materials					
Prepare EPC and FEED tender for the Legacy Cylinder Facility, to treat 'tails' prior to processing through the tails management facility.	24	2019-2020	DEFERRED		Target deferred whilst options are being re-evaluated
Continued safe storage of uranic materials.	24	2019-2022		ON TARGET	

Performance Analysis - Other businesses that support the NDA mission

Springfields Fuels Ltd

Owned by Westinghouse Electric UK Holdings Limited

Springfields is a nuclear fuel manufacturing site and is located near Preston in Lancashire. The site is operated by Springfields Fuels Limited (SFL) and is used to manufacture a range of fuel products for UK and international customers, the processing of historic uranic residues and decommissioning of redundant facilities.
From April 2010, the NDA permanently transferred ownership of the company to Westinghouse Electric including the freedom to invest for the future under the terms of a new 150-year lease. SFL is contracted to provide decommissioning and clean-up services to the NDA to address historic liabilities.

Activity	Strategic Outcome	Timescale	2019/20 Target	2019/22 Target	Comments
Site Decommissioning and Remediation					
Prepare EPC and FEED tender for the Legacy Cylinder Facility, to treat 'Tails' prior to processing through the Tails Management Facility.	42	2020-2022		ON TARGET	
Continued safe storage of uranic materials.	42	2019-2022		BEHIND TARGET	Springfields Fuels Limited has recently advised the NDA of delays with a new-build project that supports decommissioning of the Magnox Island. Detailed implications and potential mitigations are being assessed.

D. Peattie

David Peattie
13 July 2020
Accounting Officer and Chief Executive Officer

Glossary and abbreviations

A&RAC	Audit and Risk Assurance Committee
AGR	Advanced Gas-cooled Reactor
BEIS	Department for Business Energy and Industrial Strategy
BEP	Box Encapsulation Plant
BEPPS-DIF	Box Encapsulation Plant Production Store-Direct Import Facility
C&AG	Comptroller and Auditor General
CBE	Commander of the Order of the British Empire
C&M	Care and Maintenance
CE	Critical Enabler
CETV	Cash Equivalent Transfer Value
CFP	Cavendish Fluor Partnership
CNC	Civil Nuclear Constabulary
CNPP	Combined Nuclear Pension Plan
CNS	Civil Nuclear Security
CSR	Corporate Strategic Risks
CSRP	Cyber Security and Resilience Programme
DRS	Direct Rail Services Ltd
DSRL	Dounreay Site Restoration Ltd
EA	Environment Agency
ED&I	Equality, Diversity and Inclusion
ExCo	Executive Committee
FED	Fuel Element Debris
FGMSP	First Generations Magnox Storage Pond
FReM	Government Financial Reporting Manual
GDF	Geological Disposal Facility
GIAA	Government Internal Audit Agency
GSR	Group Strategic Risks
HAL	Highly Active Liquor
HAW	Higher Activity Waste
HMG	Her Majesty’s Government
HR	Human Resources
HSE	Health and Safety Executive
HSEW	Health, Safety, Environment and Wellbeing
IAS	International Accounting Standards
ICT	Information Communications Technology
IFRS	International Financial Reporting Standards
ILW	Intermediate Level Waste
IIND	Integrated Innovation in Nuclear Decommissioning
INES	International Nuclear and Radiological Event Scale
INS	International Nuclear Services Ltd
LLW	Low Level Waste
LLWR	Low Level Waste Repository Ltd
LP&S	Legacy Ponds and Silos
LTIP	Long-Term Incentive Plan
M&A	Mergers and Acquisitions
MOX	Mixed Oxide Fuel
M&O	Management and Operating
MSSS	Magnox Swarf Storage Silo
NAO	National Audit Office
NDA	Nuclear Decommissioning Authority
NDPB	Non-Departmental Public Body
NED	Non-Executive Board Director
NSSG	Nuclear Skills Strategy Group
OHI	Organisational Health Index
ONR	Office for Nuclear Regulation
PhD	Doctor of Philosophy
P&PC	Programmes and Projects Committee
PAC	Public Accounts Committee
PBO	Parent Body Organisation
PCM	Plutonium Contaminated Material
PCSPS	Principal Civil Service Pension Scheme
PFCS	Pile Fuel Cladding Silo
PFS	Pile Fuel Storage Pond
PNTL	Pacific Nuclear Transport Ltd
PPP	Programme and Projects Partners
QPR	Quarterly Performance Review
R&D	Research and Development
REMCO	Remuneration Committee
RIDDOR	Reporting of Injuries, Diseases and Dangerous Occurrences Regulations
RWM	Radioactive Waste Management Ltd
S&SC	Safety and Security Committee
SDP	Silos Direct encapsulation Plant
SEP	Silo Emptying Plant
SEPA	Scottish Environment Protection Agency
SFL	Springfields Fuels Ltd
SGHWR	Steam Generating Heavy Water Reactor
SIRO	Senior Information Risk Owner
SLC	Site Licence Company
SME	Small and Medium-sized Enterprises
SSEP	Sellafield Security Enhancement Programme
STEM	Science, Technology, Engineering and Mathematics
THORP	Thermal Oxide Reprocessing Plant
TRIR	Total Recordable Incident Rate
UKGI	UK Government Investments
UKNWM	UK Nuclear Waste Management Ltd

