

BNFL views on stakeholder engagement, based upon the experience of the National Stakeholder Dialogue

Purpose of this document

BNFL has prepared this document to provide views and conclusions to support the continuation of engagement with stakeholders against the context of the establishment of the Nuclear Decommissioning Authority (NDA). The document will be presented to the October 2004 Main Group meeting of the National Stakeholder Dialogue. The Company will also include it as part of the transition arrangements for the transfer of responsibilities between BNFL and the NDA.

In April 2005, the NDA will assume responsibility for BNFL's UK assets and associated liabilities and BNFL will become a contractor, competing with others for decommissioning and clean-up contracts. The Government through its White Paper "Managing the Nuclear Legacy – A Strategy for Action" and the 2004 Energy Act has placed stakeholder engagement at the heart of its proposals for how the NDA will operate.

Becoming involved in the National Dialogue process has been a tremendous learning experience for BNFL as an organisation – both about dialogue as a process generally and specifically how dialogue can illuminate complex and controversial decision-making within the UK nuclear industry.

BNFL is keen to ensure that the experience, learning and products gained through the Dialogue should be built on so that future engagement in the UK nuclear arena has an even better chance of success. This document is BNFL's view about the most extensive and detailed engagement process undertaken in the UK.

It is acknowledged that others may have formed different views and opinions.

What was it like in 1998 and is like now in 2004?

In 1998, BNFL's vision was to "becoming the leading global nuclear company."¹ This included maximising the value of the used fuel and the recently acquired Magnox generation businesses. There was also an internal reluctance to proactively engage externally on the most controversial aspects of the business – reprocessing and the production of plutonium.

In 1998, the popular perception of the nuclear industry, and of BNFL's main UK site – Sellafield – was that operations were unsafe, created pollution and engendered fear. This perception was not shared by the BNFL workforce, or largely by the communities around Sellafield, where a high proportion of people had direct or indirect knowledge of site operations and their impacts. Adverse media coverage and consequent political concern made BNFL a contentious business. BNFL was accused of not providing any or enough

¹ Annual Report and Accounts 1998

insight into its activities, or of favouring certain stakeholders over others when seeking to develop and progress business strategies. At worst, aggressive “attack and defence” typified relationships with some stakeholders.

In 2004, BNFL’s “goal is to be an economically viable, environmentally responsible and socially beneficial company that is fully accountable for its performance“ where the “main focus will be the decommissioning and clean-up of Britain’s nuclear facilities and the safe, expert handling of the resultant waste”.²

Through the Dialogue process, BNFL has learned that the traditional approaches of engagement used by the organisation were not as sensitive or respectful of external stakeholder views and that trust can only be developed through pro-actively seeking “outside-in thinking”. These lessons have been achieved through the hard work and commitment of many stakeholders, their respective organisations and constituencies and therefore provide a unique understanding about what effective engagement in the UK nuclear industry should be like.

In the six years of the BNFL National Stakeholder Dialogue, the UK nuclear industry has undergone significant change and BNFL has also evolved in response to the changing political and policy context in which it has to operate. The Dialogue process is an integral part of this overall UK context. It is impossible to remove any single element – be these issues around the economy, society or politics – and then to say that the position today would be exactly the same even if the Dialogue process had not been introduced.

What is engagement and what has the National Stakeholder Dialogue covered?

There are a range of approaches when working with stakeholders – from the more reactive information gathering and giving through consultation to the more interactive and deliberative approaches, where stakeholders agree on the issue to be addressed, work collaboratively to build areas of consensus whilst recognising differences of view. Using the approach most relevant to a stakeholder given a particular situation is vital.

The Dialogue process, with its independent convenor³ and facilitation has proved particularly well-suited to considering the increasingly complex and controversial issues associated with BNFL’s activities.

The topics covered by Working Groups have been:

- Waste
- Discharges
- Spent fuel management options
- UK plutonium disposition

² Annual Report and Accounts 2004

³ The Environment Council is an independent charity with extensive experience in designing and managing stakeholder processes to resolve and prevent conflict.

- BNFL business futures
- Security

The Dialogue has also overseen the production of a socio-economic study of West Cumbria.

In addition to being the decision-maker – making decisions informed by the process - BNFL has acted as sponsor through providing top level commitment and up-front funding. BNFL is also a stakeholder organisation, represented through providing senior level participants, technical expertise and information.

The aim of the Dialogue has been *“to inform BNFL’s decision-making process about the improvement of their environmental performance in the context of their overall development”*. BNFL believes that this uncontroversial aim has offered the best chance of enabling all stakeholders to participate effectively. Conversations began on issues around waste and discharges; areas where there was some likelihood of achieving consensus.

