

Statement to Parliament: NDA Settlement, Contract Termination, and Inquiry

I would like to inform the House that the Nuclear Decommissioning Authority (NDA) has today announced its decision to terminate its contract with Cavendish Fluor Partnership (CFP) for the management and decommissioning of 12 redundant Magnox sites (including 2 research sites) which, together with the Calder Hall reactor on the Sellafield site, formed the UK's first fleet of nuclear power stations.

The NDA ran a £6.1 billion tender process from April 2012 which resulted in a 14 year contract being awarded in September 2014 to the Cavendish Fluor Partnership – a joint venture between the British firm Cavendish Nuclear, a subsidiary of Babcock International, and the US company Fluor Inc. This decision was approved by the then Department for Energy and Climate Change and HM Treasury.

CFP started work on the Magnox estate on 1 September 2014. There then started a process to ensure that the scope of the contract assumed in the 2012 tender matched the actual status of the decommissioning to be done on each site – a process known as consolidation.

It has become clear to the NDA through this consolidation process that there is a significant mismatch between the work that was specified in the contract as tendered in 2012 and awarded in 2014, and the work that actually needs to be done.

The scale of the additional work is such that the NDA Board considers that it would amount to a material change to the specification on which bidders were invited in 2012 to tender.

In the light of this, the NDA Board, headed by a new Chair and Chief Executive, has concluded that it should exercise its right to terminate the contract on two years' notice. The contract will be terminated in September 2019, after 5 years rather than its full term of 14 years. This termination is made with the agreement of CFP.

Dealing safely with the UK's nuclear legacy is fundamental and non-negotiable. It is important to emphasise that this termination is no reflection on the performance of Cavendish Nuclear or Fluor, and work on decommissioning at all the sites will continue with the management of CFP for a further two and a half years.

During this period, the NDA will establish arrangements for a replacement contracting structure to be put in place when the current contract ends. This work will be led by the NDA's new Chief Executive, David Peattie.

I have every confidence that CFP will continue to deliver to high standards during the remainder of the contract.

Although this decision is one made by the Board of the NDA, it requires the consent of myself, the Chief Secretary to the Treasury and the Accounting Officer of my Department. That consent has been given.

We have a responsibility to ensure that the NDA's decisions reflect its legal obligations, including under procurement law, that further risks to taxpayers' money are contained and that robust arrangements are put in place to deliver this essential decommissioning programme.

In addition I can announce today that the NDA has settled outstanding litigation claims against it by Energy Solutions and Bechtel, in relation to the 2014 Magnox contract award.

The NDA was found by the High Court in its judgment of 29 July 2016 to have wrongly decided the outcome of the procurement process.

As part of the settlements, NDA has withdrawn its appeal against the judgment. While these settlements were made without admission of liability on either side, it is clear that this 2012 tender process, which was for a value of up to £6.1 billion, was flawed. The NDA has agreed settlement payments with Energy Solutions of £76.5m, plus £8.5m of costs, and with Bechtel of \$14.8m, plus costs of around £462,000 – approximately £12.5m in total.

These are very substantial costs and had the potential to rise much further if the case had proceeded to trial.

Taxpayers must be able to be confident that public bodies are operating effectively and securing value for money. Where this has not been achieved such bodies should be subject to rigorous scrutiny.

I am therefore establishing today an independent Inquiry into the conduct of the 2012 procurement process and the reasons why the 2014 contract proved unsustainable. These are separate issues but both need to be examined thoroughly by an authoritative and independent expert.

I have asked Mr Steve Holliday, the former Chief Executive of National Grid to lead the Inquiry. The Inquiry will take a 'cradle to grave' approach beginning with the NDA's procurement and ending with the contract termination.

The Inquiry will also review the conduct of the NDA and of government departments and make any recommendations it sees fit – including what further investigations or proceedings, for example possible disciplinary proceedings, may be required as a result of its findings.

The terms of reference for Mr Holliday's Inquiry have been placed in the libraries of both Houses. Mr Holliday will report jointly to me and to the Cabinet Secretary, and his report will be made available to this House, including to the Business, Energy and Industrial Strategy Select Committee.

