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Submission to the independent review of the Nuclear Decommissioning Authority

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Contents

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Introduction

Prospect represents around 7,500 members in the NDA Group and a similar number in the nuclear supply chain. Many of these members have dedicated their careers to completion of the decommissioning mission, which is an integral part of the nuclear lifecycle. This submission has been prepared in consultation with senior Prospect representatives from each of the NDA's operating companies and from the corporate centre.

It is of concern that the integrated nature of the nuclear endeavour appears neither to be fully understood nor valued as such. This has resulted in public and political perception that nuclear decommissioning is less important and less interesting than nuclear new build. Additionally, the voluntary exit schemes currently in operation throughout the NDA Group demonstrate that employment security cannot be relied on.

Decisions often appear to be taken remotely and removed from the lived experience of our members in nuclear communities, with consequential impact on morale and motivation. We therefore hope that the independent review will embrace a holistic people-centred and future facing approach, progressing the mission, strengthening delivery of industrial policy goals, and benefiting the wider economy.

Inevitably this will entail a review of funding arrangements and organisational structure.

Funding challenges

Nuclear decommissioning consists of long-term programmatic work and funding such work for short periods of time only, as is the case with short-term Spending Review settlements, with the threat of future funding cuts constantly looming, creates a series of problems. There is no ambiguity about what the NDA is trying to achieve. It is currently responsible for seventeen legacy nuclear sites, and all of them need to be fully decommissioned and dismantled, sooner or later. There is no question about 'what' should be done, or 'if' it needs to be, the only questions are about 'how,' 'how much' and 'when.' Therefore, year-on-year changes are counter-productive. Even if substantive decommissioning work is paused, as still seems likely at NRS (former Magnox) sites, there are still significant fixed, recurring costs which need to be borne to keep the sites safe in preparation for future decommissioning. The NDA has reported to the House of Commons Public Accounts Committee (PAC) that around 40% of the annual cost for decommissioning Magnox stations is typically spent on maintaining, operating, and safeguarding the sites.[1] The longer substantive decommissioning work is deferred, the more these costs will build-up. For some sites, these costs might be worth bearing for a number of years to allow radioactivity in buildings and other infrastructure to decrease to safer levels prior to decommissioning. However, this should be a technical consideration. Suddenly imposing top-down spending cuts means that the NDA has to postpone, slow down or stop project work on sites which are technically ready for decommissioning or where decommissioning is already underway.

Therefore, imposing the deferral of decommissioning work necessarily increases long-term costs. It is the very definition of 'sticking-plaster politics,' making the fiscal arithmetic easier in the short run but making no progress on the substantive issue at hand, all while storing up a bigger bill for future generations of taxpayers.

Sudden funding cuts also have other negative impacts:

- **Skills loss**. Prospect has advised large numbers of members affected by the voluntary exit / voluntary redundancy programmes currently in progress and it is clear that leavers fall into three groups:
    - Senior, experienced staff leaving with high settlement payments who would in any event been likely to retire in the short term.
    - Those who have already secured alternative employment in the supply chain, often on the same site as their NDA employment; and
    - Those who are thoroughly disillusioned with the NDA's operation.

  We estimate that the cost of the exit schemes to the public purse will be around £100m. This does not account for loss of skills and the potential need to subsequently retrain staff to compensate for this loss.

[1] House of Commons Public Accounts Committee, 'Oral evidence: The Nuclear Decommissioning Authority's management of the Magnox contract', 5 October 2020, Q33.

- **Institutional knowledge loss**. As highlighted by the PAC, a lack of knowledge about the UK's legacy sites remains a major problem in decommissioning them.[2] Employees at the NDA's operating companies (Sellafield and NRS) are gradually building their understanding of these sites, but large-scale redundancies will remove some of the only people who have a grasp of the challenge at hand.
- **Socioeconomic damage**. The NDA Group employs 17,000 people, many of these employees are based at Sellafield, but many thousands are also based at the legacy nuclear sites across the UK. These sites are often based in some of the most economically deprived areas (e.g. North Wales, West Cumbria, and the Northern Highlands) where highly skilled, high-paying jobs are hard to come by. Suddenly removing the employment and income provided by nuclear decommissioning activities will, therefore, severely damage communities most in need of economic support.

Sharply ramping down funding for legacy decommissioning services is therefore a 'lose-lose-lose' proposition. It (a) increases the long-term costs of decommissioning, (b) makes decommissioning more challenging when it does happen, and (c) hammers communities most in need of an economic lifeline.

The certainty regarding the NDA's mission should be an advantage. It should allow for long-term planning and long-term investments (including in the workforce) which create cost efficiencies. However, because NDA funding for day-to-day expenditure is only ever confirmed for three years ahead at most, these benefits cannot be realised. The National Infrastructure Commission highlighted this issue in its report on the cost drivers of major infrastructure projects in the UK:

> *…the Nuclear Decommissioning Authority has a pipeline of work over decades but it cannot commit to work beyond spending review cycles, meaning it cannot derive the efficiencies that long term pipelines should provide.*[3]

The absurdity of this approach is brought home by the NDA's 'business planning.' It previously published a plan for 2024 to 2027, but without any certainty as to the funding that would be in place for the two last years of the period the plan was supposed to cover. The NDA has recently published a new business plan, for 2026 to 2029, however, due to the fallout and job cuts stemming from the recent Spending Review settlement, there is no certainty regarding organisational structure or capacity for the period the plan covers.

