

BNG sale is held up by chiefs' bitter row

With Westinghouse sold to Toshiba only the clean-up firm is left. All it took was a little poor management in the nineties for the collapse.

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The proposed £1 billion sale of British Nuclear Group, the clean-up arm of British Nuclear Fuels (BNFL), has been put on hold due to a rift at the top of the Nuclear Decommissioning Authority, the organisation in charge of Britain's nuclear legacy.

The government's energy review, unveiled last week, has also caused ministers to postpone the sale. The results of the review are expected within three months.

BNFL's board decided to sell BNG last year. Last week it agreed to sell Westinghouse, another of its subsidiaries, to Toshiba of Japan for nearly \$5 billion (£2.8 billion). Westinghouse makes nuclear reactors, while BNG manages some of Britain's most toxic nuclear waste sites.

A final decision on the BNG sale rests with the government. But the planned sell-off has been disrupted by a row at the NDA, the government agency created last year to oversee a clean-up of Britain's nuclear sites.

The NDA's chairman, Sir Anthony Cleaver, opposes a quick sale of BNG in the belief that its value will rise if it wins some of Britain's nuclear decommissioning contracts. The first of £56 billion of contracts may be awarded this year.

His chief executive, Ian Roxburgh, disagrees. He thinks BNG will stand a greater chance of winning contracts if it is part of a larger group and should be sold sooner rather than later. By 2008, the NDA must put half the clean-up contracts out to tender, which means BNG could find itself pitted against industrial giants such as Bechtel and Amec.

Relations between the two men have soured so badly that earlier this month they were called into a meeting with energy minister Malcolm Wicks and told to patch up their differences.

Cleaver and Roxburgh are also divided on whether private companies should be brought in to work on the decommissioning contracts, with Cleaver supporting their involvement. One of the NDA's roles is to promote competition in nuclear decommissioning.

Cleaver's stance on BNG's future has also placed him on a collision course with the Treasury, which favours a speedy sale of the group. BNG could fetch between £500m and £1 billion.

The NDA, which now owns the Sellafield site in Cumbria, was not available for comment.

It had been hoped that Alan Johnson, the trade and industry secretary, would make a decision on BNG early this year.