

2<sup>nd</sup> April 2014

## MINUTES OF THE FOURTH MEETING OF THE NUCLEAR INDUSTRY COUNCIL

### Summary of actions

	Who	Action	Date
1	Edward Davey, Lord Hutton, Michael Fallon	Co-Chairs to discuss and write to the Council members on the issue of how they can assist the Integration and Monitoring Group (IMG) and workstreams to operate successfully in delivering the Council's vision. This will include the issue of access to information and a code of participation for Council members.	31/05/14
2	IMG	The IMG to consider options for a code of participation for the Council members.	25/05/14
3	Council Members	Council members to feedback to the IMG on the new reporting template.	15/05/14
4	PUNE	Public Understanding of Nuclear Energy workstream (PUNE) to continue to develop the communications strategy agreed by the Council and set up a Communications Steering Group.	16/07/14
5	BIS/DECC	BIS/DECC to consider options for a third party consultant to collect and anonymise sensitive data from the Council members and industry to work towards NIC objectives.	31/05/14

### Attendees

See Annex A

1. Edward Davey and Michael Fallon had been due to attend but were called away for the Parliamentary opposition debate on energy prices. In their absence, Lord Hutton acted as Chair. Edward Davey was able to join for the middle hour.

### **Item 1: Opening remarks**

2. Lord Hutton welcomed the members to the fourth meeting of the Nuclear Industry Council and conveyed Edward Davey and Michael Fallon's apologies. He thanked the Council members for their commitment, and highlighted the time and energy that has gone into the workstreams. The Council will continue to act as a bridge between government and industry and this forum is key to the UK's nuclear renaissance.
3. The industry is at a critical moment as the consultation phase of the EU Commission's State Aid investigation comes to an end. Securing State Aid for the Hinkley Point C project, and the market mechanism based around contracts for difference, will be a major

2<sup>nd</sup> April 2014

milestone in securing the investment in the low carbon, affordable, and secure forms of electricity generation that the UK needs. The united voice of UK industry in responding to the EU Commission will play an important role in this and the Chair thanked the Council members for submitting responses.

4. The Chair welcomed the recent launch of the UK branch of Women in Nuclear. The Council has previously discussed both the lack of diversity amongst the nuclear workforce, and the apparent difficulties in communicating the nuclear message to women. The UK branch is supported by the 25,000 strong Global Women in Nuclear organisation and the Chair encouraged members to get involved both as organisations and as individuals to support this group going forward.
5. During the Anglo-French summit at the end of January, the Nuclear Industry Association (NIA) signed an agreement with EDF, Horizon, and NuGen to establish a Nuclear SME partnership. The partnership is targeted at companies entering the market for the first time, or the first time in many years, and will address the challenges that SMEs face in playing a full role in the UK supply chain.

#### **Item 2: Delivery and Monitoring: Delivering the vision for NIC**

6. The Chair thanked the lead, Adrian Worker, and his team for their work in developing a new reporting template for the Council. Comments and feedback from Council members is welcomed.
7. The new reporting template presents information on the workstreams at different levels of detail. High - level progress and issues are highlighted at the front. Supporting sections with more detail towards are found towards the back.
8. The next major piece of work for the group and the workstreams is the development of clear Critical Success Factors (CSFs), and meaningful and measurable Key Performance Indicators (KPIs).
9. There were two actions from November's Council meeting that the group have responded to:
  - The DMG is to become the Integration and Monitoring Group (IMG) with an expanded role. The role of the IMG now includes the support of actions where integration across workstreams is desired, and the identification of further high-level actions that go beyond the existing strategies. The IMG will consist of representatives from all workstreams, the NIC secretariat, and Nuclear Innovation and Research Office (NIRO). The Council approved the new role.
  - A strategy for communication of the NIC's work has been developed with the Public Understanding of Nuclear Energy workstream.
10. In discussion, the following points were made:

2<sup>nd</sup> April 2014

- The full cooperation of all Council members is needed to support the development of KPIs and the work of the Council generally. Workstreams require the participation of representatives with the ability to progress work beyond the attendance of meetings.
- A code of participation may be needed to move this forward within the Council. The IMG will scope out this option.
- The Chair proposed that the co-Chairs write to the Council, proposing the development of a code of participation and invite feedback.

**Action 1:** Co-Chairs to consider writing to the Council members on the issue of how they can help the IMG and the workstreams operate successfully and deliver on the Council's vision.

