

**UNITED KINGDOM ATOMIC ENERGY AUTHORITY**  
**Minutes of the 2<sup>nd</sup> Board Meeting in 2015**

**Date:** 4 March 2015

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

**Members present:**

Roger Cashmore, Chairman  
Keith Burnett (Items 1-3)  
Steve Cowley (Items 4-12)  
Peter Jones  
Steve McQuillan

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**In attendance:**

Martin Cox  
Sharon Ellis (BIS)  
David Martin  
Catherine Pridham  
Maya Riddle (secretary)  
Andrew Bickley (Item 4-7)  
Kay Nicholson (Item 4-5)  
Hiroko Plant (Item 6)  
Steve Moss (Item 7)

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

- 1.1 Roger Cashmore welcomed everyone to the meeting. Steve Cowley would be late as he was giving a presentation at the EPSRC council meeting.
- 1.2 The trip to ITER would be postponed to later in the year to allow the new Director General and his management team to bed in. The Board would proceed with a meeting on 27 April.
- 1.3 He had been at Harwell the previous week and had been impressed with the all building work including the new ESA building, the STFC Space Centre and the Element 6 extension.

## **2 Minutes of the 1<sup>st</sup> Board meeting in 2015**

- 2.1 The Board approved the minutes of the Board meeting on 21 January 2015.
- 2.2 Members reviewed the actions.
- 2.3 Roger Cashmore said that the RACE Business Plan required further development and that this should be presented at the next Board meeting.

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

- 3.1 Keith Burnett highlighted the following points from the 4 March Remuneration Committee meeting:
  - it had been concluded that a procedure was required to cover the pension lifetime and yearly allowances;
  - there had been a full discussion of both performance against the Executive's objectives for the current year and the proposed objectives for next year, which needed to be more strategic and less granular;
  - the bonus arrangements were supported; and
  - the Remuneration Committee was concerned there could be serious problems as the external market toughened.
- 3.2 Steve McQuillan highlighted the following points from the 3 March 2015 Board Assurance Committee meeting:
  - Tim Jones had given a presentation on preparations for DT;
  - there was very encouraging news on substitution of SF<sub>6</sub> with nitrogen gas, which would reduce costs and significant reduce the site's carbon footprint;
  - progress with management systems audits was behind schedule and he had asked for a recovery plan;
  - the safety training statistics were disappointing; and
  - he had asked management to check whether there were any similar issues to the chemicals (PCBs) found in old capacitors.

3.3 Peter Jones highlighted the following points from the 3 March 2015 Audit Committee meeting:

- there was good progress with the audit plan and the completion of audit actions were on track. The audit plan proposed for 2015/15 was felt to be too demanding and he had asked for it to be reconsidered;
- there had been an attempted fraud, which had failed. This had been reported to BIS and circulated to other partner organisations;
- the draft governance statement had been considered; and
- progress on the statutory audit was going well.

*Keith Burnett left and Steve Cowley, Richard Stoneham, Andrew Bickley and Kay Nicholson joined the meeting*

#### **4 Future Pensions Arrangements**

- 4.1 Richard Stoneham informed members that UKAEA needed to implement a new pension scheme by April 2018 under the Public Services pensions Act (2013). Many discussion had been held with the Treasury, BIS and the Cabinet Office to progress this.
- 4.2 The two main options were to move into the civil service scheme, known as Alpha, or for UKAEA set up an analogous scheme, which all those in the current scheme could join. A number of organisations, which were formerly part of the UKAEA, such as the National Nuclear Lab (NNL) and the Civil Nuclear Constabulary, had members in the UKAEA pension scheme. The Cabinet Office had recently confirmed that the other employers could join Alpha.
- 4.3 The cost of the two options had been assessed, although the Government Actuary Department (GAD) had advised that there could be significant uncertainties over the cost of a new scheme. While there were benefits with UKAEA managing a scheme, these were outweighed by the disadvantages and potential risks.
- 4.4 Taking everything into consideration it was proposed that the case for joining Alpha was progressed, with timing from April 2017, to avoid a conflict with the move a new financial and procurement system.
- 4.5 The Board supported the proposal to join the Alpha scheme.

*Richard Stoneham left the meeting*

#### **5 Annual Risk Report,**

- 5.1 Roger Cashmore welcomed Kay Nicholson, the new head of Assurance, to her first Board meeting.
- 5.2 Kay Nicholson informed members that she was reviewing risk management including looking at improving reporting and better incorporation of project risks. She had recently undertaken a major review of the assurance risk register.
- 5.3 The number of risks in the corporate risk register had increased from 43 to 52.
- 5.4 Members reviewed the key risks.