The PAC have said that there is no transparency as to when legacy sites will ultimately be decommissioned, which makes accountability more difficult.[4] It is certainly the case that it is very difficult to hold the NDA accountable if there are not clear timelines that it is working to. However, under the current funding model, how could it be otherwise? The lack of transparency regarding the future of these sites is clearly a function of the short-term nature of the NDA's funding model and its inability to commit to decommissioning activities beyond the very short-term. How can it make firm commitments to decommissioning certain sites within certain timeframes if it does not have any certainty regarding the resources it will have at its disposal.

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[2] House of Commons Public Accounts Committee, 'The Nuclear Decommissioning Authority's management of the Magnox contract', Twenty-Eighth Report of Session 2019–21, 27 November 2020.

[3] National Infrastructure Commission, 'Cost drivers of major infrastructure projects in the UK', October 2024.

[4] House of Commons Public Accounts Committee, 'The Nuclear Decommissioning Authority's management of the Magnox contract', Twenty-Eighth Report of Session 2019–21, 27 November 2020, p 8.

For as long as the current funding model remains in place, the NDA and its operating companies will only ever be able to make incremental progress. The lack of a long-term planning horizon will make the NDA less efficient with the resources it *does* have and limit the ability of both government and parliament to effectively hold the NDA to account.

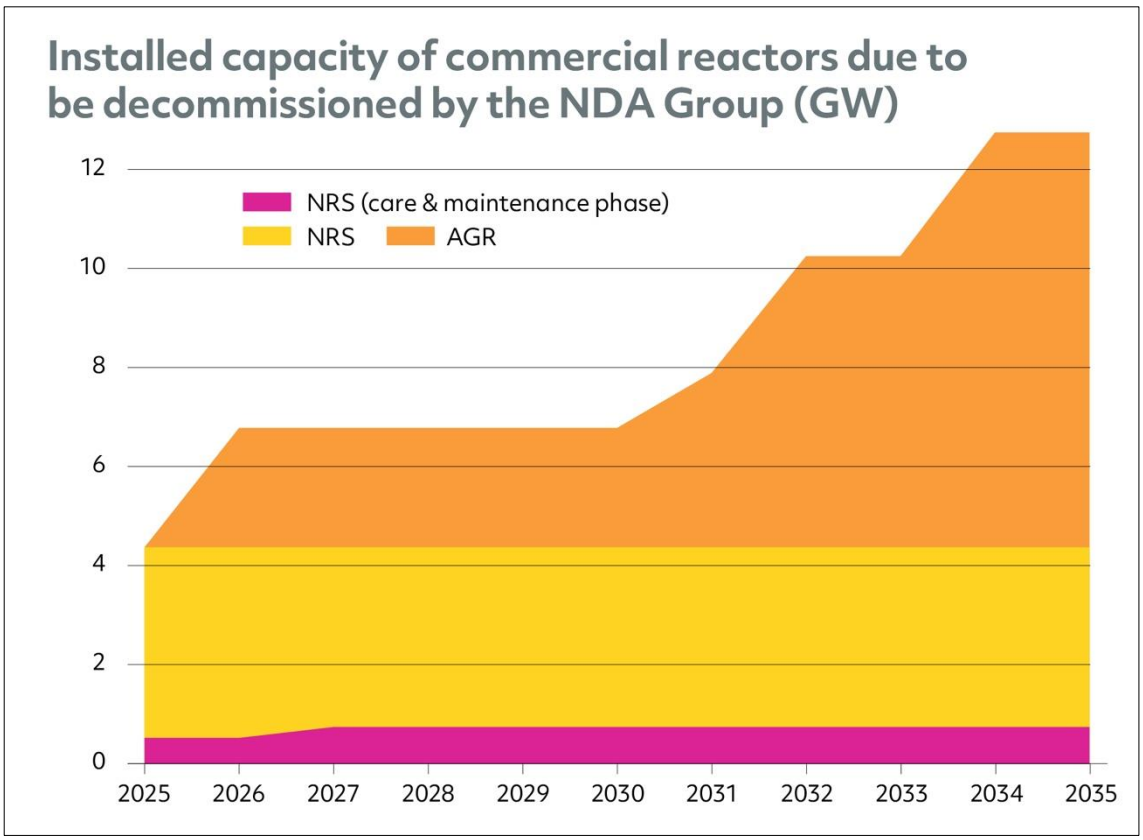
The case for change

There are several reasons why a new and more effective funding model is going to become even more necessary over the coming years.

Overall demand for decommissioning services is due to rise significantly in the coming years

The NDA is currently responsible for decommissioning the UK's 17 legacy nuclear sites but has also agreed to decommission EDF's seven AGR stations, once EDF has defueled them. Hunterston B transferred to the NDA on 1 April 2026, with Hinkley Point B set to follow later this year. It is uncertain when the remaining sites will be handed over to the NDA, but it is possible to make rough estimates. Hartlepool and Heysham 1 are now expected to stop generating in 2028, so if one assumes it will also take around four years for defueling for those sites, they could be handed over to NRS is 2032. This could be about the same time as Dungeness B gets handed over, as it was suggested that it could take ten years to defuel this site when its closure was confirmed in 2021.[5] Heysham 2 and Torness would be the final sites handed over the NRS, potentially in 2034 after they finish generating in 2030.

