

Company Number: 02264251

MAGNOX LIMITED (the “Company”)

MINUTES of a meeting of the Directors of the Company

HELD on 08 November 2021 at 14:00 at the Mere Golf Resort and Spa, Knutsford
WA16 6LJ

PRESENT: See appended attendance list

IN ATTENDANCE: See appended attendance list

APOLOGIES: None

1. Introduction

The Chair opened the meeting, noting that all Directors were present.

1.1 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.

1.2 Chair’s Comments

The Chair opened the meeting congratulating the Magnox team on having reached this point where transition had formally finished and the new model was now operational. The Chair welcomed the strategy session at this in person event and thanked the team for the excellent papers.

The Chair reflected on his recent site visit [Minute redacted – s.41 Confidential]. The Chair maintained that Magnox must never lose sight of the fact that it spent public money and must be conscious of the need to provide value. The Chair suggested that an external perspective on each site might assist and offered the assistance of the non-executive directors.

The Chair considered the future challenges for the Company and indicated that the meeting should focus on the Company’s readiness to meet those challenges.

STRATEGY SESSION

2. Current Strategic Context

The CEO presented the regeneration concept produced by the Executive team which was duly NOTED. The Chair praised the approach.

The CEO then highlighted aspects of the current strategic concept for the benefit of the meeting including these points:

- **Nuclear's rise:** There was now more competition in the UK market for people with nuclear engineering skills since more projects were starting up and there was more investment planned for the nuclear generation sector. This was already creating pressure affecting recruitment.
- **Funding pressures:** The NDA had provided details of the budget from Treasury for the next three years and the first year looked appropriate whilst the budgeted numbers for the following years were not in line with expectations. After Covid it was inevitable that there would be further tightening of public funding controlled by the Cabinet Office and overseen by the Public Accounts Committee and the National Audit Office. Magnox had to expect that its funding would be under scrutiny.
- **Expectations:** Expectations from the public, government, media, third parties and our staff were higher now than at any time previously and Magnox had to respond to the agendas around fairness, safety and wellbeing, sustainability, net zero and cyber safety. Magnox must show it is better than the predecessor PBO.

The Chair commented that Magnox had now been asked to expand and take on more work with the AGR transaction which was a sign of confidence in the Company. The Chair agreed that competition for resource in the sector was key and it was an issue worth collaborating with the NDA over. Susan Jee added that Covid and its effects were likely to be challenges for years to come.

3. LTP Repair Deep Dive

Gordon Frisby delivered his papers covering the historic basis of the LTP, the work done to date and the challenges and opportunities in the future. Gordon drew the meeting's attention to the potential changes in site end dates, the high level of uncertainty in the LTP especially in the longer-term estimates and the future options around the LTP.

The Board debated at length the nature of the LTP, how it originated and was used, its assumptions and the need to ensure that the real uncertainties in the plan were adequately reflected. Given the plan was in the public domain, the Board discussed what the stakeholders and regulators would need from the LTP so that Magnox's position and its progress was evident.

The Chair concluded the debate and on behalf of the Board asked that Gordon Frisby consult with the NDA, BEIS and the relevant regulators explaining Magnox had to be honest and communicate that the LTP was not built on solid foundations. There was a need to discuss how to change the dialogue over the LTP. Magnox should propose that it provides 1, 3, 5,

and 10 year forecasts and be clear that for future periods after that any plan was based on assumptions with significantly less solidity.

The Board **NOTED** the LTP Repair report.

4. Future Missions update

Nigel Houlton gave his report and added three key points. First the Future Missions project was under way and bravery and courage would be needed throughout. Secondly getting the right resources and capability in place were now critical. Thirdly Magnox needed to build good working relationships to deliver the missions.

Nigel indicated that Magnox was not yet ready for the forthcoming challenges and Gwen Parry–Jones agreed stating that Magnox would be capable to meet these challenges after the hard work now planned was completed. This aim linked with the regeneration concept designed by the executive team.