Glossary and abbreviations

Care and Maintenance	When a Magnox reactor site is kept in a state of Care and Maintenance, it is made safe for a planned period of quiescence, after which decommissioning activities will commence.	NDA Authority	This is used to describe the Non-Departmental Public Body created under the Energy Act and the performance of which is reported in this document.
End State	Condition of a nuclear site (including the land, structures and infrastructure) following completion of decommissioning and clean-up activities, and any controls to be applied during its subsequent use.	NDA Estate	The 12 businesses that support the NDA mission – Sellafield, Magnox, Dounreay, LLWR, DRS, INS, RWM, NDA Archives, NDA Properties, Rutherford Indemnity, Springfield's Fuels Ltd and URENCO Nuclear Stewardship Ltd.
Interim State	An interim state describes the condition of a site or facility (including land) at specific points en-route to the site end state. It is a natural milestone or decision point in the decommissioning and remediation programme that typically represents a significant reduction in risk or hazard. An interim state does not automatically infer a period of quiescence; it can be followed by continuous or deferred decommissioning.	NDA Group	This is the group of businesses included in the statutory accounts. These are NDA, Sellafield, INS, DRS, RWM, NDA Archives, NDA Properties and Rutherford Indemnity.
Interim End State	An interim end state is a specific type of interim state. It marks the end of all physical works. No more active remediation will take place to achieve the site end state, i.e. further remediation will be passive for example as a consequence of radioactive decay or natural attenuation of contamination.	One NDA	A way of working more effectively and efficiently to maximise the opportunities within the group of businesses.
NDA Authority	This is used to describe the Non-Departmental Public Body created under the Energy Act and the performance of which is reported in this document.		

Useful links and documentation

Useful Links

- Nuclear Decommissioning Authority (www.gov.uk/nda)
- Department for Business, Energy and Industrial Strategy (www.gov.uk/beis)
- Sellafield Ltd (www.gov.uk/government/organisations/sellafield-ltd)
- Magnox Ltd (www.gov.uk/government/organisations/magnox-ltd)
- LLWR Ltd (www.gov.uk/government/organisations/low-level-waste-repository-ltd)
- Dounreay Ltd (www.gov.uk/government/organisations/dounreay)
- International Nuclear Services Ltd (www.innuserv.com)
- Radioactive Waste Management Ltd (www.gov.uk/government/organisations/radioactive-waste-management)
- Direct Rail Services Ltd (www.directrailservices.com)
- URENCO Ltd (www.urenco.com)
- Springfields Fuels Ltd (www.westinghousenuclear.com)

