

**Company Number: 02264251**

**MAGNOX LIMITED** (the “Company”)

**MINUTES** of a meeting of the Directors of the Company

**HELD** on 09 November 2021 at 09:00 at the Mere Golf Resort and Spa, Knutsford  
WA16 6LJ

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**PRESENT:** See appended attendance list

**IN ATTENDANCE:** See appended attendance list

**APOLOGIES:** Susan Jee

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### **1. Introduction**

The Chair opened the meeting, noting that all Directors were present except for Susan Jee whose apologies had been accepted and recorded.

The Chair also welcomed the Observers to the meeting, and noted that [Minute redacted – s.40 Personal] , B462 Complex Manager at the Harwell Site, would present the Shadow Board’s report later in the meeting.

#### Declarations of interest

The Chair noted the previous declarations of interest registered and the Board agreed that the interests disclosed should not prevent the affected Directors from exercising their statutory duties with regard to Magnox.

The Board **NOTED** the declarations and **RESOLVED** that each of the Directors was permitted to participate in the business of the meeting without their interests presenting any conflict of interest.

### **2. Insurance Declaration**

The Chair reminded the Directors of their obligation to report to NDA Group Insurance (via Company Secretariat) any situation that they consider may result in a claim against any of them and which may therefore require notification to the Group’s D&O insurers. There were no insurance declarations made.

### **3. Chairman’s Introduction**

The Chair noted that the materials for the Board pack were improved and welcomed the new Board paper format.

The Chair identified a recurring theme in the reports concerning resourcing and staffing and that this might be a future issue to return to, perhaps in conjunction with the NDA, since it was

essential for Magnox to attract and retain the best people at a time when demand for specific skills and nuclear experience was growing.

The Chair and Gwen Parry-Jones agreed that the Risk paper would be taken earlier in future board meetings with more time allocated so that the members could have more opportunity to discuss the risks, opportunities and risk appetite issues.

The Chair announced that after consultation with the Board a Projects and Programmes Committee would be set up to review Magnox's decommissioning programme. The Board noted that the NDA had a similar committee and Paul Vallance offered to provide details of its terms of reference and operation.

**Action:** *Gordon Frisby and Mark Cooper to produce Terms of Reference for a new Board Committee, the Projects and Programmes Committee.*

#### **4. Safety Moment**

The Board received a presentation on CPR & defibrillator training at Magnox from Pam Duerden, the Environment, Health, Safety, Security and Quality (EHSSQ) Director and [Minute redacted – s.40 Personal] , Head of EHSS&Q Standards. The Board noted the arrangements in place and discussed the effective use of automated external defibrillators after seeing the St. John's ambulance video demonstration.

**Action:** *Gwen Parry-Jones and Pam Duerden to review current automated external defibrillators (AED) policy and complexity of approach.*

### **PERFORMANCE REPORTS**

#### **5. CEO Report**

The CEO presented her report emphasising these key points:

- Safety performance as judged by statistics was good/satisfactory but not world class.
- Delivery output was falling short of the plan and the NDA had been alerted allowing it to address the underspend elsewhere in the group.
- The annual report from the Chief Nuclear Inspector commented on some good practice by Magnox and recognised an improved culture.
- The Executive's 'regeneration' vision had been shared with positive results and there was now further work to take it forward.
- The general COVID-19 situation continued to be challenging: most cases were due to local community and social transmissions; a RIDDOR report has been filed for a case relating to a colleague based at Trawsfynydd.
- Supplier vulnerability given current external environment was a concern. [Minute redacted – s.43 Prejudicial Commercial] .
- The contract award for Project Controls has now been made [Minute redacted – s.42 Legal Privilege].

- A significant amount of work continued on Future Missions and Gwen outlined the AGR workstreams across the NDA, before referring to the ongoing work with Dounreay and on Project Lion.
- The Bristol Hub was now open, and Gwen gave thanks to John Vickerman and all the team involved in creating this excellent new working environment. This was a step forward also with the cultural improvements around ways of working.