**Action 2:** The IMG to consider options for a code of participation for the Council members.

**Action 3:** Council members to feedback to the IMG on the new reporting template.

### Item 3: Business Capability

11. The Chairman invited workstream lead Jason Smith to present the Business Capability progress report and the paper on Supply Chain Readiness.
12. The Supply Chain Capability group of the Business Capability workstream was originally focussed on the new build programme. The group has agreed to expand its activities to encompass the entire UK programme, including existing operations and decommissioning. The group's objective is to identify what capability the UK needs to develop in order to compete for business. To do this, the group need specific data and information on the nature and timing of the demands the new build programme will make on the supply chain. This will allow the workstream and developers to identify gaps in current capability.
13. The lead thanked the NIA for leading on supply chain capability through the Readiness Group of the Programme Management Board. The following substantive points were highlighted in the paper on Supply Chain Readiness:
  - Good news is that there is sufficient capacity at the top tiers to support the UK's nuclear programme.
  - Below the top tier there exists a gap between what is needed and what help is available to address that gap. The continued support of the developers in tackling this issue was welcomed.
  - Clarity on the scope, timing, and quality requirements of the UK new build opportunities will allow improvement activity to be appropriately timed.

2<sup>nd</sup> April 2014

- The existing capability gaps should be prioritised and support focussed on companies with the greatest potential.
- There is a pressing need to establish a regime to qualify products and systems for different technologies in the UK.

The following points were made in discussion:

- The Nuclear Owners Group (NOG) confirmed their support for the process to develop the supply chain and to link the new build programme with existing operations and decommissioning activities.
- It is important to keep the working landscape straightforward and minimise the number of bodies and working groups of the NIC.
- Once the State Aid process is complete, the timeline for the development at HPC will become much clearer. In the meantime, specific detail on the gaps in supply chain capability will help developers understand how they can support.
- The supply chain has reported that they understand the necessary quality requirements. However, on scrutiny it's clear that this is often not the case.

#### **Item 4: Public Understanding of Nuclear Energy (PUNE)**

14. The Chairman invited workstream lead Andrew Sherry to present the PUNE progress report and the paper on NIC communications strategy. The lead thanked the other workstream participants and noted the value of having a broad range of stakeholders represented.
15. The NIC Communications paper is a response to the request by the Council to develop an agreed, consistent approach to communications. There are many examples of excellent public engagement, employing a wide range of strategies, such as the EDF Energy Sizewell B Visitor Centre and the URENCO smart phone app. However, the overall approach is fragmented and there is the opportunity to develop a coordinated communication strategy so messaging on nuclear issues is clear and consistent. This will be based on the four principles of clarity, trust, engagement, and consultation.
16. Amongst the recommendations in the paper is the proposal for a small group to drive this forward with some urgency. The other key recommendations are:
  - Development of a nuclear narrative
  - Bringing visitor centres into cities to broaden their reach
  - Create a pool of nuclear experts to inform debates on nuclear power in the public space
17. The following points were made in discussion:

2<sup>nd</sup> April 2014

- It is important to include government, the regulators, and the unions in the messaging body.
- The nuclear workforce has a role to play in communicating the nuclear message. They bring a strong, knowledgeable voice in support of the industry.

The Council endorsed the communication strategy proposal.

**Action 4:** PUNE to continue to develop the communications strategy agreed by the Council and set up a Communications Steering Group.

#### **Item 5: Opening Remarks by Edward Davey**

18. The Chair invited Edward Davey to make his opening remarks. Edward Davey apologised for his late arrival and Michael Fallon's absence. The Parliamentary opposition debate required the presence of both ministers in the House.
19. The Minister acknowledged the progress made by the Council and thanked the members for the time and resources invested in the workstreams.
20. Securing State Aid for the Hinkley Point C deal is a priority for the UK and government are actively engaging with the Commission and Ministers from other EU countries with their own nuclear programmes. It is vital that industry make the case that there is a genuine market failure.
21. The rigorous approach by the Commission is welcomed by government. By successfully answering the thorough and comprehensive questions posed in the Opening Decision, the risk of a Judicial Review will be reduced. Furthermore, it will smooth the passage of similar agreements in the future by dealing with the potential issues now.
22. Since the last meeting in November, the Energy Act received Royal Assent, creating one of the most attractive electricity investment markets in the world. The nuclear programme also hit a major milestone on April 1st as the Office for Nuclear Regulation (ONR) vested as a statutory body, cementing its independent status and strengthening and improving the efficiency of the regulatory process.
23. On wider energy issues, OFGEM's review of the energy market is a welcome chance to address the issue of consumer trust once and for all. Government is determined this doesn't get in the way of investment. The announcement of the contract to oversee the decommissioning programme across the Magnox site is also a major step forward.
24. The issues that this Council tackles are discussed at the highest level of government. At the recent Cabinet meeting on the Industry Statements, the issue of nuclear skills was discussed.
25. Lord Hutton thanked the Secretary of State for his continued support.