Useful documentation

- NDA Strategy - March 2016
  (www.gov.uk/government/consultations/nuclear-decommissioning-authority-draft-strategy)
- NDA Business Plan 2020 to 2023
  (www.assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/854734/Nuclear_Decommissioning_Authority_-_Draft_Business_Plan_2020_to_2023.pdf)
- Mid-Year Performance Report 2019/2020
  (www.assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/873102/NDA_Mid-Year_Performance_Report_Sept_2019.pdf)
- NDA: gender pay gap report and data 2019
  (www.assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/875990/NDA_CC_GPGR_FINAL_260320.pdf#:~:text=NDA%20Gender%20Pay%20Gap%20Report%202019%20Explaining%20the,the%20NDA%20and%2045.4%20%25%20of%20our%20female)
- NDA: group gender pay gap report and data 2019
  (www.assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/875992/NDA_Group_GPGR_260320.pdf)
- Register of Director's Interests (www.gov.uk/government/publications/nda-register-of-directors-interests)
- NDA Direct Research Portfolio (DRP) Projects 2018/19:
  Quarter two update
  (www.gov.uk/government/publications/nda-direct-research-portfolio-drp-projects-quarterly-update)
- NDA 5-year research and development plan 2019 to 2024
  (www.gov.uk/government/publications/nda-5-year-research-and-development-plan-2019-to-2024)
- NDA SME Action Plan 2019 to 2022 (www.gov.uk/government/publications/nda-sme-action-plan-2019-to-2022)

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Appendix A - Nuclear Provision

The Nuclear Provision - The cost of cleaning up the UK's historic nuclear legacy

Estimating Uncertainty

Estimates are classified according to the level of certainty, with ranges applied to reflect this. The NDA estate uses 4 different classes of estimate (A to D) in line with the principles of the HMT Green Book with A being the most certain, and D the least - credible outcomes for the latter could range from -50% to +300%. Inevitably as much of the expenditure of the NDA is not scheduled to start until many years or even decades in to the future, using as yet unknown technologies, then the estimates will tend towards class D.

Notwithstanding this uncertainty, the NDA continues to work with the SLCs, scrutinising their long-term plans and benchmarking them against best practice for project and programme costs and schedules and to ensuring that these plans are coherent and consistent with agreed strategies.

Future Uncertainties

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 delivery, 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 or Government policy changes; changes to the final agreed end state for sites and; changes to society's expectations and requirements.

Basis of Estimate - Sellafield

At Sellafield the nuclear provision estimate combines the cost projections from the current estimate) with management estimates as to near term cost pressures and very long-term costs. The provision also includes, as in previous years, the estimated additional costs arising from the preferred strategy for the long term management of plutonium, which are not included in the Performance Plan.

The underlying undiscounted cost estimate for Sellafield (before adjustment for plutonium) has increased slightly during the year.

NDA Expenditure Profile

The first graph shows the undiscounted annual expenditure profile for future years (excluding NDA administrative and other non-programme costs, and some commercial costs), from lifetime cost projections from each of the SLCs.

The expenditure profile illustrates a downward trend in expenditure over the next 50 years, following a short-term peak over the next 10 years, as sites enter into Care and Maintenance, with subsequent increases in expenditure when final site clearance work on Magnox sites is undertaken.

What is the Nuclear Provision?

The nuclear provision is a single point number in the Statement of Financial Position which represents the discounted estimated cost of the decommissioning mission, calculated in accordance with Accounting Standards. It is important to understand the basis of this estimate and the inherent uncertainty around it, and therefore that it is simply a single point in a credible range of potential outcomes.

The NDA management's best estimate of the future costs of the estate is based on an assumed inventory of materials, using strategies for retrieval and disposal over several decades.

Each of these elements (quantity, method and time to treat) is uncertain in their own right, as is the cost of developing the necessary technology and plants to deal with these activities.

The quality of the forecast becomes less certain as time goes out, and acceptable standards of clean up and end states may change.

Future Opportunities

The Sellafield Performance Plan will continue to evolve in future years as the programme develops and individual projects progress.

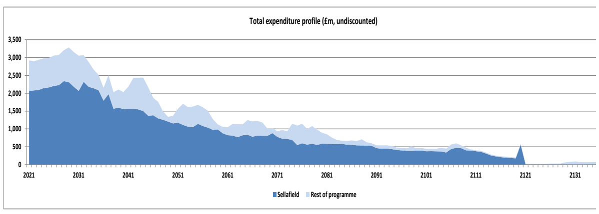
An example of this evolution is the change in strategy for the Magnox Swarf Storage Silo (MSSS) programme in which an alternative waste treatment solution has been proven to be feasible, enabling the removal of the planned Silos Direct encapsulation Plant (SDP) project and its replacement with a better technical solution which is also more efficient and lower cost alternative.