This was a defective procurement, with significant financial consequences, and I am determined that the reasons for it should be exposed and understood; that those responsible should properly be held to account; and that it should never happen again.

Terms of Reference: Independent inquiry into the award of the Magnox decommissioning contract by the Nuclear Decommissioning Authority and its subsequent termination

The Inquiry shall investigate the procurement process from its inception through contract award, the management of the contract by NDA to the point at which the NDA decided to terminate the contract and the litigation that followed the contract award, focusing in particular on:

- a. the course of events that led to the flaws in the contract award identified by the court;
- b. the course of events that led subsequently to the decision to terminate the contract;
- c. the handling of the challenge and subsequent litigation brought against NDA arising out of the procurement and the subsequent resolution of the proceedings;
- d. the actions throughout of the NDA, including its subsidiary organisations, and the actions throughout of government departments associated with the procurement process;
- e. the structure of governance and relationship between the NDA and government departments and whether that contributed in any way to the problems encountered;
- f. the extent to which the various internal and external assurance processes employed during procurement were effective; and
- g. any other matters it considers relevant and important.

The Inquiry shall set out lessons to be learned, including about appropriate structures for governance and assurance of future complex, high-risk procurements, and make any recommendations it sees fit, including as to any disciplinary investigations or proceedings that may, in its view, be appropriate as a result of its findings.

The Inquiry will be led by Steve Holliday. He will draw on others as appropriate, including external advisers he may, by agreement with the Secretary of State, appoint.

The Inquiry shall report to the Secretary of State for Business, Energy and Industrial Strategy and to the Cabinet Secretary.

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Health Secretary connects with NHS Wales staff

Health Service employees in Cardiff and the Vale of Glamorgan will be first in Wales to get an opportunity to ask Mr Gething questions about the health service at a Cabinet Connect event.

The first staff Q&A session will be held at University of Wales Hospital, Cardiff, and invitations have been sent to Cardiff and Vale University Health Board, Public Health Wales and Wales Ambulance Service staff in the area.

Mr Gething said:

“I have had the great pleasure to meet many frontline health employees during visits across Wales and I wanted to build on those discussions through Cabinet Connect events.

“I want to give frontline staff the opportunity to meet me, ask me questions and discuss the issues in the health service that are important to them.”

Cabinet Connect builds on the success of the Carwyn Connect events, which the First Minister of Wales Carwyn Jones has used to meet and get the views of people across Wales.

Children paying the heaviest price as conflict in Yemen enters third year – UN

27 March 2017 – As the escalation of the conflict in Yemen enters its third year this week, the top United Nations humanitarian official has called on the parties to the conflict to commit to political dialogue and resolve the situation or risk an unending manmade crisis.

In a statement, Stephen O’Brien, the UN Emergency Relief Coordinator and Under-Secretary-General for Humanitarian Affairs underscored that in addition to wrecking the country’s economy, killing thousands and displacing millions, the fighting has brought Yemen to the brink of a famine.

“During my third visit to Yemen only weeks ago, I saw the terrible and terrifying evidence of looming famine,” said Mr. O’Brien.

In the hospital ward, the complete stillness of the tiny malnourished child whose eyes focus on nothing. The grim realization that these patients were the fortunate ones who could access a hospital and might survive.”

Underscoring that UN and its partners are already providing life-saving assistance in all of Yemen’s 22 governorates, reaching almost 6 million people every month, Mr. O’Brien urged parties to the conflict to expedite immediate, timely, and unimpeded humanitarian access as well as facilitate commercial activities critical to reversing prevailing massive food insecurity and ensuring that people’s basic needs can be met.

Nearly 19 million Yemenis over two-thirds of the population need humanitarian assistance and, according to UN Office for Coordination of Humanitarian Affairs (OCHA), seven million are facing starvation.

“Most of all, the Yemeni people need the parties to commit to political dialogue, or this man-made crisis will never end,” noted Mr. O’Brien.

“In the meantime, together we can we must avert this famine, this human catastrophe.”



