

FULLY OPEN PAPER

ENSURING MAGNOX ELECTRIC RETAINS SUFFICIENT SQUEP RESOURCE TO THE END OF GENERATION

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1. Introduction

Magnox Electric is the first organisation in the UK to close its nuclear plant. This paper outlines the measures that they are taking to ensure that the levels of suitably qualified and experienced personnel (SQEP) are maintained within the business until the cessation of generation. This will include strategies to attract, train and in particular retain staff, thus minimising the risks to the continued safe operation of plant.

2. The Organisation

The Nuclear Decommissioning Authority (NDA) was set up in April 2005 under the Energy Act 2004 to take strategic responsibility for the UK's nuclear legacy. On behalf of the NDA, under an M& O contract, Magnox Electric currently manages and operates all the Magnox sites throughout the UK. In response to the NDA's draft strategy, the business is currently being restructured in to three bundles; a Generating bundle of Oldbury and Wylfa, a Northern sites bundle that is made up of Hunterston A, Chapelcross, Trawsfynydd and Calder Hall and a Southern sites bundle comprising of Bradwell, Sizewell A, Dungeness A, Hinkley Point A and Berkeley. Of the 11 sites 4 are currently operating; Sizewell and Dungeness which are due to cease generation this year (2006) and Oldbury and Wylfa that will continue to generate until 2008 and 2010 respectively.

To enable the bundles to be competed by the NDA each bundle will be a Site Licence Company in its own right and each will have the necessary SQUEP capability to stand alone. In line with this all centralised services are currently being allocated out to the bundles and within each bundle there will be a very small central support service. All engineering support to the generating sites have been located at Oldbury and will continue to support the generating plant until only Wylfa is operating when the support could potentially move to Wylfa. This will be backed up by a range of resourcing strategies that will ensure the availability of suitably qualified personnel to resource peak workload eg contractors, agency workers. All of the above will comply with the necessary Site Licence Conditions eg SLC 36, 10 and 12.

3. Key Resourcing Issues

3.1 Staff Turnover

Currently Magnox Electric has a workforce of more than 3500 staff. Staff turnover is currently running at approximately 1.7% against a national average of 10%. This figure has remained fairly

static during a period of significant change. As the figure suggests Magnox Electric does not have a turnover problem. However, behind the figures each site will have its own challenges based on a range of inputs which include local, industry and national demand for certain skills. The ageing workforce at each site also contributes to the losses each site may experience and therefore need to replace.

3.2 Demographics

Demographics play a key part in the sites' resource planning arrangements. The business has been driving through efficiencies and change over the past 15 years which has resulted in staff reductions throughout the business. Where it has been practical to do so work has been put into the sites, rather than retaining a heavy central support team. During this period there has been minimal external recruitment, except for small amounts of targeted recruitment into potential skills shortage areas. The consequence is that the age profile across the business is skewed towards the over 45 year olds and in many cases towards the over 50s. Under the emergency scheme arrangements it is important to have sufficiently fit employees to undertake their duties and therefore requires continuous review. In addition, under the Electricity Supply Pension Scheme rules, certain members over the age of 60 can elect for early retirement between the ages of 60 to 65. All of this introduces some uncertainty when planning future skill requirements eg Dungeness have 4 known retirements in 2006/07 with a further 19 potential retirements (across all disciplines).

In addition to the above the movement of staff from one site to another is limited. Individuals have generally preferred to limit their mobility to either one site or a certain part of the country.

3.3 Local, National and Industry Demand for Skills

Firstly, local demand for skills plays a key part in the sites' workforce planning arrangements. The impact of local demand varies considerably at each of the sites eg Wylfa is in a remote part of the country (North Wales) where there is little industry or competition for the kind of skills required to operate a plant. This is reflected in only one resignation made in the last 12 months. However, it is a very different picture when considering Dungeness A or Sizewell A; both are due to cease generation in 2006, both are located next to a British Energy site and both are in the South East where salaries are generally higher, thus putting added pressure on the sites as they operate within a National Pay Agreement. Dungeness has the added challenge of strong local competition for key technical skills. As examples, over the past 12 months Dungeness has had 10 resignations, 4 of which have gone to British Energy and the others to local employers. Twelve technical staff have resigned at Sizewell A, of which 10 of the individuals have gone to British Energy (Sizewell B). Not all were in key skills areas.

Secondly, there are recognised skill vulnerabilities within the industry that affect us, eg Health Physicists and Operators. There are also new entrants into the market competing for these skills, eg the NDA and contractors who are seeking to bid for NDA work. Magnox Electric have therefore had to deploy and continue to review a range of strategies to attract, develop and retain key skills and at all times plan for natural wastage. On a positive note, although the demand for skills are increasing within the industry, generally those who work within it tend to stay and move around, rather than moving outside of it.

