

UNITED KINGDOM ATOMIC ENERGY AUTHORITY

Minutes of the 3rd Board Meeting in 2013

Date: 17 June 2013

Location: Bickerton Room, The Library,
E6, Culham Science Centre

Members present:

Roger Cashmore, Chairman
Keith Burnett
Steve Cowley
Martin Cox
Peter Jones
Steve McQuillan

In attendance:

Eric Hollis
David Martin
Catherine Pridham
Martin Ridge (BIS)
Maya Riddle (secretary)

Gillian Russell (Item 7)
Laura Wells (Item 7)
Laura Duxbury (Item 9)

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1 Chairman's Opening Remarks

- 1.1 Roger Cashmore welcomed everyone to the meeting. He congratulated David Martin on his promotion to Director of Operations and said that he would be invited to attend future Board meetings.
- 1.2 A standing item had been added to Board agenda to provide the chairmen of the Board's sub-committees a formal route to report the Board.
- 1.3 He thanked members for their prompt response the paper, which had been approved via written procedure.
- 1.4 JET was celebrating 30 years of operations. The UK Atomic Energy Authority would be 60 years old in April 2014.
- 1.5 He and the non-executives were in the process of being reappointed to the Authority Board.
- 1.6 Martin Ridge said that the appointment letters should come out shortly. The terms were of varying durations to introduce rotation of Board membership.

2 Minutes of the 2nd Board meeting in 2013

- 2.1 The Board approved the minutes of the Board meeting on 6 March 2013.
- 2.2 Members reviewed the actions.

3 Update from Board sub-committees including report from the first BAC meeting

- 3.1 Steve McQuillan informed members that the Board Assurance Committee (BAC) held its first meeting on the 21 May. Key points from the meeting were:
 - external membership on BAC included Jenny Richards, who was also on the Culham Site Safety Working Party and Alan Kaye, an ex-Culham employee who had a lot of practical tritium experience;
 - a typical meeting agenda was discussed and included in the report; and
 - the BAC Terms of Reference (ToR), which was recommended to the Board for approval.
- 3.2 Steve Cowley said that tritium operations should be added as a standard agenda item for BAC meeting.
- 3.3 Peter Jones informed members of key points coming out of the 21 May Audit Committee meeting. This included:
 - agreement to undertake an assessment of the Audit Committee's effectiveness;
 - review of the draft annual report and accounts for the Authority and the Authority's Pension schemes;
 - agreement of an updated internal audit plan; and
 - a detailed review of the outstanding internal audit actions.
- 3.4 Keith Burnett informed members of the Remuneration Committee that had been held that morning. A key point of concern was the threat to the organisation and

its ability to operate critical UK science facilities, if it was not able to sufficiently remunerate staff in key skill areas. He thanked BIS for its support in this area.

3.5 The Board noted the updates and endorsed the BAC ToR.

4 Board Terms of Reference

4.1 Maya Riddle said that both the Authority Board and the Audit Committee ToR had been reviewed. There had been relatively minor revisions, with changes of note being:

- Board ToR – a sentence on Board approval levels; and
- Audit Committee ToR – strengthening of the monitoring of audit actions and holding the Executive to account on this and an annual review of its own performance to feed into the Board's performance review.

4.2 Members proposed some wording clarifications.

4.3 The Board endorsed the revised Board and Audit Committee ToR.

5 2012/13 Board Performance

5.1 Maya Riddle said that the review of the Board's performance followed a similar review process as last year, which allowed direct comparison. In addition, a review of corporate governance was undertaken, which confirmed that the Authority continued to comply with the code.

5.2 The scoring remained high in most areas, with increases in the areas for improvement identified in the 2011/12 review. However, the scoring had decreased in two areas.

5.3 Members discussed the proposed recommendations for further improvement and agreed that the:

- Board (through the Audit Committee) should monitor progress in implementing the Deloitte recommendations;
- chairman should meet with Graeme Reid to discuss the relationship between the Authority Board and BIS;
- Board performance review for 2013/4 and going forward should include a review of the performance of the Board's sub-committees; and
- delegations should come to the Board for endorsement and form an annex to the Board ToR.

5.4 Members expressed concern over the level of requests from central government and the burden this put on support staff.

5.5 Steve McQuillan commented that succession planning was an ongoing development, which was being taken forward by the Remuneration Committee.