The Board **NOTED** the CEO Report.

## 6. COO Report

The Chief Operations Officer introduced his report. With the COVID-19 relaxations, Paul and the senior team had been visiting sites and reinforcing the EHSSQ messages in person with our teams. The Board discussed the safety performance statistics and the right balance to allow focus on site work. Peter Webster raised the need to ensure speedy responses to findings from safety incident reviews and the meeting discussed the complex issues raised with the Hinkley Point incident.

The meeting addressed the issues causing the slowdown in delivery including COVID, the lag and the practical and other difficulties of bringing in new people, the need to ensure critical path activities do not get blocked so affecting other works, and the effects of unexpected supply chain disruption. Paul Winkle advised on how overtime was being used where it was approved for specific jobs to enable sites to hit targets. In this context, the Board noted the list of Delivery Improvement Actions which had been reviewed at the previous day's meeting. The Chair shared his view of the reputational consequences of the slowdown. Gwen Parry-Jones pointed out the difficulties inherent in setting targets for work outputs during the COVID pandemic.

The Board discussed the Steam Generating Heavy Water Reactor (SGHWR) project at Winfrith and the Chair gave feedback following his site visit. Paul Winkle explained the plan to energise the project and added that the project team had been reinforced and was now much stronger than 6 months ago.

The Board **NOTED** the COO Report.

*Action: Paul Winkle to provide update on the SGHWR project and details of when the next stage will be reviewed at the Board.*

## 7. ESSHQ Report

The Environment, Health, Safety, Security and Quality Director presented her report.

The safety directors across the NDA group were taking action to address the increase in recorded slips, trips and falls experienced as staff have been returning to site in greater number over the previous period. The Board praised the continuing work to improve safety and noted the good results achieved in respect of radiological safety.

The Board **NOTED** the ESSHQ Report.

## 8. CFO Report

The Chief Financial Officer presented his report. Gordon Frisby commented on the key points, including the latest spend forecast and the need to ramp up activity before the year end.

The Chair noted that David Peattie at the NDA had given positive feedback on the open and clear approach taken on forecasting and thanked Gordon and his team.

The Board:

- **NOTED** the first half results.
- **NOTED** the full year outlook.
- **NOTED** the reasons for key variances to original plan.
- **NOTED** the status of the IT remediation programme.

## 9. Magnox Limited B Share Interim Dividend

Gordon Frisby presented the paper explaining the background to and seeking approval for the payment of the proposed B share interim dividend to Cavendish Fluor Partnership (CFP) to cover the tax refund already provided by HMRC.

After due consideration the Board **APPROVED** the payment of the B share interim dividend in the amount proposed of £2,067,137.11 to CFP.

## GOVERNANCE

### 10. General Counsel & Company Secretary Report

Mark Cooper presented his Report and updates covering the update to the Nuclear Installations Act, ongoing litigation, registered office changes and the results of the corporate governance review.

The Board discussed the results of the corporate governance review and noted its findings and recommendations. Paul Vallance suggested that the creation of a senior independent director role should be considered and also offered to share good practice from the NDA on its approach to s.172 Companies Act reporting.

The Board **NOTED** the Report and updates.

The Board **APPROVED** the proposal to clarify the composition of the Nominations & Remuneration Committee ('N&RC') as being comprised only of Non-Executive Directors (with the CEO and CPO being standing attendees rather than members) and amend the terms of reference as proposed accordingly.

Following discussion of the move from OTC and the options for change, the Board **RESOLVED** to delegate to the CEO and CFO the authority to decide upon a change of Magnox's registered office and the timing in respect of the same.