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 (LP&S), 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.

Basis of Estimate - Other sites

The maturity of scope in the non-Sellafield SLC plans, and the successful introduction of private sector expertise has enabled NDA to drive value for money for the taxpayer, through the transition from cost reimbursable to target cost incentive fee contract structures. Over time this has led to stabilisation and ultimately reduction in the projected cost of decommissioning. This benefit to the taxpayer has continued following the incorporation of anticipated savings from the Magnox/RSRL competition.

Total expenditure profile (£m, undiscounted)



Appendix A - Nuclear Provision

Uncertainty Range - Sellafield

The single point undiscounted estimate is **£96.5 billion.** Examples of uncertainty around this figure:

- A 100% increase in major project costs post 2039 +£27.7 billion
- A 300% increase in major project costs post 2039, +£83.2 billion
- A 50% reduction in major project costs post 2039, -£13.8 billion

Undiscounted Nuclear Provision - Sellafield

£96.5 billion

(2018/19, £94.0 billion)

Uncertainty Range - Other sites

The single point undiscounted estimate is **£30.3 billion**. Examples of uncertainty around this figure:

- A 100% increase in Magnox final site clearance costs, +£2.0 billion
- A 3 year delay to DSRL Interim End State date, +£0.2 billion
- A 300% increase in GDF costs post 2037, +£22.7 billion
- A 50% reduction in GDF costs post 2037, -£3.8 billion

Undiscounted Nuclear Provision - Other sites

£35.1 billion

(2018/19, £30.3 billion)

Uncertainty Range - Total

The NDA estimates the total costs associated with the undiscounted nuclear provision to be within a potential range from **£115 billion** to **£246 billion.**

The nuclear provision represents a single point estimate within a range and is NDA management's judgement of future costs based on plans produced by the SLCs, accepted by the NDA and known changes in assumptions and facts. The increase in the undiscounted provision is due primarily to inflation year on year.

Undiscounted Nuclear Provision - Total

£131.6 billion

(2018/19, £124.3 billion)

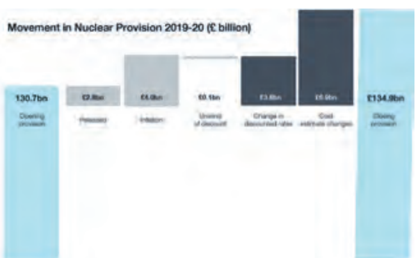
Discount Rate Sensitivity

A 0.5% decrease in the discount rates over the life of the estimate would increase the provision by approximately **£24 billion** while a 0.5% increase would reduce the provision by approximately **£19 billion.**

Changes in Discounted Nuclear Provision

The discounted nuclear provision (Authority accounts) at the end of 2018/19 was £130.7 billion and movements since then have been: The value provided for 2018/19 released from the provision, -£2.8 billion increases from inflation +£9.9 billion and the unwinding of the existing discount, +£0.1 billion, which are applied to the provision every year, the impact of the changes in discount rates, -£3.8 billion and cost estimate changes which increase the obligated liability estimate by £6.9 billion

Movements in Nuclear Provision 2019/20 £bn



Discounting

The nuclear provision estimate is discounted (adjusted to present values) to produce the figure published in the accounts.

Discount rates are revised each year by HM Treasury to reflect the UK government's borrowing rate and forecast future inflation.

The rates are currently:

- Short-term (0-5 years) -1.49%,
- Medium-term (6-10 years) -1.45%,
- Long-term (11-40 years) -0.01%.
- Very long-term (over 40 years) -0.01%.

The application of these rates produce the overall discounted total as shown in the Authority accounts of £134.9 billion.