These handovers create a sharply rising profile of work for the NDA (and for NRS in particular) over the coming decade. This profile is illustrated in the chart below:



[5] BBC News, 'Dungeness B: Kent's last nuclear power station closes early', 8 June 2021.

In principle, resources from older projects which have been progressed should be freed up for newer projects. However, as a result of the issues highlighted above, the NDA is not able to credibly commit to clear timelines setting out when projects will progress to each phase of decommissioning. It is possible that Calder Hall at Sellafield may join Bradwell and Berkeley in the care and maintenance phase in 2027.[6] However, as the chart illustrates, this would represent only a small minority of the capacity of ex-commercial NRS sites, with the vast majority of such sites remaining in the early decommissioning phase, with none close to final decommissioning.[7]

[6] Nuclear Decommissioning Authority, 'Decommissioning the world's first commercial nuclear power station', 3 September 2029.

[7] Installed capacity of commercial Magnox reactors is an imperfect measure, not least because there are a number of old research sites where substantial decommissioning efforts are required. However, it still gives an indication of how much the NDA's workload will increase in the coming years in relative terms.

Different funding arrangements for AGR decommissioning threatens legacy decommissioning

The funding for decommissioning NRS sites is provided to the NDA through the Spending Review process. In contrast, there is already funding in place to pay for the decommissioning of AGR sites in the form of the Nuclear Liabilities Fund (NLF). The NLF has its own issues. It has not been adequately funded in the past and the government has had to make substantial capital injections in recent years – £5.1bn in 2020 and £5.6bn in 2022 – to ensure it has sufficient resources.[8] Having done that, there is now a risk that EDF's ability to use the fund to pay for defueling threatens its adequacy once again.[9] Nevertheless, when the NDA takes over the AGR sites from EDF, there will at least be a pot of money there which the NDA can draw upon to pay for decommissioning efforts. In general, this is positive as it should help the NDA and NRS plan the decommissioning of AGR sites in a more rational way. However, it also represents a significant risk to the decommissioning of Magnox reactors and other legacy sites, given that they will be drawing on the same pool of skilled workers to do the work, some of whom may make different choices about their future employment. If the NDA does not have the funding available to make substantial workforce investments and to make substantial progress on decommissioning legacy sites, there is a risk that the focus of it and its workforce gravitates towards AGR decommissioning, given that that there is more funding and more certainty about the long-term future of that work. Clearly, this would further hold-back progress on legacy decommissioning efforts, increasing the total time and cost of the projects even more.

Slow progress on legacy decommissioning prevents economic renewal

Slow and uncertain progress with the decommissioning and total dismantling of legacy sites holds back land being released for other purposes, nuclear-related or otherwise. Relatedly, a lot of land held by the NDA could be appropriate for non-nuclear ventures. For example, at the legacy Harwell research site, 50 acres of land was released to be used for a new vaccine manufacturing centre.[10] Other legacy sites across the UK could benefit from land being released for new ventures, providing new economic opportunity for historic nuclear communities, but for as long as our approach to nuclear decommissioning remains as it is today, such possibilities will be closed off.

[8] Nuclear Liabilities Fund, 'History,' accessed 25 March 2025.

[9] EDF are going to defuel the stations before passing them over to the NDA, with EDF drawing down upon the NLF to fund this. As outlined in the following report, the PAC are concerned that EDF is insufficiently incentivised to defuel and transfer stations in a cost-efficient way, potentially meaning that there will be insufficient resources remaining in the NLF to fund the rest of the decommissioning process once EDF have handed the sites over. House of Commons Committee of Public Accounts, 'The future of the Advanced Gas-cooled Reactors', Third Report of Session 2022–23, 20 May 2022.

[10] House of Commons Public Accounts Committee, 'The Nuclear Decommissioning Authority's management of the Magnox contract', Twenty-Eighth Report of Session 2019–21, 27 November 2020, p 12.

Lessons from other countries

As a result of the UK's complex nuclear legacy, it is not possible to make straightforward comparisons to the decommissioning efforts of other countries. Nevertheless, there is still much we can learn from how other countries do things. A few examples are set out below.

One of the best examples of decommissioning services delivered through the private sector is the **United States**. Like in many countries, plant operators in the US are legally responsible for decommissioning and have been mandated to build up funds to pay for decommissioning during the operating lifetime of the plant. The distinct feature of the US system though, which underpins their model of private sector delivery, is the sheer scale of the potential market for decommissioning services. At its peak in 1990, 112 plants were operated, and over the next three decades it is likely that over one hundred plants will be shut down and decommissioned.[11] This has created significant incentives for specialist decommissioning companies to emerge. And because there are so many plants which need to be decommissioned, there is an effective commercial incentive for these companies to deliver efficiently: successful delivery on one project foreshadows further contracts for other projects. The level of demand for decommissioning services is such that multiple enterprises can operate at scale – three such entities have emerged in recent years – creating competitive pressures which further incentivise efficient delivery.[12]

In **France**, the responsibility for decommissioning nuclear power stations also rests with the operators.[13] Operators are also obliged to accumulate funds to pay for decommissioning, and these funds are 'inalienable' (i.e. they cannot be appropriated for any other purpose, even in the case of the bankruptcy of the operator). Additionally, the operator must adopt a strategy which seeks to complete decommissioning in the shortest possible timescale (i.e. no deferred decommissioning and putting sites into a 'care and maintenance' phase for decades). All nuclear power stations are run by the state-owned energy company, EDF, and rather than seek to outsource, EDF chooses to undertake this work itself.