In addition to the above there are recognised national skill vulnerabilities that have an impact on our sites. Some sites have to compete strongly both locally and nationally for skills, eg Dungeness lose more instrument technicians. In order to mitigate against this threat and aid retention of both

instrument and other 'craft' skills the site has increased its Senior Production Technician roles which attracts the enhanced national pay rates needed in the competitive south-east.

4. Resourcing Plan

In line with NDA requirements each site has developed a Lifecycle Baseline Plan (LCBL). Within this each site clearly identifies (at an appropriate level of detail) the strategies that have been put in place to address any issues that will affect the skills of the workforce during the lifetime of the site. It also identifies the range of resourcing strategies that have been developed to overcome the issues raised above and to ensure the maintenance of a suitably qualified and experienced workforce for years to come. Particular emphasis is put on to ensuring key skills are retained during change points in the lifecycle of the plant eg generation to defuelling. The strategies are outlined below.

4.1 Organisation models

In early 2000 Magnox Electric had developed an organisation model that included running the sites through to the end of generation at which point the plant would be handed over to another part of the BNFL business to defuel and decommission. Staffing numbers would decrease at both change points resulting in a very small workforce remaining during the decommissioning phase. With this came significant resourcing risks, in particular retention issues in the run up to the cessation of generation. The NDA, however, has provided a new organisation model whereby the Site Licensed Companies will manage and operate the plant through to care and maintenance. It is also considering a revised strategy to accelerate decommissioning and sites' clearance, taking plants into care and maintenance in approximately 25 years instead of 100 years. All of this means that there will be fewer staff reductions at the end of generation and defuelling, and longer term employment and career opportunities for staff, with the focus on retraining. It is hoped that this will reduce the uncertainty that staff may have had in the past, thus reducing wastage.

Dungeness A, for example, have recognised the need to train and develop staff in readiness for the cessation of generation. Many of its System Engineers have undertaken project management courses in preparation for the transition from engineering to project /control and supervision roles.

4.2 Lifetime Partnership Agreement

Based on the Magnox Electric organisation Model, in 2002 it was recognised that in the run up to the cessation of generation retaining the right resource within the business was one of the biggest risks to the continued safe operation of the plant. Staff would experience increased uncertainty which in turn would affect motivation, productivity and safety standards. The outcome of which could result in the loss of key skills which could bring forward the planned date for the cessation of generation.

To minimise the risks and remove uncertainty for staff an Agreement called the Lifetime Partnership Agreement (LPA) was negotiated with staff and Trade Unions. The Agreement runs until 2010 when the last site is due to cease generation. The key aspects include:

- A transparent and fair counselling process to identify staff that would (a) move into the next phase of operation (defuelling structure), (b) leave at an agreed date or (c) undertake a transition role for a given period of time when they would either leave the organisation or take on another role at a different Magnox Electric location;

- An attractive redundancy package;*
- Pension build-up;
- Financial/counselling support;
- Learning and Outplacement support;*
- Accrued pension benefit at 50;*
- Faster build-up of pension scheme benefits.

Those marked with an * are only available to staff when they leave the organisation at a date specified by the business. The other benefits have proven to be an attractive retention tool.

This tool is only applied to sites during transition from one phase of the lifecycle to another when there is a requirement to reduce staffing numbers. It has proven to be very effective at those sites where it has been applied. This Agreement will remain in place until 2010, however as the NDA model is likely to require more resources to deliver its plans, the number of staff leaving under the Agreement is likely to fall. This forms part of individuals' Terms and Conditions and should the contract be lost to British Nuclear Group they would transfer to the new contractor under TUPE.

4.3 Recruitment, Reward and Benefits

In addition to local recruitment campaigns, from time to time the business, in response to recognised potential future skills shortages, will launch a collective national recruitment campaign to attract certain skills into a number of sites. These campaigns have traditionally focussed on those roles that have long training lead times eg 18 months to train an Operator and 2 years to train a Health Physicist to RPA status. This has been successful and a number of the sites are today benefiting from action that was taken approximately 7 years ago when the business foresaw a potential shortfall for Operators, Reactor Physicists, Health Physicists and Chemists. A significant number of the individuals recruited now hold key positions within the sites, having successfully completed training.

Whether it is a local or national recruitment, a key aspect of being successful in filling the vacancies is the attractive reward and benefit packages the business is able to offer. This includes a final salary pension scheme, which is beginning to be a rare benefit. Work is currently under way to introduce flexible benefits and incentivisation for mobility and flexibility for all staff.

4.4 British Energy Protocol

In 2004 discussions were held with British Energy (BE) to explore potential opportunities for staff, from closing sites, to move across to BE. As a result a protocol was jointly developed to manage the potential movement of staff. It does not cover staff who apply for opportunities that have been externally advertised. The protocol has had minimal success, particularly now when the NDA strategy means fewer leavers at the end of generation. However, it has created the opportunity to have dialogue with BE over the timescales for release, thus providing Magnox with the opportunity to backfill. For example the Dungeness HR team meet regularly with their counterparts in BE to agree release strategies for staff under the BE protocol both before and at major change points. Both sites recognise the potential threat to continued safe operation that the sudden loss of staff from one site to another can have.

