

**UNITED KINGDOM ATOMIC ENERGY AUTHORITY,  
Minutes of the 2<sup>nd</sup> Board Meeting in 2014**

**Date:** 17 March 2014

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

**Members present:**

Roger Cashmore, Chairman  
Steve Cowley  
Peter Jones  
Steve McQuillan

**In attendance:**

Andrew Bickley (Item 7-8)  
Martin Cox  
Eric Hollis  
David Martin  
Steve Moss (Item 4)  
Catherine Pridham  
Martin Ridge (BIS)  
Maya Riddle (secretary)  
Colin Shimell (Item 5)

**Apologies:**

Keith Burnett

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## **1 Chairman's Opening Remarks**

- 1.1 Roger Cashmore welcomed everyone to the meeting.
- 1.2 He was pleased that the Framework Agreement had finally been signed.

## **2 Minutes of the 1<sup>st</sup> Board meeting in 2014**

- 2.1 The Board approved the minutes of the Board meeting on 12 February 2014, subject to a few minor corrections.
- 2.2 Members reviewed the actions.

## **3 Update from the Board sub-committees chairs**

- 3.1 Peter Jones highlighted key points of note arising from the Audit Committee meeting held that morning. This included:
  - action was being taken to respond to findings from the internal audit of payroll;
  - metrics were being developed to provide year to year comparison;
  - the 2014/15 internal audit plan and 3-year compliance testing plan had been endorsed;
  - the whistleblowing policy had been reviewed; and
  - Richard Stoneham, the Pension Manager had provided an update on the pension schemes for which the Authority was responsible. This included the requirement to move from a final salary to a career average scheme.
- 3.2 Roger Cashmore said that members were very impressed with the work that had been done in closing out audit recommendations, in particular in the light of the Deloitte review.

*Steve Moss joined the meeting*

## **4 Campus Development Presentation**

- 4.1 Steve Moss provided a presentation on the development of Authority's holdings at Culham and Harwell. Key points included:
  - the property strategy was to "develop Harwell and Culham as significant Science and Innovation Centres";
  - the Authority and Science and Technology Facilities Council were in the final stages of due diligence to agree the new private sector partner for the joint venture to develop Harwell-Oxford. The new partner was Harwell Oxford Developments Ltd (a partnership of Prorsus and Development Securities Ltd);
  - the new management team at Harwell Oxford, headed by Angus Horner, were already working on a new master plan for the campus and engaging with stakeholders;
  - phase-2 of the Element-6 building was being constructed under a freestanding agreement with Goodman;

- South Oxfordshire District Council had included expansion of the Culham Science Centre in its core strategy, which including provision for creation of 1000 new jobs;
  - planning consent had recently been granted for the Material Research Facility building, outline permission for a new development and permanent consent for some of the JET buildings.
  - work was underway to develop the master plan for the Culham Science Centre, included zoning. New Authority building/facilities could be clustered to create a technology zone at the northern part of site, closer to the power infrastructure. Commercial development could utilise areas which had the greatest frontage. The implications of eventual closure and decommissioning of JET was also being considered;
  - the estate was being reviewed. At some point some of the older building stock would no longer be economically viable;
  - a range of development mechanisms were being explored. This would need to balance the strategic risk with the financial risk/gain; and
  - a new Asset Management and Investment Committee had been put in place.
- 4.2 Members commented positively on the activity underway and the opportunities to further develop both sites, in particular to support both fusion and UK national scientific needs.

*Steve Moss left and Colin Shimell joined the meeting*

## **5 Annual Risk Report**

- 5.1 Colin Shimell said that the risk policy and risk appetite statement had been merged into the risk procedure. There were 43 risks in the Tier 1 (corporate) risk register, of which 13 were reportable up to the Board.
- 5.2 The risk metrics showed a positive trend in risk reduction, an indication of the maturing risk management process and mitigating actions bringing the level of risks down. Uncertainty over funding and ongoing government austerity continued to be key factors in generating risk.
- 5.3 Members reviewed the top 13 risks in detail.
- 5.4 Peter Jones said that the risk level regarding the transition of financial and HR systems to shared services had reached an unacceptable level. Roger Cashmore agreed saying that the Board could not allow an interruption in service.
- 5.5 Roger Cashmore questioned the recent technical fault on JET. David Martin explained that it was due to a known fault on the brazing.
- 5.6 Steve McQuillan asked about recruitment of a new Head of Assurance upon Colin's retirement, stating that this was a key role. It was noted that the recruitment process was still underway.
- 5.7 The Board noted the report.