2<sup>nd</sup> April 2014

### Item 6: Cost Reduction

26. The Chairman agreed that cost reduction is crucial to driving competitive advantage in the UK and invited workstream lead Peter Greenhalgh to present the progress report of the Cost Reduction workstream.
27. At the last meeting the Council agreed the ten key cost drivers that the workstream should address in November's report on cost reduction. Each cost driver will be covered in a chapter and each chapter has been assigned a lead and supporting team. The major highlight for the reporting period has been the strong resourcing response from the member companies. The Design and Construction sub-group completed an international site visit as part of their research, and graduates have been recruited to work full time on the report.
28. The major issue facing the workstream is that to be able to make evidence-based recommendations, commercially sensitive data is required. The workstream is drawing up a list of the specific information it requires to benchmark against other industries. In order to deliver a substantive report for the November deadline, access to data in a timely manner is needed.
29. The following points were made in the discussion:
- Lord Hutton proposed that the issue of access to information be added to the co-Chairs' letter on the issue of how Council members can help the IMG and the workstreams operate successfully and deliver on the Council's vision.
  - One possible solution might be to use a third party consultant to collect and sanitise the data. This would protect confidentiality but help the Council deliver on its actions.
  - Regulatory complexity and financing issues may have a big impact on cost. The ONR are looking at the costs internally and participate in several workshops and groups investigating this issue.

**Action 5:** BIS/DECC to consider options for a third party consultant to collect and anonymise data from the Council members and industry.

### Item 7: Trade and Investment

30. The Chairman invited workstream lead Clive White to present the Trade and Investment progress report.
31. The workstream have been meeting every 6-8 weeks to maintain momentum. The major highlights for the reporting period were the significant inward missions. The export showcase in February was a success with over 100 delegates attending from overseas. For the Chinese inward mission, the T&I workstream coordinated their approach and

2<sup>nd</sup> April 2014

presented a strong combined UK plc. Despite recognising the competitive element between the UK companies, this cooperation is more beneficial than presenting as a fragmented supply chain.

32. A business case for a Nuclear Industrial Framework is being developed. The intent of this dynamic and visual model is to show the combined capability of UK companies, Government, and supporting bodies and demonstrate the value of the UK's Nuclear Industry can offer.
33. The workstream are well on track to present the Trade and Investment strategy update for July and look forward to receiving feedback from NIC members. Commitment from NIC members in between the workstream meetings is vital if the Council is going to deliver on its Trade and Investment actions.

#### **Item 8: Skills**

34. The Chairman invited workstream leads Jean Llewellyn and Roger Hardy to present the Skills progress report.
35. The Skills workstream have been able to make significant progress by building on existing structures and organisations in the nuclear skills space. The workstream is fully resourced by the National Skills Academy for Nuclear (NSAN), the Nuclear Energy Skills Alliance (NESA), other skills bodies, and members from the NIC.
36. The Nuclear Industrial Partnership will cement the role of the Council in providing strategic direction for skills across the industry. A capability model for the UK Nuclear Industry has been developed and launched. The model will provide guidance to SMEs on the requirements needed for a competent, safe, and secure nuclear workforce. A key issue for developing Suitably Qualified and Experienced Personnel (SQEP) is satisfying the experience requirement.
37. The workstream will feed into BIS and the NSAN board on the reform of apprenticeships to help coordinate a joined-up industry response. The workstream will work with BIS over the summer on phase three of this process. The apprenticeships should be employee led, use clear and simple standards, and promote transferability for young people entering the nuclear industry. This is a good example of where the NIC adds value. Government have taken on board industry concerns through the skills workstream.
38. Industry data indicates that there has been a marked reduction in the number of new recruits into the nuclear industry over the last six month period. The root cause of this is still to be determined.
39. The Skills workstream welcomed the announcement of the Elite Nuclear College (now the National Nuclear College) and will work closely with BIS to develop the proposal. It will be important to get the curriculum right, as well as identify how the additional capital funding offered can be best used to support the industry.