In previous years, there have been questions as to whether EDF was underestimating the cost of decommissioning, setting too little aside.[14] However, EDF's calculations (which they review every 6-months) are audited by the French government every year. So, while there is clearly a significant public financial liability associated with this given that EDF is a stated owned company, the government has the power to make EDF change course and set aside more money from its commercial operations to fund future decommissioning efforts, should it think it necessary. Additionally, it should be noted that estimated decommissioning costs are already very low in comparative terms, e.g. €300m per GW of generating capacity

[11] Rebecca Lordan-Perret, Robert D. Sloan, Robert Rosner, 'Decommissioning the U.S. nuclear fleet: Financial assurance, corporate structures, and bankruptcy', Energy Policy, Volume 154, 2021.

[12] International Atomic Energy Agency, 'Global Status of Decommissioning of Nuclear Installations', IAEA Nuclear Energy Series, No. NW-T-2.16, 2023, p 27.

[13] Information in this section from World Nuclear Association, 'Nuclear Power in France', 4 February 2025 and OECD Nuclear Energy Agency, 'Ensuring the Adequacy of Funding for Decommissioning and Radioactive Waste Management', 6 July 2023, pp 117-28.

[14] Financial Times, 'Nuclear reactor clean-up weighs on EDF', 19 April 2016.

compared to €1.4bn per GW in Germany.[15] Therefore, if decommissioning costs do end up increasing, they will be doing so from a low base.

In **Spain**, all nuclear decommissioning and all long-term management of radioactive waste is defined in law as an essential public service and as the responsibility of the state. They have a single, specialist state-agency, Enresa, which is responsible for all nuclear decommissioning and radioactive waste management services. Plant operators are required to defuel reactors before handing the stations over to Enresa and are financially liable for the decommissioning that follows. To cover these costs plant operators are required to pay into a decommissioning fund managed by Enresa during the operational lifetime of the plant and are liable to pay extra fees if they decide to shutdown plants early. Amongst other mechanisms, the Fund is provided for primarily by levying plant license holders per kWh of electricity generated. Enresa does its own decommissioning cost calculations and reviews and updates them at least once a year, submitting them to the Spanish government and state auditors for their endorsement.[16]

The two decommissioning projects Enresa has completed so far have been completed quickly and cost-effectively:

> *Vandellos 1, a 480 MWe French UNGG gas-graphite reactor, was closed down in mid-1990 after 18 years' operation, due to a turbine fire which made the plant uneconomic to repair. In 2003 ENRESA concluded phase 2 of the reactor decommissioning and dismantling project, which allows much of the site to be released. The cost of the 63-month project was €93 million. After 30 years in Safestor, when activity levels have diminished by 95%, the remainder of the plant will be removed.*
>
> *In April 2006, the 142 MWe Jose Cabrera (Zorita) PWR plant was closed after 38 years' operation. Rather than using Safestor, dismantling the plant is being undertaken over eight years from 2010 by Enresa – on schedule and within budget, the total cost is estimated at €150 million at 2016 prices. About 4% of the plant's constituent material will need to be disposed of as radioactive waste, the rest can be recycled, including forty-three tonnes of internal components. Used fuel is stored onsite. The demolition of the last large building at the plant, the turbine building, was completed in June 2022.*[17]

The 466 MW Santa María de Garoña plant is the latest that Enresa has taken ownership of, in July 2023, and it has set out to complete decommissioning in approximately 10-years, at a cost of €475m.[18]

UK

The decommissioning of legacy nuclear sites in the UK is unlike all the above examples. In one very narrow sense, we are like the US, in that we do rely on private sector companies to deliver nuclear decommissioning services. The NDA and its subsidiaries contract out a

[15] Source as above, with the figures coming from an EU Commission report. The same report contains an estimate for the UK of €2.7bn per GW. EDF believe that the standardisation of the reactors will make their decommissioning in France more efficient than other countries.

[16] OECD Nuclear Energy Agency, 'Ensuring the Adequacy of Funding for Decommissioning and Radioactive Waste Management', 6 July 2023, pp 161-74.

[17] World Nuclear Association, 'Nuclear Power in Spain', 12 January 2024.

[18] Enresa, 'Dismantling of the Santa María de Garoña Nuclear Power Plant', accessed 28 March 2025.

significant amount of work and even lists private companies as part of the organisational structure that it submits as part of its annual report and accounts.[19] However, we do not have *any* of the features of the US model which encourages private sector companies to deliver decommissioning services efficiently:

- There is no set fund reserved to pay for decommissioning, so there is no budget guiding the actors involved in the process and setting a limit on costs.
- The party contracting out ('buying') decommissioning services, is not a private company with successful experience of holding commercial partners to account. Rather, it is a public sector body whose commercial failings have been well-documented.[20]
- The level of demand for decommissioning services in the UK is significantly lower than in the US, with the pipeline of work not high enough to encourage multiple private sector competitors to emerge.

Therefore, given that the budget for decommissioning is effectively open-ended, and given that the UK public sector does not have the capability required to effectively hold commercial partners to account, there is no incentive for private contractors involved in UK nuclear decommissioning to complete work efficiently and move-on. Instead, the incentives for private sector companies involved in decommissioning in the UK are to hoard skills and expertise, encourage dependency, and to lengthen out the time projects take to increase the revenue and profit that can be made from each project.