Looking back to 1998, no one within the Company understood that such a wide range of issues would or could be addressed as the Dialogue process developed. But as the prevailing atmosphere has become more collaborative, increasingly contentious topics of spent fuel options and plutonium disposition, and latterly BNFL’s business futures and security have been examined.

Successive Working Groups have produced reports, containing details of agreements and areas where disagreement remained, together with recommendations for further action. The Working Groups were established in part to address the issues identified by stakeholders at the first Main group meeting in September 1998 that would affect the Company’s environmental performance. BNFL’s view about how the Company’s actions have addressed the most significant issues initially identified in 1998 is given in Appendix 1. The headlines are:

- BNFL is focussing on decommissioning and cleaning-up the majority of the UK’s civil nuclear sites and has re-structured its business accordingly.
- Magnox reprocessing plant scheduled for closure in 2012.
- Thermal Oxide reprocessing plant will only continue to operate as long as it has contracts with its customers.
- A programme to investigate plutonium immobilisation has been initiated.

While completely new ideas have not often arisen directly from the Dialogue, experience has shown that existing ideas are examined from new perspectives. This enables ideas and options to be developed and examined from a range of views, often resulting in new areas which could be prioritised.

What was involvement in the Dialogue like?

Entering a formal Dialogue process was no mean feat for the BNFL Executive and employees who became involved. There was a sense of launching into

the unknown which is never comfortable, despite all the safety nets that are established by the process experts. Historical animosity and lack of trust meant that initially it was emotionally difficult for many parties to begin to talk about complex issues. Also, businesses traditionally like certainty and control with the accompanying perception that this makes management simpler and reduces risk. There were concerns around the uncertainties inherent in dialogue and of relinquishing control over business decisions.

There are no recorded personal views from BNFL participants at the start of the Dialogue about expectations about what could be achieved. However, in July 1998, an internal meeting involving a range of BNFL Directors and senior managers met to identify their assessment of key strategic issues facing the business. All the issues identified were technical – “*what to do about discharges?*”, “*what to do about plutonium?*” “*levelling the environmental playing field regarding energy production*”, with no mention of the role that stakeholders have in developing options and strategies.

In 2002, as part of the Evidence report, individuals provided comments on their experience in the Dialogue process. For example:-

The overall Stakeholder Dialogue process has introduced a challenging new element into my work. I give much greater consideration in decision-making to what other stakeholder views would be and often I ask them directly via the various dialogues or through informal routes only available because we now all talk to each other.

Specifically, no one should be in any doubt that, without the pre-existence of the National Stakeholder Dialogue, the difficulties at Cricklewood would not have been resolved in a consensus way.”

“Stakeholder Dialogue has offered a unique opportunity to explore overtly antagonistic positions with a view to revealing underlying common ground. As an approach to management decision-making, it does reveal underlying common ground. As an approach to management decision-making, it does represent a break from the very often used “decide, announce, defend” without removing the ultimate responsibility of management to “decide” and then act.”

This greater awareness of the role that effective engagement can provide was also evident in an internal workshop held in July 2002, examining the key sustainability issues around the BNFL’s Corporate Social Responsibility vision. The prioritised issues identified then were expressed as “*optimise processes in line with the triple bottom line (environmental, economic, and social)*”, “*understanding and addressing the needs and concerns of stakeholders*”, “*attracting and retaining key people in a more competitive environment.*”

Commitment and Resourcing

The BNFL Dialogue process would not have been possible without the top level commitment and determination of Company senior management. The resilience of this Dialogue has been demonstrated through its continuation during a period of major structural and external policy change within the UK nuclear industry. The process has been supported under two different Chairmen and three successive Chief Executives, all of whom have reviewed the company's continued involvement and supported its continuation.

The BNFL Board and Executive have also been involved, with the appointment of an Executive "champion", regular feedback from Working Group activities and presentations about Dialogue reports and recommendations. Individual directors have been identified to be responsible for responding to the recommendations which fall within their areas of responsibility.

The process has developed and evolved based upon the experience and needs of all the stakeholders, with BNFL then responsible for making its decisions about what the Dialogue was telling the company. The extent and complexity of the issues tackled has been very resource intensive. In sponsoring the process, BNFL has provided the convenor with funds up-front and then participants have provided the time commitment and expertise.

What did BNFL get from the Dialogue process?