**Action:** *Mark Cooper to consult with the NDA General Counsel & Company Secretary in respect of the suggestion to consider the creation of a senior independent director role on the Magnox Board.*

**Action:** *Gordon Frisby and Mark Cooper to propose a checklist and a summary of what the Board has done for the draft s.172 statement at a future Board meeting.*

## **11. Investment Review Panel Governance Process Update**

Gordon Frisby provided an update to the Board in respect of the ongoing discussions and review of the Investment Review Panel (IRP) governance process and structure. The Board agreed with Gordon's proposal to consider further once the terms of reference were settled for the new Projects & Programmes Committee.

## **12. Project Sanctions**

Gordon Frisby presented his Project Sanctions paper.

The Board:

- **NOTED** the status of Magnox Board delegations to IRP from the previous Board meetings.
- **NOTED** the summary of IRP decisions in the last quarter.
- **NOTED** the record of endorsements by the Magnox Board undergoing NDA / Government Governance.
- **NOTED** the Project & Commercial approvals and endorsements planned for Board approval at the next Magnox Board meeting.

## **13. Nominations & Remuneration Committee (N&RC) Chair's report (27 October 2021 meeting)**

*John Vickerman joined the meeting*

Simon Haben provided a verbal update to the Board and reported that there had been a meeting of the Committee on 27 October 2021. Discussions that took place included:

- approving the terms of reference update as recommended after the corporate governance review;
- on the public disclosure reporting and NDA reward framework;
- on the annual pay review with the effects of the public sector pay freeze;
- the potential bonus out-turn for 2020-21, and
- on details of succession planning.

The Board **NOTED** the Nominations & Remuneration Committee Chair's report.

Gordon Frisby asked that details of any change to bonus arrangements be communicated quickly to his team given the financial and reporting impacts.

**14. Audit, Risk, Ethics and Assurance Committee (AREAC) Chair's report (2 October 2021 meeting)**

It was noted that Susan Jee had provided a written update to the Board and Gordon Frisby highlighted elements of the note for the meeting. The Committee was pleased with the progress on the Code of Conduct and on managing the ongoing cyber security risk. Gordon Frisby indicated that he would address together with Pam Duerden and Paul Winkle the Business Improvement policy document ownership point raised.

The Board **NOTED** the Audit, Risk, Ethics and Assurance Committee Chair's report.

**15. Safety, Security, Health & Environment Committee (SSHEC) Chair's report (8/9 September 2021 meeting)**

Peter Webster provided an update to the Board and noted that the full minutes from the Committee meeting had been made available on the Board portal. The Board discussed the Committee members' perspective on the nature and status of the Chapelcross site where the SSHEC meeting had been held in the light of the 'regeneration' vision.

The Board **NOTED** the Safety, Security, Health & Environment Committee Chair's report.

**16. Shadow Board report (4 November 2021 meeting)**

[Minute redacted – s.40 Personal] presented the Shadow Board report and highlighted concern over recruitment issues, proliferation of priorities whilst welcoming the new focus on simplification and the 'regeneration' vision.

**17. Minutes of the Meetings held on 21 July 2021 and 13 October 2021**

The minutes of the Board meetings held on 21 July 2021 and 13 October 2021 were **APPROVED**, and the Chair authorised Company Secretariat to apply his electronic signature to them.

**18. Actions Log**

The General Counsel and Company Secretary presented the Actions Log and proposed that all Actions highlighted in green be closed.

The Board **NOTED** progress with completion of Actions and **AGREED** that all Actions highlighted in green were now closed.

**STRATEGY**

## 19. Contractor Management and Principal Contractor arrangements

[Minute redacted – s.40 Personal], *Andrew Forrest and Nigel Houlton joined the meeting.*

[Minute redacted – s.40 Personal], Head of Construction, delivered a presentation illustrating the fundamentals of the Construction, Design and Management regulations (CDM) and showed how Magnox ensured CDM was delivered in its works. The Board noted that Magnox had been asked to share its approach with other NDA group bodies by the ONR. After some detailed questioning, the Chair thanked [Minute redacted – s.40 Personal] for the excellent briefing noting the emphasis given in the business to the change to a construction (demolition) mindset from an operational one.