A boy sits amid rubble, all that remains of his home – which was destroyed in an air strike – in Okash Village, near Sana’a, the capital of Yemen. Photo: UNICEF/Hamoud



Children hold shrapnel from exploded artillery shells while standing on a street damaged by blasts in Sana’a. Photo: UNICEF/Hamoud



A boy stands atop a large piece of exploded artillery shell, which landed near his home in the village of Al Mahjar, a suburb of Sana’a. Photo: UNICEF/Hamoud

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Number of children injured, recruited in conflict nearly doubled in one year UNICEF

As with most crises, it is the children who are bearing the brunt of the suffering.

Families are having to resort to extreme measures to support their children as coping measures have been severely eroded, turning Yemen the poorest country in the region into one of the largest food security and malnutrition emergencies in the world, noted United Nations

Children's Fund (UNICEF) in a new report, *Falling through the Cracks* today.

According to UN verified data, in the past year alone, the number of children killed increased from 900 to more than 1,500; those injured nearly doubled from 1,300 to 2,450; children recruited in fighting neared 1,580 (compared to 850 last year); and 212 schools were attacked (up from 50 last year).

Also, Yemen's health system is on the verge of collapse, leaving close to 15 million men, women and children with no access to health care. This is all the more concerning given an outbreak of cholera and acute watery diarrhoea in October 2016 that continues to spread, with over 22,500 suspected cases and 106 deaths.

"The war in Yemen continues to claim children's lives and their future," said Meritxell Relaño, UNICEF Representative in the war-torn country.

"We need to act now to pull families back from the brink. The risks for generations to come are extremely high."

[Bill Gates hails China 'best place' for ambitious youth](#)

Bill Gates, former chairman of Microsoft Corp and chairman of the Bill & Melinda Gates Foundation, receives a table tennis paddle from Peking University in Beijing on Friday. Gates talked with students after delivering a speech at the university and was invited to play a game of table tennis. [Photo by Zhu Xingxin/chinadaily.com.cn]

Once widely considered the world's richest man, Microsoft founder Bill Gates has said China is the "best place" for the young to fulfil their ambitions to make the world a better place.

In a Friday lecture to Peking University students, the billionaire philanthropist described the skepticism in some developed countries about whether globalization works for ordinary people.

He said the results of the U.S. presidential election and the Brexit vote showed how any country may turn inward when confronted with difficult issues like immigration, security and global development. In a world suddenly short of experienced leaders, Gates commended China for assuming greater responsibility for critical global issues like climate change and inclusive development.

Gates told hundreds of students attending the lecture of his high hopes for China's youth as they enter the workforce at the time of "China's rise as a center of global progress and innovation."

“The world’s eyes are on China...the world’s eyes are specifically on all of you... What an incredible thing is the belief that you can make the world a better place. There has never been a better moment.”

Gates said China has to deal with the most urgent challenges the world faces.

Health, agriculture, energy, and technology are areas where Gates sees “exciting opportunities” for more “amazing progress” for China and for the world.

Gates believes China could lead the world in eradicating malaria. He commended Tu Youyou’s discovery of artemisinin, which won her a Nobel Prize in 2015, and said there was need to develop more powerful tools – like a single-dose treatment – to block transmission of the malaria parasite from mosquitos to humans. More than 3.2 billion people in the world still live with the risk of malaria infection, he said.

On agriculture, Gates said China’s continuing advances in rice growing could benefit to millions of small farmers in Sub-Saharan Africa. Gates’ foundation has keen interest in Africa and is working with the Ministry of Commerce and Ministry of Agriculture on sustainable agriculture throughout Africa.

He said China understands that helping other countries creates a more stable and secure world for people everywhere.

The founder of Microsoft sees great potential in China’s tech sector. A lab he set up in Beijing about 20 years ago has grown into Microsoft’s largest research center outside the United States with some 200 of the world’s top researchers, developers and more than 300 visiting scientists and fellows.

He said the lab also supports up-and-coming software developers by hiring more than 5,000 interns.

“Maybe you want to develop the next vaccine that protects everyone from malaria. Maybe you want to design the battery that lights people’s desks at night...” he told students.

“No matter what, if your ambition is to improve the world, this is the best time and the best place to do it.”