Attempting to deliver efficient decommissioning with a market-based form of accountability is therefore completely unrealistic in the UK. However, the French and Spanish models demonstrate that efficient delivery is still possible without market pressure. In those models, the following features help ensure efficient delivery:

- **Clarity on delivery responsibility**. In advance of decommissioning, it is clear who will be responsible for delivering the decommissioning and what strategy they will take.
- **Clarity on funding**. It is also clear how the decommissioning will be paid for, with funding appropriate for the task set aside in advance. Because the budget for the total cost of decommissioning is already guaranteed, it is possible for the body delivering decommissioning to make long-term plans and commit to timelines for which they can be held accountable.
- **Scale**. There are economies of scale and efficiencies associated with one single body being responsible for all decommissioning services in the country. Learnings and experience can be utilised from project to project.

It is not possible to *guarantee* efficiency, but the scale and the provision of adequate resources at least make it *possible* for the decommissioning bodies in France and Spain to deliver efficiently. The provision of clarity about what exactly the decommissioning body is mandated to achieve with those resources then allows for there to be a certain amount of accountability, which increases the chances of efficient delivery further.

It is sadly evident that the above features are absent from the UK's approach to decommissioning legacy sites. The NDA is formally responsible for decommissioning legacy sites, but beyond that, there is little clarity. From the outset of decommissioning a legacy site, it is not clear (a) what the budget is, (b) what the strategy is, and (c) which party will actually deliver the decommissioning services (i.e. the NDA itself or private

[19] Nuclear Decommissioning Authority, 'Annual Report and Accounts 2023/24', 9 October 2024, pp 18-19.

[20] House of Commons Public Accounts Committee, 'The Nuclear Decommissioning Authority's management of the Magnox contract', Twenty-Eighth Report of Session 2019–21, 27 November 2020.

contractors). It is not uncommon for decommissioning strategies to change, for (already rough) timelines to shift by decades, and for lifetime decommissioning cost estimates to shift by billions of pounds, all at the drop of a hat. The NDA is not blameless in all of this, but it must be acknowledged that the conditions have not been put in place to give it the best chance of succeeding. By drawing on the lessons from other countries, from Spain in particular, we can put those conditions in place.

Proposed alternative approach and funding model

It is not possible to replicate the US model. We cannot replicate the French model either, given that it is now many years since legacy sites have shut down and operators can no longer be made to contribute. However, it is possible to replicate many of the important features of the Spanish model, which (as outlined above) has been relatively successful thus far.

The Spanish model is premised on the state taking full responsibility, which is already the case for the UK's legacy nuclear sites, given that we do not have the option of holding operators accountable. Fully embracing the Spanish model would make a virtue out of this responsibility and move us away from the 'worst of both worlds' situation whereby the state has formal responsibility but pays the private sector to deliver (even though it has no incentive to do so efficiently).

As explained by the OECD Nuclear Energy Agency (NEA), the clear assumption of state responsibility in the Spanish case allows for a highly coherent approach to decommissioning:

> *This particularly clear assumption of state responsibility, emphasised by a firm and transparent regulation, makes the Spanish system rather unique compared to other OECD countries: while nuclear power plant license holders in Spain are held financially responsible for the costs of decommissioning and RWM, the management of those activities, especially over the long term, falls exclusively within the competence of the state. This policy gives Spain an advantage: the ability to closely align legislative projects with long-term decommissioning and RWM strategies. Overall, the comprehensive management of all aspects of decommissioning and RWM allows for a high degree of coherence and traceability throughout the funding and management scheme.*[21]

However, as also explained by the OECD NEA, the coherence of the model relies on there being adequate funding put in place for the state decommissioning agency, Enresa, to do its job, with the arrangement requiring "realistic and comprehensive" estimates of future costs.[22] Having a proper budget in place, to cover the *total* cost of projects, allows Enresa to plan for the *total* decommissioning of sites.

Two main things need to happen for the UK to emulate the Spanish model:

1. **The UK state takes formal responsibility for all decommissioning activities as a matter of principle**. Rather than having a fragmented public-private landscape for decommissioning skills and expertise, the NDA should seek to do everything in-house. This will give the NDA full control over the delivery of decommissioning, increasing accountability, and allow the NDA to operate at scale and apply learnings from project to project.

[21] OECD Nuclear Energy Agency, 'Ensuring the Adequacy of Funding for Decommissioning and Radioactive Waste Management', 6 July 2023, p 166.

[22] As above, p 166.

2. **A fund of adequate resources is put in place to pay for legacy decommissioning projects in full**. To allow the NDA to plan effectively, the funds to pay for decommissioning need to be in place in advance. We will not be able to charge legacy operators; the state will have to pay. However, rather than the piecemeal approach to funding we currently take, a formal estimate of lifetime decommissioning costs should be made, and a legacy decommissioning fund should be capitalised in line with that estimate. Governance mechanisms should be put in place to ensure that the funding level remains adequate and is appropriately adjusted if required.

   With the above building blocks in place, the NDA would (for the first time) be in a position to effectively plan and deliver decommissioning services, and both parliament and central government would (for the first time) be able to effectively hold it to account.

   This approach would represent a significant shift and, as such, raises several questions. Potential challenges and responses to them are outlined in the table below.