5.6 The Board endorsed the recommendations.

6 CEO's Report

- 6.1 Steve Cowley informed members that progress was being made on the new JET Operation Contract (NJOC). This would be simpler with a direct contract with the Commission. The remaining EU fusion programme funding (replacement to the Contracts of Association) would come through a consortium, most likely led by the Max Planck Institute.
- 6.2 The Authority was looking at a case for a de-tritiation plant at Culham, this would reduce the level of waste and lower the cost of decommissioning JET, there was also potential to use it for ITER.
- 6.3 Electrical problems had delayed the start of operation, but now MAST experiments were progressing well. JET was under re-commissioning, following a scheduled maintenance break, and would resume operations later in the summer.
- 6.4 Lord Krebs was leading a House of Lords review on UK scientific infrastructure. He would provide written & oral evidence for this.
- 6.5 Ian Chapman and Michael Porton had won prestigious early career awards from the Institute of Physics and Royal Academy of Engineers, respectively. There would be a strong showing from Culham scientist at forthcoming European Physics meeting.
- 6.6 A status report on SF₆ (sulphur hexafluoride) project was appended to the report.
- 6.7 Members expressed support for the Authority taking part in the Athena Swan pilot to improve gender equality in science, technology, engineering and maths areas.
- 6.8 Roger Cashmore congratulating staff on achieving RoSPA gold award for safety for the second year running.
- 6.9 The Board noted the report.

7 Update on review of Financial Controls

Gillian Russell and Laura Wells from Deloitte joined the meeting

- 7.1 Gillian Russell and Laura Wells gave a presentation on the reviews undertaken by Deloitte.
- 7.2 Catherine Pridham took members through the current status of management's response to the review recommendations.
- 7.3 Martin Ridge said that he was pleased with the work undertaken. It would be useful if the Authority could provide BIS with monthly progress reports.
- 7.4 The Chairman, on behalf of the Board noted the update, was pleased with the progress that had already been made to respond to review findings and emphasised the importance of continuing the rapid implementation of the Executive's action plan.

Gillian Russell and Laura Wells left the meeting

8 2012/13 Authority Annual Report and Accounts

Laura Duxbury joined the meeting.

- 8.1 Eric Hollis said that the document had been updated from the version that went to the Audit Committee. Key points included:
- the going concern statement had been revised and accepted by the NAO;
 - the Harwell joint venture position had been consolidated into the accounts; and
 - a technical note, from Damian Brennan, confirmed that the effect of the JET upgrade was not material on the JET liabilities estimate.
- 8.2 The outstanding items were the:
- remaining detail for the remuneration report, which should now be available following the Remuneration Committee meeting that morning;
 - letters of assurance from BIS, which underpinned the restructuring and JET decommissioning figures (matching debtor); and
 - final certification from the NAO.
- 8.3 He commended the annual report and accounts to the Board for submission to parliament.
- 8.4 Roger Cashmore made a minor change to his statement.
- 8.5 Peter Jones suggested further expansion of the JET decommissioning note 21a and a small addition to page 28.
- 8.6 Eric Hollis said that he had also received the final pension scheme accounts and commended that these be signed and sent to BIS for incorporation into its submission.
- 8.7 The Board endorsed the annual report and accounts.

Laura Duxbury left the meeting.

9 Financial Report at P12

- 9.1 Catherine Pridham highlighted key points from the report. This included the:
- reconciliation between the management and statutory account;
 - commercial property profit and admin reduction targets performance measures had both been met;
 - business development revenue target had been missed. However, there had been strong performance from the Special Techniques Group;
 - full year expenditure against the EPSRC grant, JET Operation Contract (JOC) and Shareholder Agreement programme was in line with the quarter 3 forecast; and
 - second 2013 JOC payment from the Commission was anticipated later in the summer, now that the Swiss contribution to the joint fund had been made.
- 9.2 The Board noted the report.

10 Harwell-Oxford Property Update presentation

- 10.1 Eric Hollis provided a presentation to update members on the process/progress with selection of a new private sector partner for the JV and on the ESA situation.
- 10.2 Steve Cowley said that Steve Moss had been brought in to help manage the transition arrangements and provide support on development of the Authority's property strategy.
- 10.3 Martin Ridge commented that it was a useful brief.
- 10.4 The Board noted the update.

11 Any Other Business

- 11.1 The next meeting was on 15 October.

Secretary Maya Riddle

Chairman Roger Cashmore

Date 15 October 2013