Susan Jee left the meeting

5. Magnox delivery of Mission 1 and Future Missions

Gwen Parry–Jones expanded on her presentation about the new vision for Magnox with the ‘regeneration’ concept. Gwen illustrated the four critical enablers that would deliver changes within the organisation. This concept had now been tested successfully with staff and the leadership group. The Board discussed ways to measure the improvements from these enablers and to use the enablers to foster innovation and create general day-to-day improvements.

Peter Webster raised questions about bringing further private sector experience to bear on delivery perhaps using the PPP models as at Sellafield. The Board also discussed the culture among the different generations of the workforce at Magnox.

The Board **NOTED** the presentation.

6. Delivery Update

Paul Winkle took the meeting through his paper explaining the current delivery position and the reasons for it before introducing his delivery improvement actions. The Board expressed concern over the current delivery forecast given its potential impact on the Company’s reputation. The Board reviewed at length the issues raised and debated ways of encouraging or making positive changes. The Board **NOTED** Paul’s paper, the actions under way to assist delivery performance and the context for the outputs achieved.

Action: *Paul Winkle to provide update on delivery improvement actions (DIA) progress against milestones.*

The Chair led a discussion over the progress on the SGHWR project. Paul Winkle gave a brief update on the improvements made within the project management team.

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

7. Strategic Workforce Planning

The Board **NOTED** the presentation from John Vickerman. The Board appreciated the analysis and considered in detail the issues raised including the recruiting challenges, ensuring good project management capability and minimising the layers of management.

8. Organisation Development and Culture

The Board received the presentation from John Vickerman and it was duly **NOTED**. The Board discussed the most appropriate ways to improve the business culture focusing on deployment of the regeneration concept. Simon Haben commented that the material produced was good and by using measurable targets there was scope to change the culture.

The meeting discussed the idea of ensuring a fresh perspective on site activities and plans as part of a challenge to operations as usual.

Action: *Arrange 1:1 NED:Exec site visits to allow for an external perspective on Magnox activity.*

The Chair proposed empowering the site directors further and Paul Winkle agreed that more could be done to achieve this. A meeting with the site directors and the Board was to be scheduled.

Action: *Site directors to meet with Board and to review list of regeneration/improvement actions recommended by Executive.*

9. Closing remarks

The Chair summarised the meeting stressing that Magnox was now the strategic delivery arm for decommissioning the UK's nuclear reactors. The transition plan had been completed and the new model was fully operational. The Chair complimented the excellent work done on the LTP Repair and added that the time was right now to engage with the NDA and the regulators to address how this plan should work in the future.

The work to date on Future Missions was acknowledged and everyone agreed with the honest assessment that there was significant work to do to be ready to deal with the challenges ahead. The Chair welcomed the regeneration concept prepared by the executive team and considered it to be the right way forward for the Company.

The Chair explained that there had been significant support from both Government and the NDA over the last 18 months. The strategic workforce planning was sensible although he foresaw challenges in getting the right management spans of control and layers and ensuring the capacity to manage the future projects. The Chair was convinced that the focus on the regeneration activities would assist in changing and improving the culture at Magnox.

10. Any Other Business**Close**

There being no further business, the Chair closed the meeting at 17:00.

SIGNED

[Minute redacted – s.40 Personal]

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Chair

Magnox Limited Board Meeting, 08 November 2021

Attendance List

Members		
Name	Title	Items attending
Lawrie Haynes (LH)	Chair	All
Simon Haben (SH)	Independent Non-Executive Director	All
Susan Jee (SJ)	Independent Non-Executive Director	1-4
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

Attendees		
Name	Title	Items attending
Mark Cooper (MC)	General Counsel & Company Secretary	All
Andrew Forrest (AF)	Chief Technical Officer	All
Nigel Houlton (NH)	Future Missions Director	All
[Minute redacted – s.40 Personal]	Solicitor on secondment (External)	All
John Vickerman (JV)	Chief People Officer	All