Challenge	Response
Why would the government give more responsibility and money to the NDA given the issues it has encountered in the past?	The NDA's performance is a function of its circumstances. As outlined in previous sections, its funding and operating model has not supported timely and cost-effective delivery of decommissioning services. The proposal is designed to change that. It is not about giving the NDA *more* money, but about giving it a proper budget – adequate to the mission its responsible for – for the first time. Similarly, it is not about giving the NDA *more* responsibility – it is already fully responsible – but about giving it full and effective control over delivery, for the first time. The continuation of the status quo is the most fiscally profligate option because significant amounts of public money are being pumped into a system that is not set-up to succeed. The government can be more or less generous at each successive spending review, but each SR settlement can, at best, keep the show on the road, or, at worst, lead to major skills loss and project delay (as we are seeing in the wake of the most recent SR settlement). Inefficiency and very high lifetime costs are effectively guaranteed if the current model persists. Given that the state is on the hook and there is no option to walk away – the decommissioning mission has to be completed, sooner or later – the best option is to try and set effective funding limits, with a realistic budget for lifetime decommissioning costs, and to create a culture of accountability around those limits. This is what the proposal is about.

Challenge	Response
Lack of knowledge about legacy nuclear sites means we cannot make reliable estimates or set a long-term budget.	Because of the UK's complex nuclear legacy and the lack of knowledge of certain sites, it is likely that lifetime cost estimates will change more in the UK than in other countries. However, this does not justify the existing approach or undermine the rationale for the proposed alternative. Having a set budget for a long-term programme of work will still support the NDA's business planning and will still provide something for the government and parliament to hold the NDA accountable to. NRSs planned cessation of total reactor dismantling at the Trawsfynydd Site (a decision made in the wake of the 2025 SR settlement) highlights the problems of the current approach. Progressing at pace with Reactor Dismantling at the site would not only deliver on the NDAs core strategy for legacy sites, but would also provide 'real world' learning and costs to better refine the Nuclear Liabilities Estimate. This is all now in doubt. The challenging nature of the UK's nuclear legacy is a 'known-unknown' and the important thing would be to make estimates as accurate as reasonably possible based on what is known at the time and then have appropriate governance arrangements in place to adapt budgets when something genuinely unknown comes to light.
Any one-off capitalisation would be too large.	The NDA's latest estimate for nuclear provisions (i.e. the total lifetime cost of decommissioning legacy sites) is £110bn, with Sellafield accounting for £78bn of this. Because Sellafield is a unique and complex site, attempting to set a long-term budget for its complete decommissioning is much harder than for other legacy sites. For the time being, we suggest that the government prioritise creating funds for decommissioning the UK's other legacy sites and for building a Geological Disposal Facility (GDF), the project responsibilities of NRS and NWS, respectively. The NDA estimates the lifetime cost of decommissioning NRS sites at around £24.3bn and the lifetime cost of the NWS's work at around £7.6bn. The government could therefore capitalise the NRS's and NWS's entire work programmes *in full* by borrowing £10-15bn per year for two or three years. If this was deemed too much additional borrowing, it could instead fund the next 20 years of those work programmes, estimated by the NDA to cost around £17.5bn, on the understanding that the remaining funding for be provided by a future government as the initial 20-year work programme came to a close.[23] Alternatively, the government could prioritise capitalising a

[23] All figures here are from the spreadsheet published alongside Nuclear Decommissioning Authority, 'https://assets.publishing.service.gov.uk/media/687e1afa78b11bf39db8dbe7/ARAC_2024-25_210725_final.pdf', 22 July 2025, p 176.

Challenge	Response
	fund for the lifetime cost of the NWS's work programme and the building of the GDF, which is comparatively affordable at £7.6bn.[24] It would be far more preferable to capitalise funds with resources equating to estimated lifetime costs for both NRS and NWS, but capitalising them with costs for the next 20-years' worth of work (with associated project objectives to complete during that time) would still be a significant improvement on the current system. Capitalisations of this magnitude are substantial but have a clear precedent. As highlighted previously, the previous government topped up the NLF with £5.1bn in 2020 and £5.6bn in 2022. Lastly, it is also worth highlighting that creating these funds could be an effective way to fund new nuclear projects. The government has been putting forward fiscal resources of this magnitude for Sizewell C and the SMR programme anyway. For example, it allocated around £14bn of investment for Sizewell C at the 2025 Spending Review. It could instead have created the funds, as we have suggested, and invested their capitalisations in these projects, with the long-term pay back from those investments funding NRS and NWS work programmes. The government is purportedly keen on bringing further projects forward, and public investment will no doubt be necessary to get them over the line, so we suggest it kills two birds with one stone and invests in new nuclear in a way which will provide long-term funding certainty for the decommissioning mission.
The government is already struggling to meet its fiscal rules, how will this help?	The advantage of funding decommissioning in this way, i.e. with one-off capitalisations, is that it eases the government's fiscal arithmetic. This explains why the Treasury was (comparatively) relaxed about injecting substantial amounts of funding into the NLF in 2020 and 2022, and, conversely, why it is so reluctant continue providing the NDA with reasonable annual funding settlements. Because NDA funding is a recurring and rising cost which shows up as current budget spending in every year of the fiscal forecast, it does not fit well with the government's fiscal rules which mandate that borrowing and debt decrease towards the latter end of a rolling five-year forecast period. In contrast, a one-off capitalisation of a legacy decommissioning fund would not increase borrowing over the entirety of the forecast period. The borrowing to capitalise the fund would take place in the current fiscal year and/or the next fiscal year only, rather than represent a continually rising spending commitment over the

[24] This isn't to say that the lifetime cost of the GDF will be £7.6bn, but that if you create a dedicated fund of that amount, invest it, earn financial returns, and slowly disperse small amounts for substantive GDF work each year, then that would be sufficient to cover lifetime costs.