Discounted Nuclear Provision - Total (Authority)

£134.9 billion

(2018/19, £130.7 billion)

Appendix B - NDA Group - Summary of events confirmed as INES1 or higher during 2019/20

Site	Event Description	Final rating and duty holders comments on the event
INES 1 events		
Sellafield	Leak from Magnox Swarf Storage Silo	Liquor level monitoring indicated a leak from the Magnox Swarf Storage Silo which culminated in contamination within the facility. There was no health risk to the workforce or the community. This incident was rated as an INES Level 2.
Sellafield	Uncertainty identified in weld specification of multi layered cans containing Nuclear Material.	Following a review of the outer package weld specifications of multi layered cans storing nuclear material, a potential uncertainty was identified regarding the package integrity in a loss of cooling scenario, this was rated as an INES level 1
Sellafield	Lack of PPE being worn during operational work.	During a post task review of the transfer of filters within the same building, it was identified that correct personal protective equipment had not been worn by some operators, however there was no impact to the people, plant or environment as a consequence. This was rated as an INES level 1.
Sellafield	Removal of a dummy shield plug conducted outside safety case arrangements.	During operations the removal of a dummy shield plug was conducted outside the scope of the safety case arrangements. There was no safety consequence as a result. This was rated as INES level 1.
Sellafield	Leak from concrete sump tank	Reducing liquid levels in a concrete sump tank in the legacy ponds area of Sellafield site were detected. Work is ongoing to characterise the reduction and additional monitoring and detection systems have been deployed. There is no health risk to the work force or community resulting from this issue. This was rated as an INES level 1.

Process notes

- It is the site licence company's duty to report and investigate events on the site, to take action to control risks, and prevent recurrence. However, the NDA takes the safety of people working with radiation seriously and we have, working with the site licence companies concerned, reviewed all of the above. We were content that site licence companies had carried out a proper investigation, and learned from what happened.
- The International Nuclear and Radiological Event Scale (INES) is a tool for communicating the safety significance of nuclear and radiological events to the public. Events are rated at seven levels. A level 1 INES event is rated as an anomaly.
- Events are given a provisional INES rating by the site licence company
- The provisionally rated event is referred to the National Officer (an ONR Inspector), who decides the final rating reported to IAEA
- The latest information on INES events can be found at https://www-news.iaea.org/

Appendix C - Major Projects Cost and Schedule

Major projects are defined as those projects with a lifetime cost of £100m or more with a business case approved by Government. The historic cost estimates in the table below are expressed in money values of the year in which the estimate was prepared (i.e. have not subsequently been adjusted for inflation).

Project/ Programme	Year initiat-ed	Estimated cost at initiation (£m)	Current business case cost (£m)	Estimated cost Mar 2020(£m)	Estimated cost Mar 2020 (£m)Variance	Estimated end date at initiation	Current business case end date	Estimated end date Mar 2020	2019/20 estimated Schedule Variance
First Generation Magnox Storage Pond (FGMSP) - Bulk Sludge and Fuel Retrievals	2004	229.0	400.0	339.1	2.0	Dec 2012	Mar 2020	May 2020	+12 mths
Key reasons for changes to cost and/or end date from year initiated to March 2020 Increases in cost and schedule compared to initiation were associated with the complexity of installing new equipment into an existing radio-actively contaminated and sensitive nuclear facility as well as project performance issues. There has been a £2m cost variance in year due to delays associated with plant failure and subsequent repair. This has also extended the project completion forecast to May 2020									
Magnox Swarf Storage Silo (MSSS) - SEP Solid Waste Storage Retrievals	-	-	880.0	878.5	68.5	-	Sept 2023	Dec 2024	+21 mths
Key reasons for changes to cost and/or end date from year initiated to March 2020 In year cost and schedule increases have resulted from delivery issues and delays on several elements of the three SEP machines including installation, commissioning, hand-over and ventilation works. The project is forecasting start of retrievals in 2021.									
Magnox Swarf Storage Silo (MSSS) - Box Encapsulation Plant	2014	615.0	887.0	987	204.1	Jan 2021	Nov 2023	Nov 2022	+12 mths
Key reasons for changes to cost and/or end date from year initiated to March 2020 Variances in the early stages of the project concerned changes in scope and design along with different commercial arrangements than had been originally envisaged. The current scope also reflects changes associated with the Alternative Intermediate Level Waste Strategy. The BEP project has experienced significant delivery issues subsequently, with cost and schedule now forecast to exceed business case approv-als. A 'tiger team' has been put in place to review the impacts of any slippage and to implement appropriate mitigation. A review of the full project cost and schedule is underway with a revised sanction strategy to follow.									
Pile Fuel Cladding Silo (PFCS) - Early retrievals project	2005	495	601	473.8	2.6	Oct 2019	Apr 2021	Aug 2020	+9mths
Key reasons for changes to cost and/or end date from year initiated to March 2020 Variances to the forecast at initiation followed a review of the proposed solution in 2013. This resulted in a revised approach which required the redesign of the waste retrievals and handling equipment, increasing the cost and schedule. The revised business case, approved by Government in September 2016, provided an updated cost and schedule reflecting the new approach. The business case highlighted three key opportunities to improve the project cost and schedule, around simplification of the retrievals, waste handling and control equipment. Work has continued to realise these opportunities, reflected in the cost and schedule estimates being well within business case approvals. In year cost and schedule increases have been the result of delays in the transition to active commissioning									