- An extensive range of BNFL's stakeholders, through their participation in the Dialogue, or through participants reporting back to their constituencies now possess a far greater understanding of the Company's operations and activities; the opportunities and constraints within which the business has to operate and have provided views about its future direction.
- Stakeholders have also provided input into the evolving Company structure as it seeks to adapt to the new UK focus on the clean-up and decommissioning of nuclear sites.
- A wide number of BNFL employees – Executive members, senior managers, technical experts and representatives from the workforce have had first hand experience of an interactive and collaborative way of addressing contentious issues and therefore have a better understanding of the role that stakeholder engagement has in strategy development and the successful implementation of business programmes.
- Successive Working Groups have produced a series of recommendations, which have now been consolidated. These have provided the context for ongoing areas of work, for example, the introduction of research and development in the areas of plutonium disposition and technical feasibility assessments regarding options for dealing with wetted and dry Magnox fuel.
- A very valuable by-product from the Dialogue has been the direct applicability of the reports to those responsible for policy making within the regulators, Government agencies and departments. The contact with Defra and a No. 10 Policy adviser on the outputs from the Plutonium

Working Group was very positive and should help to inform future Government decisions about plutonium disposition. The Business Futures Working Group also made practical suggestions to DTI on the development of the stakeholder engagement frameworks for the NDA. BNFL's future engagement process will have to be integrated with the NDA models.

- From experience, it is usually “facts” that cause the most trouble between stakeholders. Traditional adversarial disputes pit one side's expert against the opposing expert, with polarised positions the result. Within the Dialogue, the ERM Socio-economic study into West Cumbria provided an example of the value of “joint fact-finding” where the problem owner and its stakeholders define the work that needs to be done, selects the expert to undertake the work and oversees its production. The resulting report and its subsequent update have proved to be a valuable input into the local, regional and national discussions about the future direction of the Sellafield site.
- The development of the so-called “Bridge mechanism” was introduced to improve communication with environmental NGO stakeholders. Again, the mere fact that such an early-warning system for BNFL business announcements was introduced is a positive signal of the willingness of previous adversaries to engage. On reflection, more effort should have been devoted to developing agreed guidelines as to when and how the mechanism was to be used. As part of building on the learning from this Dialogue, BNFL would wish to revisit the “bridge” with environmental NGO stakeholders to inform future engagement processes.

What has changed as a result?

- **Change in the BNFL culture with Directors, managers and other employees reaffirming the value of “outside in thinking” as “the way we do things around here”.**
This is not to say that every employee views stakeholder engagement as the only way forward – newcomers to BNFL do not have the benefit of making the direct comparison between 1998 and 2004. But there has been an increasing realisation that a return to traditional engagement with its inherent risk of “stakeholder conflict” would be far more damaging and that continuing engagement remains a key commitment across all the BNFL Group of companies.
- **Change in the way BNFL engages with stakeholders.**
In 1998, stakeholders were to be managed with adversarial relations the normal “business as usual”. In 2004, with six years of Dialogue experience there is confidence in the role of constructive engagement in tackling difficult subjects, seeking to find common ground and clarity in areas where agreement continues to be absent.
- **Change in the BNFL culture about the accessibility of information,** both in a general presumption that information will be made available if this is practicable, or where information cannot be provided, the reasons are made explicit and clear.
- **Change in the way the Company seeks to communicate**

Making business and technical information more accessible, capable of being questioned and understood.

- **Change in the way the Company is perceived**

It is difficult to say whether “trust” in BNFL has increased as a direct result of the Dialogue, but participation in a process which respects other views and values, as well as using the technical expertise and commitment of a wide range of people has enabled this to be progressed.

Conclusions

Organisations need to interact with their identified stakeholders to obtain the support for decision-making and therefore future success. Identifying the most appropriate form of engagement, relevant to the stakeholders and particular situation being addressed remains key.

As the current “problem –holder” of the many issues which have been extensively examined over the preceding six years, BNFL concludes that proactive engagement offers an effective way to address contentious areas. It allows different perspectives across environmental and socio-economic value sets to be clarified and balanced when developing strategies and policies. Interactive engagement treats internal and external stakeholders with the respect that leads to the earning of trust.

The BNFL National Stakeholder Dialogue has used process elements – independent convening and facilitation, joint fact finding – which have underpinned treating stakeholders with respect and integrity.

The outputs from the Dialogue provide a “baseline” of agreements, areas of continuing uncertainty and recommendations which need to be built upon as the UK Government, the Nuclear Decommissioning Authority, the nuclear industry, the regulators and other national and local stakeholders enter a period of great change. The formal transfer of recommendations to their “new owners” be that the Nuclear Decommissioning Authority or to individuals within BNFL, will continue to provide the context for ongoing work and future reporting of progress as the UK’s legacy of nuclear decommissioning and clean-up is accelerated.