Challenge	Response
	forecast period. There would be some debt interest incurred from that borrowing, but this would be a fixed annual cost. To the extent that the fund(s) were to take a conservative investment strategy and invest its capitalisation back into government bonds, that debt interest would effectively be being paid as a return to the fund, helping it grow and ensure its adequacy into the future. This would not be the case if the fund(s) took a more ambitious strategy and gained its returns by investing in new nuclear projects, but in that case, that public sector borrowing to invest in new nuclear was likely going to take place at some point anyway. Arranging it in this way effectively serves to ringfence the returns from government investments in new nuclear to go towards the decommissioning mission, rather than back to the exchequer. Moving towards this model would be an efficient way of establishing a more financially sustainable and independent nuclear sector, which is able to finance front-end (i.e. new build) and back-end (i.e. decommissioning) functions without having to constantly bring a begging bowl to Westminster.
Regardless of the fiscal rules, this is still extra borrowing which will increase gilt market pressure.	Even if it is 'front-loaded' to the first part of the fiscal forecast period, a non-negligible amount of money would still have to be borrowed as part of this proposed capitalisation. However, experience over recent years has taught that gilt markets are more concerned about sustained increases in government borrowing over the medium- to long-term, than they are about absorbing short-term, time-limited spending commitments. Additionally, the money that the government would borrow to capitalise the legacy decommissioning fund(s) would only be drawn down upon very slowly, with the large part of it invested. As outlined above, the fund(s) could end up investing a portion of the capitalisation back into government bonds, which therefore limits the extent to which you are asking 'private' gilt markets to absorb more debt. If it is invested in new nuclear projects, then the government would just be bringing forward borrowing that was going to happen at some point anyway.

In summary, what we are proposing is not only preferable from an operational delivery perspective but also has advantages from a fiscal perspective. In the short-term, it creates a more favourable fiscal profile over the forecast period. Over the longer-term, not only does it help secure the future of nuclear decommissioning and allow for genuinely efficient and cost-effective delivery, but our proposal also provides a vehicle to invest in new nuclear. The government would pay once to achieve these two vital objectives, rather than having to pay for both separately.

Organisational structure

The NDA is the organisation which is formally responsible for decommissioning legacy nuclear sites. However, there is a question as to whether the current structure – of having the NDA as the umbrella organisation and having Sellafield, NRS, NWS, and NTS as the subsidiaries which do the operational work – is the right one. There is a fundamental tension between site licence holders and the corporate centre. This is evident in the roll out of projects Unity and Cambridge, neither of which have operational improvements as their core focus. The four-pillar structure introduced in 2022 has never landed with NDA employees, most of whom would be hard pressed to name a benefit that they have experienced as a result of this construct.

The current structure suffers from the following issues:

- **Lack of group-wide efficiencies**. A potential justification to have the NDA as an umbrella organisation is that it can provide group-wide corporate functions in a more efficient way than if the operating companies provided them individually. However, it does not currently do this, with the operating companies remaining responsible for such functions. There is a current drive to 'streamline' certain functions. However, this is not straightforward. For example, the employees in the different operating companies have different pay structures, different terms and conditions, and different pension schemes, and there is no simple way these different structures can be unified.
- **Lack of effective leadership and working relationship between the layers**. A key justification for the current structure is the potential synergy that might be gained from the operating companies being part of a wider group. However, in our members' experience, such synergy is absent. We have observed an increasingly dysfunctional relationship between the NDA leadership and the operating companies. Effective cooperation between the individual operating companies occurs in spite of the NDA, rather than because of the NDA.
- **Additional layer of bureaucracy reduces accountability**. A big part of the problem with the current model is the lack of accountability. Fundamentally, this problem is due to substantive decommissioning work being outsourced to the private sector. However, the problem is worsened by having two layers of bureaucracy at the public body level. Even if you bring all decommissioning work in-house, there will still be an issue whereby the body which is accountable to the government (the NDA) is not the body which is actually delivering the substantive decommissioning work (Sellafield, NRS and NWS). If there was an effective working relationship between the layers, this might not be such a problem, but we do not believe that this is the case.
- **Incentives to shift money between programmes**. NWS, in charge of delivering the GDF, has suffered from being a part of the wider NDA group. Its work is very important for the wider decommissioning programme, but because its work is the most long-term and least urgent, there is an incentive to move funding away from it towards more urgent priorities if funding is not effectively ringfenced. In NRS there is a lack of funding and operational clarity at site level. For example, it is unclear whether Trawsfynydd will be allowed to proceed to full decommissioning in the foreseeable future despite the demonstrable benefit that would accrue from delivering the decommissioning mission

for the first time plus the potential benefits of using this expertise more widely, including in the international market.

None of this undermines the need for a more effective funding model. However, it does mean that the government should strongly consider the structure of public decommissioning bodies as it puts a better funding model in place. As implied by the above, we are doubtful that despite the potential to do so the NDA is currently providing the value one would expect from an umbrella organisation which is not doing substantive operational work itself.