Appendix C - Major Projects Cost and Schedule

Project/ Programme	Year initiated	Estimated cost at initiation (£m)	Current business case cost (£m)	Estimated cost Mar 2020(£m)	Estimated cost Mar 2020 (£m)Variance	Estimated end date at initiation	Current business case end date	Estimated end date Mar 2020	2019/20 estimated Schedule Variance
Pile Fuel Cladding Silo (PFCS) Box Encapsulation Plant Product Store – Direct Import Facility	2006	119.0	400	400	25.5	Jan 2019	Mar 2020	June 2021	+5 mths
Key reasons for changes to cost and/or end date from year initiated to March 2020 A revised Business Case reflecting cost and schedule increase was approved by HMG during the 2018/19 financial year. Delays to the completion of detailed design scope led to increased design and supervision costs, delaying procurements and creating inefficiency in construction activities on site. Contractor performance has been an ongoing concern and there has been significant rework required on pipework which has resulted in in-year forecast cost and schedule increases. Sellafield Ltd took full control of the project in Q1 financial year 2019/20 and remaining mechanical and electrical installation activities have been consolidated under a single contractor to address performance issues. However, as a result of the performance issues re-sanction of the project is now necessary and a sanction submission is being prepared.									
SIXEP Contingency Plant	2014	394	500	574.2	154.5	Nov 2026	Nov 2026	Aug 2028	+5 mths
Key reasons for changes to cost and/or end date from year initiated to March 2020 At initiation in April 2014 the project estimate was based on a volumetric estimate. As the project has matured through Concept (Apr 2015) and preliminary design (July 2016) stages the increased scope definition enabled a more accurate and definitive estimate to be developed based on measured quantities. More recently the most significant issue experienced on this project concerns the supply of valves, with a decision being taken to implement an alternative procurement strategy. This has introduced both cost and schedule slippages in 2019/20 and prior years. A revised Outline Business Case is proceeding through NDA and Government approvals									
Sellafield Product and Residue Store Retreatment Plant	2019	885	885	777.8	48.8	Mar 2028	Mar 2028	May 2027	+6 mths
Key reasons for changes to cost and/or end date from year initiated to March 2020 During 2019/20 quarterly Quantitative Schedule Risk Analysis (QSRA) have been carried out and the outputs of these have been used to update the forecast lifetime cost and schedule. The biggest risk currently to the project forecasts is around glovebox supply and efforts are being taken to mitigate this.									
Electrical Supply New Construction	2018	238	238	235.6	15.6	Mar 2023	Mar 2023	July 2025	+39mths
Key reasons for changes to cost and/or end date from year initiated to March 2020 Cost and schedule forecast increases are associated with site prioritisation and deferral of scope which has impacted on design, procurement and construction timescales. A full business case comprising a greater level of project understanding is being developed and will be submitted to HMG in 2021									
Replacement Analytical Project	2018	800	800	626	-	Feb 2029	Feb 2029	Jan 2028	-
Key reasons for change to cost and/or end date from year initiated to March 2019 NEW: The Outline Business Case was approved by HMG in January 2020.									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