4.5 Job Design

To minimise the impact of national skills vulnerabilities, Magnox Electric have created a number of new roles eg Day and Production Technicians. This has reduced the demarcation lines between engineering and craft workers and created opportunities to develop and grow a number of staff into desk operators and contract managers.

The further deepening of skill broadening roles has also enabled a technician with, for example, a mechanical skill base to carry out far more control and instrumentation work.

4.6 Succession Planning and Career Development

Within Magnox Electric there is a well established succession planning process (POD – People Organisation and Development process) that is deployed at regular intervals. Its remit includes the review of performance and potential of all staff at sites against a 3X3 box matrix; the identification of key positions and potential successors against these with ‘readiness’ dates; the review of key skill vulnerabilities and the development of action plans to minimise these. The business also offers opportunities for careers within wider British Nuclear Group. This is a two way process, in and out of Magnox Electric.

In addition to this the business is currently considering introducing a retention analysis tool that will give consideration to the people that hold critical skills, the risk of losing the individual, and where appropriate retention interventions that could be used to retain them. This is in addition to the LPA mentioned above. More flexible working arrangements are also in place to accommodate individuals who support the sites eg Engineering Support, so that the blocker to continued employment isn’t about having to relocate to a new base location.

Every member of staff has an appraisal which includes a review of their performance and training and development needs. In addition to this, Career Development Plans have an important role to play, not just for high potential individuals. Opportunities are available for both development and progression in many of the key skill areas. An example of this is the career progression arrangements that have been put in place for Health Physicists that enable them to develop to RPA status and at the same time gain greater responsibilities and pay progression. Further work is currently being undertaken to identify opportunities to develop career paths, for example from generation to defuelling.

4.7 Tier 2 Contractors and Sub-contractors

As the organisation has contracted and the utilisation of core skills has reduced, traditional methods have been challenged and tested. The supply chain has been exploited in many areas eg a strategic alliance has been set up with Mitsui Babbies to ensure vital resources are available to sites. In addition, staff have been successfully transferred (TUPE) over to the supply chain (SERCO) to provide the necessary engineering expertise. This has also kept individuals within the industry that might have otherwise been lost to it. The emphasis has been placed on complying with Site Licence conditions and ensuring that there are appropriate Intelligent Customers in place to ensure the standards and needs of the business are appropriately met.

In addition to this, consideration is currently being given to labour leasing from Magnox to other supply chains, thus enabling Magnox to retain skills in areas where work peaks and troughs.

4.8 Training and Development

The sites operate within the Site Licence requirements. This includes each key post having a detailed training profile. In addition to this the sites fully support further education and training to achieve relevant qualifications.

A number of key positions have been identified for the defuelling phase of the lifecycle. These have been matched against existing positions in the generating structure. Each has been rated against their potential skill match so that re-skilling opportunities can be identified. Where it is practicable to do so, individuals begin a retraining programme during the back end of generation (subject to SLC 36). This enables them to successfully transition into a new role and demonstrates that there is an alternative career path after generation.

Magnox Electric is committed to investing in its staff; this is demonstrated through the commitment each site gives to the Investors in People standard (IiP). The majority of sites having already achieved the standard with the remaining currently working towards it. This further supports the view that Magnox is a good employer.

In addition, the sites do benchmark against international standards which includes ISRS and IERS. This also demonstrates the quality of leadership training, knowledge and skill training, hiring and placement etc.

4.9 Other Contingency Plans

Outlined above are a number of key retention tools that will ensure that there are sufficiently suitably qualified staff to operate and support the plant until the end of generation. Other strategies that have been considered include:

- The pooling of resource across sites or the loaning of resource to one site until resourcing issues are resolved, eg via staff secondments;
- Use of the existing workforce – those that have undertaken a key role earlier in their careers may be asked to undertake it again for a short period (training required to achieve minimum requirements);
- Re-training of existing workforce to undertake a short or medium term position (training to achieve minimum requirements);
- External recruitment and training to a restricted/capped level to achieve minimum requirements;
- Further use of the supply chain.

5. Summary and Conclusions

The paper outlines the key resourcing challenges facing Magnox, particularly during the lead up to the cessation of generation. It outlines the range of resourcing strategies Magnox Electric have put in place to minimise the resourcing risks and retain key staff during periods of transition. This includes exploitation of the supply chain, the LPA which was specifically designed to retain staff until the end of generation, and the deployment of a range of HR best practices such as resource and succession planning, training, development, recruitment, reward and benefits. There is no one solution to retaining employees; it requires a flexible approach looking at issues from both a broad business perspective down to the individuals needs. It would be wrong to say Magnox Electric do not have any resourcing issues, as each site has its own pressures. However, evidence to date provides some confidence that the strategies which are in

place and being developed will deliver the resources required for the continued safe operation of its plant through to the planned closure dates.