- 5.5 Peter Jones pointed out that the Board had not reviewed the risk appetite statement in some time.
- 5.6 Steve McQuillan said that Assurance Strategy was being reviewed and that this should come to the June Board meeting.
- 5.7 The Board noted the report.

*Kay Nicholson left and Hiroko Plant joined the meeting*

## **6 Triennial Review Update**

- 6.1 Hiroko Plant said that the report was close to finalisation and was due to be imminently submitted for ministerial sign off.
- 6.2 There were some changes to Stage 1 recommendations, to reflect comments both from the Board and the Challenge Panel.
- 6.3 Steve McQuillan supported the recommendations on assurance and energy efficiency strategies. He queried holding open board meetings.
- 6.4 Sharon Ellis suggested that the Board considered it and take an evidence based decision. This could be incorporated as part of the Board review process.
- 6.5 Andrew Bickley asked about publication and noted that under public bodies openness agenda the report would be published in full, hopefully before purdah.
- 6.6 It was confirmed that the draft document had been discussed with NNL and its sponsorship team and with STFC.
- 6.7 The Board noted the update.

*Hiroko Plant left and Steve Moss joined the meeting*

## **7 Culham Site development Master Plan**

- 7.1 Steve Moss said this was an update on the strategy presentation given at the Board last year. He took members through the Culham development plan. This had been produced to provide guidelines on physical development of the site such as land zoning, land reservation, longer term aspirations and lifetime of buildings.
- 7.2 Aims for the Culham site included:
  - supporting UKAEA strategy;
  - increasing jobs by up to 50%;
  - enhancing business attractiveness; and
  - greater private sector involvement.
- 7.3 Steve McQuillan said that it was a great step forward and particularly supported zoning and efficient use of space.
- 7.4 Catherine Pridham gave a brief update on the Harwell Joint Venture.
- 7.5 The Board noted the update.

*Steve Moss and Andrew Bickley left the meeting*

## **8 CEO's Report**

- 8.1 Steve Cowley provided a political update. He had been appointed to a new ITER strategy committee.
- 8.2 There had been an external review of the MAST Upgrade project, led by Jerome Pamela. The group would be reconvening in June.
- 8.3 In response to recommendations on project management, he had made appointments on project and financial controls. Martin Cox would now focus on the upgrade project and his other responsibilities had been reassigned.
- 8.4 A UK-led bid, of which UKAEA was a minor partner, had just won a 75 million euro ITER remote handling framework contract. The lead company was also interested in working with UKAEA on other activities.
- 8.5 The move of the NNL materials group to Culham should help collaboration on nuclear materials R&D.
- 8.6 The Board noted the report.

## **9 Financial Report at P10 2014/15**

- 9.1 Catherine Pridham highlighted key points relating to the financial position at the end of period 10, which included:
  - the business development target remained below target;
  - resource funding for initial RACE operations had yet to be resolved;
  - the cash flow was down due to the JET Operating Contract (JOC) payment coming later than expected. This had now been received;
  - the SAP replacement project was going well and the bids from potential suppliers were being considered. BIS and Cabinet Office approval was being sought. The aim was for contract sign off by 1 May; and
  - the payroll system needed upgrading by the end of 2016.
- 9.2 The Board noted the financial position at period 10.

## **10 Corporate Performance Measure for 2015/16**

- 10.1 Maya Riddle said that twelve corporate measures were proposed. There were four new measures covering Technology, the Materials Research Facility, Project Management and Capability. A number of measures from last year had not been included as these were embedded and were being well managed.
- 10.2 The staff bonus scheme was a contractual obligation. But in response to times of austerity the Executive was considering a financial override, although the exact mechanism had yet to be determined.
- 10.3 Peter Jones said that there should be a mid-year review of completion of internal audit actions. If performance was not sufficient then a measure on audit actions should be re-introduced.
- 10.4 Steve McQuillan suggested that the Board should adjudicate on the financial override.

10.5 The Board endorsed the performance measure and bonus arrangements.

## **11 Process for Evaluation of Board Performance**

11.1 Maya Riddle said that no changes to the Board Terms of Reference were proposed.

11.2 She proposed that the NAO questionnaire be used to evaluate the board's performance. This had a wider scope and would help identify areas for improvement. The chairman had also asked for last year's questionnaire to be completed to allow comparison.

11.3 The Board approved the proposal.

## **12 Any Other Business**

12.1 The next Board meeting would be held on Monday 27 April 2015.

**Secretary**      Maya Riddle

**Chairman**      Roger Cashmore

**Date**            27 April 2015