2<sup>nd</sup> April 2014

40. The following points were made in discussion:

- The skills bodies will continue to be mindful of the demands of the MoD, as the MoD is a member of both the NSA Nuclear Board and NIC Skills Workstream.

#### **Item 9: Research and Design Update**

41. The Chairman invited Professor Graham Fairhall to present the Research and Design update. Dame Sue Ion sent her apologies and looks forward to attending the next NIC meeting to give the R&D update.

42. Good progress has been made since July of last year. All relevant NIS and NSCAP actions are either complete or progressing under NIRAB's direction and the government has made significant investments in both research programmes and infrastructure. Research governance has been clarified through the establishment of NIRAB and the change in the role of the National Nuclear Laboratory (NNL).

43. NIRAB is chaired by Dame Sue Ion and is made up of representatives from industry, academia, and the NNL. Three sub-groups on Industry, Academic, and Advanced Systems, will help deliver its mission.

44. Continuity of the research programmes will be crucial if the NIS actions on R&D are to be delivered. It may require an increase in funding in some areas for the UK to excel and lead in this area.

45. NIRAB welcomes suggestions from Council members on areas to include in its work. The following points were made in discussion:

- Progress on R&D will have huge benefits for the existing fleet and new build programme. Building Information Modelling (BIM) - for both new build and decommissioning activities, robotics for inspecting reactors, advances in manufacturing techniques, and fuel use all have potential.
- It is important to get the balance right between immediate and longer-term opportunities.

#### **Item 9: AOB**

46. The date of the next NIC meeting is confirmed as Wednesday 16<sup>th</sup> July 2014, 15:00 – 17:00.

NIC Secretariat

April 2014





2<sup>nd</sup> April 2014

## **Annex A – List of Attendee**

Rt Hon. Edward Davey	Secretary of State for Energy and Climate Change
Lord John Hutton	Chair of Nuclear Industry Association
Clive White	President, Clean Energy – Europe, AMEC
Robert Davies	CEO, Areva
Martin Grant	Managing Director, Atkins Energy
Roger Hardy	Managing Director, Cavendish Nuclear
Steve Veale	Vice President, Nuclear Power, Bechtel
Adrian Worker	Vice President, CH2M Hill
Andrew Sherry	Director, Dalton Institute
Douglas McQueen	Director Major Projects, Doosan
Paul Spence	Director of Strategy and Corporate Affairs, EDF Energy
Chris Anastasi	Head of Government, Policy, and Regulation, GDF Suez
Christian Blessing	Vice President, Hitachi
Alan Raymant	Chief Operating Officer, Horizon
Adam Middleton	Power Sector Leader, Laing O'Rourke
Richard Clegg	Global Nuclear Director, Lloyds Register
Peter Greenhalgh	European CEO, M+W Group
John Clarke	CEO, NDA
Jean Llewellyn	Chief Executive, NSA Nuclear/NESA
Keith Parker	Chief Executive, NIA
Graham Fairhall	Chief Science and Technology Officer, NNL
Mike Hawe	Group Managing Director, NES
Mike Clancy	General Secretary, Prospect
Robert Zadora	CEO, NuGen
Jason Smith	President – Nuclear, Rolls-Royce
George Beveridge	Deputy Managing Director, Sellafield Ltd
Lady Barbara Judge	UK Atomic Energy Authority
Kevin Coyne	National Officer, Construction, UNITE
Helmut Engelbrecht	CEO, Urenco Ltd
John Heasley	Divisional Managing Director, Weir Group
Yves Brachet	President - Europe, Middle East, Africa, Westinghouse

2<sup>nd</sup> April 2014

### **Observers**

Andy Hall	Office for Nuclear Regulation
Andy Mayall	Environment Agency
Gwenllian Roberts	Welsh Government
Lesley Thompson	Research Councils
Andy Stevens	MoD

### **BIS Officials**

Janice Munday	Director of Advanced Manufacturing and Services
Chris Pook	Deputy Director, Green Economy

### **DECC Officials**

Hergen Haye	Director, Office for Nuclear Development
Liz Keenaghan-Clark	Deputy Director, Head of New Nuclear Build, Decommissioning, Waste and Safety Policy

### **NIC Secretariat**

Patrick Walsh (BIS)	Bob Bish (BIS)
Karen Allen (DECC)	Caroline Longman (BIS)
Clare Bayley (DECC)	Niki Comer (BIS)
Gabriel Davies (DECC)	

### **Apologies**

Rt Hon. Michael Fallon	Minister of State for Business and Energy
Mike Tynan	CEO, NAMRC