[Minute redacted – s.40 Personal] *left the meeting.*

## 20. Risk Update

[Minute redacted – s.40 Personal] *joined the meeting.*

[Minute redacted – s.40 Personal], Magnox Programme Assurance Director, introduced his paper which contained the top ten risks which were also reported to the NDA Quarterly Accounting Officer Review (AOR). The Board discussed the subjective elements to the evaluation of the top 10 risks and the way in which risks were reviewed by the executive sponsors.

The Board **NOTED** the Risk Update, the key risks as reported and the provisional assessment of the risks against risk appetite. The Board suggested that the report include a clear fall-back plan should a key risk materialise. [Minute redacted – s.40 Personal] supported the suggestion and indicated there was more work to do on the business continuity aspect of the risks.

The Board noted that Magnox had been requested by NDA to lead in the development of the related GSR risk 'Future Missions integration will adversely impact current programme, stretch resources and management focus, leading to adverse delivery performance'. Gwen Parry-Jones was the GLT Sponsor for the GSR risk with the Magnox risk owner being Nigel Houlton.

The Board **REVIEWED** the Summary Risk and Opportunity Table provided which had been aligned and reviewed for relevance against the 'Regeneration' Vision developed by the Magnox Executive. The Board then **NOTED** the updated Risk Management Plan.

**Action:** *Gwen Parry-Jones and [Minute redacted – s.40 Personal] to consider approach to covering top 10 "live risks" and opportunities for future Board meetings.*

[Minute redacted – s.40 Personal] *left the meeting.*

## 21. Any Other Business

The meeting reviewed how the two days of board meetings in person had worked. The Chair then indicated there would be a meeting for non-executive directors later that day.

**Close**

There being no further business, the Chair closed the meeting at 15:30.

SIGNED

[Minute redacted – s.40 Personal]

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Chair



# Magnox Limited Board Meeting, 9 November 2021

## Attendance List

<b>Members</b>		
<b>Name</b>	<b>Title</b>	<b>Items attending</b>
Lawrie Haynes (LH)	Chair	All
Simon Haben (SH)	Independent Non-Executive Director	All
Susan Jee (SJ)	Independent Non-Executive Director	<i>Apologies</i>
Peter Webster (PWB)	Independent Non-Executive Director	All
Robert Fletcher (RF)	Independent Non-Executive Director	All
Frank Rainford (FR)	NDA Non-Executive Director	All
Paul Vallance (PV)	NDA Non-Executive Director	All
Gwen Parry-Jones (GPJ)	Chief Executive Officer	All
Gordon Frisby (GF)	Chief Financial Officer	All
Pam Duerden (PD)	EHSSQ Director	All
Paul Winkle (PW)	Chief Operating Officer	All

<b>Attendees</b>		
<b>Name</b>	<b>Title</b>	<b>Items attending</b>
[Minute redacted – s.40 Personal]	Head of Construction	Item 19 only
Mark Cooper (MC)	General Counsel & Company Secretary	All
Andrew Forrest (AF)	Chief Technical Officer	Items 1-8 and 19-21
Nigel Houlton (NH)	Future Missions Director	Items 1-8 and 19-21
[Minute redacted – s.40 Personal]	Programme Management Office Director	Item 20 only
[Minute redacted – s.40 Personal]	Solicitor on secondment (External)	All
John Vickerman (JV)	Chief People Officer	All bar items 10-12
[Minute redacted – s.40 Personal]	Head of EHSS&Q Standards	Item 4 only ( <i>joined remotely</i> )

<b>Observers</b>		
<b>Name</b>	<b>Title</b>	<b>Items attending</b>
[Minute redacted – s.40 Personal]	Executive Support	All
[Minute redacted – s.40 Personal]	B462 Complex Manager, Harwell Site	All