Purpose and outcomes

Prospect representatives consider that a key purpose of the NDA, within a long-term funding framework, should be to manage organisational assets such that activities are co-ordinated and projects are assessed and prioritised across the Group. This should provide assurance that delivery of long-term projects will not be disrupted, bearing in mind that longevity is not a constraint on improvement. Such an approach stands in contrast to the current model of category management, which can lead to duplication of resource. Such an overarching framework should include management of contractors.

These functions should be carried out and governed in a way that upholds and progresses government policy. The NDA's work must be communicated effectively, to government and wider society, including transparent risk management and regulatory compliance. Although a governance model exists already, it would in our view be difficult to demonstrate how it adds value, let alone how learning is embedded. It is not clear to our members that delegation is exercised effectively or that constructive challenge is welcomed. Overall, there is a lack of transparency. Work in progress to implement project Cambridge will create further ambiguity and should be paused pending the outcome of the independent review. It is important that direct accountability to the NDA's CEO is not lost.

In our view, the NDA should play a key role in development and retention of skills, including as a custodian of technical competence. This would be of benefit to nuclear communities as well as to local and regional economies. This stands in contrast to the significant current reliance on contractors, who may have no long-term stake in the areas they are working in and are deployed at greater cost to the public purse. There could also be a role for call off agreements enabling employees to work across operating companies for specific purposes.

This is not simply a matter of funding, important though that is, but one of organisational outreach and effective HR practice. The NDA should play an expanded, outward facing educational role, including working with local schools and stakeholder groups. Academic entry qualifications for apprentices restrict many in local communities from access to good, well-paid jobs. Yet this has not always been the case. Many Prospect members working for Sellafield Ltd secured employment without such qualifications and were trained on the job by the employer. We cannot see any reason this practice should not be resumed at entry level. It could transform the lives of young people, including those who have grown up in jobless communities.

Key upcoming priorities

Looking ahead, there are some 'big ticket' outcomes that NDA should focus on delivering based on a clear roadmap, timelines and milestones which should articulate the role of each entity and interface points:

1. Geological Disposal Facility

The development of a Geological Disposal Facility as a permanent solution for the UK's nuclear waste has been the policy of successive UK governments for 30 years. There are currently two locations which remain interested in hosting this major national infrastructure project. Both locations are in west Cumbria, though the government's response to the Fingleton review appears to cast further doubt that a GDF will proceed on this basis.

Nuclear Waste Services (NWS), a wholly owned subsidiary of the NDA, is the body charged with progressing the GDF. They are currently allowing around one hundred staff to leave under a Voluntary Exit scheme and a consultation exercise on what a future structure might look like is currently underway. There appears to be little or no impetus from NDA or government to commit to the construction of a GDF. This is extremely worrying given how central a GDF is to the long-term decommissioning mission.

2. Programme of infrastructure renewal at Sellafield

Sellafield Ltd is in the process of allowing 350 staff to leave under a Voluntary Exit scheme. We are advised that a Target Operating Model is in development, but we have no information as to when consultation on that restructure might commence. There are concerns that skilled staff that the employer wishes to retain and who have had an application for VE rejected, will decide to leave or retire leaving further skills gaps across the organisation. The Sellafield site is in a constant state of demolishing dilapidated buildings and building new ones as well as increasing storage facilities for the 75 years of nuclear waste that is on site.

3. Successful transfer of AGR stations and development of NRS sites

Following the Spending Review outcome, many projects at NRS sites have delayed, with significant impact on NRS staff and associated supply chains. Whilst NRS has given priority to a number of key projects, this cannot mask the inertia felt by workers across the business. The uncertainty naturally gives younger workers much to contemplate as they consider their own next career steps and there is a fear that workers and thus key skills will leave the business. NRS staff also fear a two-tier approach to work projects, as the soon to be joining EDF sites will have funding from the Nuclear Liability Fund and thus be able to commission work at a much greater speed.

4. Complete decommissioning of Trawsfynydd

In January 2025, NRS informed Trawsfynydd staff that the planned dismantling of the Reactor Pressure Vessels (the cores) of the site's twin reactors, would cease in March 2027. This announcement caused Trawsfynydd's workforce great concern. Trawsfynydd's decommissioning project is fifteen years ahead of other legacy Magnox reactor sites and stands on the brink of commencing its final phase – reactor core dismantling.

By November, following campaigning by Prospect representatives, it was confirmed by the NDA's Chief Strategist that Trawsfynydd will continue to serve as the "lead-and-learn" site for reactor dismantling, reinforcing its role as a benchmark for best practice in the sector. The Government had provided clear backing and dedicated funding for accelerated progress at Trawsfynydd, demonstrating national support for timely delivery. However, at the time of writing, and despite the NDAs commitment within Strategy 5 that Trawsfynydd is to progress with Reactor Dismantling, it remains scheduled to cease, and no further communication from NRS has been issued to staff indicating any change to NRS strategy.

5. The role of trade unions

The NDA's trade unions have collectively invested significant time and resource over several years to build a collaborative working relationship with the NDA's leadership, to little avail. However, this is not the place to detail our many frustrations. Rather, it is important to emphasise that trade union members and their communities have a unique stake in the NDA's work and, more importantly, in sustained progress towards successful completion of the decommissioning mission. We believe that this is a definitive moment in the NDA's evolution and that it would be stronger and more effective if, with positive intent, the organisation's relationship with Prospect and the other NDA unions were reset as a matter of priority.