*Colin Shimell left the meeting*

## **6 CEO's Report**

- 6.1 Steve Cowley said that a comparison between the old JET Operating Contract and the proposed new 5-year JET Operating Contract with the EU Commission was provided in his report. He sought the Board's consent to sign the contract on behalf of the Authority.
- 6.2 The Board confirmed its endorsement.
- 6.3 Steve Cowley said that the remaining funding for Horizon 2020 was being provided through the new EuroFusion consortium being set up. The UK needed to confirm who was designated as the fusion programme owner and programme manager. It was suggested that this be BIS and the Authority, respectively.
- 6.4 Martin Ridge undertook to discuss this with his colleagues.
- 6.5 Steve Cowley proposed formation of the Culham Programme Advisory Committee, an external committee which would report to the Board on the scientific and technology programmes and how well the Authority was performing against these. It was suggested that Jerome Pamela was appointed as the chair.
- 6.6 Roger Cashmore said that he was involved with the plans to set up this advisory committee. The Board endorsed its formation.
- 6.7 Steve Cowley said that there were some great science results from MAST experiments, which included collaborations with European and US fusion labs.
- 6.8 Two Authority tritium experts were currently visiting Japan and discussions would include advice on the clean-up of Fukushima's tritiated water. The visit had resulted from an approach by the Nuclear Decommissioning Authority.
- 6.9 The RACE (Remote Applications in Challenging Environments) facility project was moving ahead following the City Deal announcement. Jim Hutchins was acting head, with support from Richard Brown, a young engineer, as project manager.
- 6.10 Steve McQuillan pointed out that formal Board endorsement to RACE had not been sought. Steve Cowley apologised for the oversight.
- 6.11 The Board confirmed its full endorsement for RACE but stated a Board mandate should be sought for any major new projects/facilities. Where the scope was uncertain a negotiating framework should be sought and the Board kept up to date with any significant changes.
- 6.12 Roger Cashmore commented positively on the talent management activity and requested a report on the capability/succession planning activities at a future meeting.
- 6.13 The Board noted the report and endorsed the proposals as above.

*Andrew Bickley joined the meeting*

## **7 2014/15 Draft Budget**

- 7.1 Catherine Pridham said that the Budget had been updated since the last meeting. There was still some consolidation to be done on the EPSRC programme.
- 7.2 The capital funding figures had been updated. The Authority did not have the required capital cover in the current spending review. She was having ongoing

discussions with BIS to resolve this.

- 7.3 The Board endorsed the budget subject to finalisation of the EPSRC programme position.

## **8 Draft 2014 Corporate Plan**

- 8.1 Andrew Bickley said that the Corporate Plan now included the performance measures and financial tables. It had also been updated to incorporate comments from the last meeting.
- 8.2 Members were complimentary about the document, but thought that the executive summary needed more work to emphasis key aspirations, for example a power plant/DEMO integrated design centre at Cuham.
- 8.3 The Board endorsed corporate plan, subject to the comment above.

*Andrew Bickley left the meeting*

## **9 Financial Report at P10**

- 9.1 Catherine Pridham highlighted key points from the report. This included that the:
- financial performance target for commercial property was on target and for business development was very close to the target;
  - main variance on JOC was due to recognising the JET operational waste liability; and
  - main variance against the EPSRC grant related to MAST-Upgrade project.
- 9.2 The Board noted the report.

## **10 Evaluating the Board**

- 10.1 Maya Riddle said that the Board terms of reference had been updated.
- 10.2 The delegations tables from the Finance Manual were appended for reference.
- 10.3 This year's review of Board performance would include an assessment of the sub-committees' performance, with exception of the Board Assurance Committee, which was still maturing.
- 10.4 An assessment of the Audit Committee had been undertaken last summer using the National Audit Office's check list. This indicated that the Audit Committee was operating to the five principles of best practice and that it was well supported by the Chairman and Secretariat. A further assessment had been agreed.
- 10.5 An assessment of the Remuneration Committee had been undertaken and the results would be presented to the next Remuneration Committee meeting.
- 10.6 It was proposed that the Board performance review was based on last year's review, but with some additional questions.
- 10.7 The results from all the reviews would be presented to the June Board meeting along with any recommendations for areas of improvement.
- 10.8 Roger Cashmore raised concern over the delegation levels for novel and

contentious contracts. Steve McQuillan advised caution over financial limits as a company could be bought for very little, but might have liabilities. It was agreed that further work would go into the terms of reference and delegation tables, which would be re-issued to the Board for endorsement.

10.9 The Board agreed the basis for the Board review.

## **11 Any Other Business**

11.1 The next Board meeting would be held on Tuesday 24 June 2014.

**Secretary** Maya Riddle

**Chairman** Roger Cashmore

**Date** 24 June 2014