Committing to proactive engagement does not mean delegating decision-making to stakeholder dialogue. Rather it is trying to develop a consensus solution to an issue that the problem-holder then has to decide whether or not to implement. But in moving towards implementation, the challenges will be more focused and success more likely with a “define, agree, implement” approach.

Effective engagement can be very resource intensive and time-consuming, especially if the issues to be addressed are complex and have been contentious over several decades. Effective engagement on such complex and contentious issues requires commitment. There are not only sizeable visible monetary costs but demands on the time and efforts of the best people within participating organisations – those with the knowledge, expertise and

empowerment to make decisions. BNFL is greatly indebted to all the participants in the National Stakeholder Dialogue and their organisations for remaining committed to many man (and woman) years of demanding work.

Appendix 1 – Review of the Resources, Issues and Values (RIV) analysis

The table refers to the prioritisation exercise conducted by Stakeholders attending the September 1998 meeting. It lists the 3 top issues identified and presents how the issue was viewed in 1998 and then BNFL's views about how these issues have been addressed through Company actions. The numbers in the first column are the "prioritisation scores" given by Stakeholders to each issue.

Priority assigned in 1998	Significant Issue Identified	How was this issue viewed by BNFL in 1998?	Company Action
67 "votes"	"End of reprocessing or not"	<p>"Maximising value of our used fuel business, including winning more Thorp and MOX fuel business"⁴</p> <p>"Maximising value of Magnox business by operating stations for as long as it is safe and economic to do so"⁵</p>	<p>Announced life times for Magnox stations. Closure programme is being implemented. Calder Hall and Chapelcross stations closed earlier than predicted in May 2000 announcement.</p> <p>Closure of B205 planned for 2012 and reprocessing programme determined by this date.</p> <p>Implementation of Magnox fuel cycle improvement programme to ensure B205 closure date is met.</p> <p>Contingency planning led to research and technology development regarding options for wetted Magnox fuel and fuel which has not been wetted.</p> <p>Updates provided on B205 performance and the "reprocessing envelope" which tracks Magnox fuel within the overall system against reprocessing throughput.</p> <p>Updates on vitrification performance against declared targets and the High Active Liquid waste reduction profile specified by the NII.</p> <p>Thorp performance data against annual targets.</p> <p>Thorp will continue to operate as long as it has contracts with customers. Opportunities for future new reprocessing contracts bounded by the</p>

⁴ Annual Report 1998

⁵ Annual report 1998

			<p>conditions established by the Secretary Of State as part of the transfer of ownership of assets and liabilities to the NDA.</p> <p>Re-focus of Company direction and resources on UK legacy waste clean-up. Establishment of British Nuclear Group in May 2004..</p>
57 "votes"	<p>"Create trust, transparency and accountability through genuine dialogue, based on mutual respect, comprehensive and clear understanding"</p>	<p>Traditional approaches to engagement were employed.</p> <p>"I think they remain arrogant, secretive and driven by scientific values rather than human ones"⁶</p> <p>"Start talking, tell us exactly what they're up to, how they're going to go about decommissioning"⁷</p>	<p>Commitment for the Dialogue process which has been developed by stakeholders themselves. The Chief Executive has been the Dialogue Sponsor with a Board member as the Executive Champion.</p> <p>Formal interactions between the Dialogue and BNFL's Executive and Board committees.</p> <p>Involvement of a wide range of Executive Directors in Working Group deliberations.</p> <p>Allocation of recommendations to the Executive responsible for the particular area.</p> <p>Involvement of senior managers and technical experts in Working Groups.</p> <p>Reports are based upon information shared by the Company or undertaken through jointly agreed fact finding.</p>
49 "votes"	<p>"What to do with the plutonium stockpile"</p>	<p>Plutonium stocks represent "energy in the bank"</p>	<p>Following Plutonium Working Group recommendations, Company initiated a programme to investigate plutonium immobilisation.</p> <p>Continuing engagement with representatives of the Business Futures Working Group on plutonium disposition issues.</p> <p>BNFL will consider those recommendations arising out of the Security Working Group where it is responsible for their implementation and has also</p>

⁶ Comment from MP in MORI poll summer 1998.

⁷ Comment from Environment journalist Survey 1998

			undertaken to support recommendations where they are the responsibility of other organisations or to provide explanations where direct implementation or support is not appropriate.
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