UNITED KINGDOM ATOMIC ENERGY AUTHORITY
Minutes of the 4th Board Meeting in 2015

Date: 17 June 2015

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

Members present:
Roger Cashmore, Chairman
Keith Burnett
Peter Jones
Steve McQuillan

Apologies:
Steve Cowley

In attendance:
Martin Cox
David Martin
Catherine Pridham
Martin Ridge (BIS)
Maya Riddle (secretary)
Laura Duxbury (Item 3)
Kay Nicholson (Item 6-7)
Peter Spurgeon (Item 6 – National Crime Agency)
Doreen Charlton (Item 6 – The National Archives)

1   Chairman's Opening Remarks

1.1   Roger Cashmore welcomed everyone to the meeting. Unfortunately Steve Cowley was ill and had sent his apologies.

2   Minutes of the 27 April 2015 Board meeting

2.1   The Board approved the minutes of the third Board meeting on 27 April 2015.

2.2   Members reviewed the actions.

Laura Duxbury joined the meeting

3   Annual Report & Accounts 2014/15

3.1   Catherine Pridham said that the report was presented for approval, subject to finalisation of the audit by the national audit office (NAO). She took members through the key changes from the version taken at the Audit Committee.

3.2   The financial statements were due to be signed on 29 June and the aim was to lay the report before parliament around 15 July 2015. The minister, Jo Johnson wished to see the report before it was laid.

3.3   Matters still outstanding included the phasing of the restructuring provisions and formal signing of the property JV accounts, though the figures were final.

3.4   Members pointed out a number of corrections to the text.

3.5   Steve McQuillan asked about UKAEA's Insurance captive (AEAIL) and it was agreed that a briefing paper would be brought to a future Board meeting.

3.6   Peter Jones offered the Board's thanks to Laura Duxbury and her team for their work.

3.7   The Board endorsed the report subject to points above.

Laura Duxbury left the meeting

4   Board sub-committee Chairs Updates

4.1   Steve McQuillan said that he had chaired the 29 May 2015 Remuneration Committee meeting on behalf of Keith Burnett. Key points from the meeting had included:

- a discussion of the forthcoming changes in pensions regarding lifetime allowances;

- a detailed review of the Executive's performance. The committee supported the Executive's decision not to take their personal bonus, given the financial situation;

- good progress was being made on succession planning across the organisation, but there were still concerns about some single points of failure;

- Rosie Hawkes had clarified the new pay structures;

- the process for recruiting a new non-executive director was making progress and an advert should come out shortly; and

- the committee was concerned over the workload of the Executive team.

4.2 Roger Cashmore agreed to discuss senior management workloads with Steve Cowley.

4.3 Peter Jones highlighted the following points from the 29 May 2015 Audit Committee meeting:

- the report from the senior information risk officer (SIRO) provided a good overview of information assurance;

- the internal audit plan for 2015/16 was agreed, although the committee had some concerns about resourcing;

- the pension scheme accounts were presented late and had some gaps. The question was raised about having a single set of pension accounts in the future; and

- James Ferris was leaving the NAO - his replacement was James Osbourne.

4.4 David Martin sought feedback on management of audit recommendation and Peter Jones confirmed that there was a sound system for ensuring internal audit actions were delivered.

5 P12 Financial report

5.1 Catherine Pridham highlighted key points of the financial position at the end of period 12, which included:

- the reconciliation with the statutory accounts, where the main variances were due to revaluation of property and AEAIL losses;

- the business development income target had been missed, but the commercial property budget target had been met;

- an overspend on JET staff costs was compensated by reduced energy costs;

- The EPSRC programme outturn was as agreed with EPSRC;

- the euro exchange rate risk continued to be a serious concern both for the JET operating contract and also some commercial framework contracts;

- Unit 4 Business Warehouse (formally known as Agresso) had been selected as the new financial and HR system to replace SAP. The project was progressing well and design workshops were underway. The system would be built over the summer, with user acceptance testing in the autumn and a go-live date in January 2016.

5.2 David Martin said that any new initiatives would need to come through the Operations Committee to ensure that they did not interfere with the implementation of the new system.

5.3 The Board noted the financial position at the year end.

Kay Nicholson (Head of Assurance), Doreen Charlton (TNA), & Peter Spurgeon (NCA) joined the meeting

6 Cyber Security Presentation

6.1 Doreen Charlton explained that The National Archive supported the Cabinet Office, included training on information/cyber security and providing Board briefings. She introduced Peter Spurgeon from the National Crime Agency (NCA).

6.2 Peter Spurgeon took members through a presentation on Cyber Security. Key points included:

- threats included:
  o espionage/hostile entities seeking to erode UK plc's competitive edge (including science);
  o phishing, social engineering and malware attacks; and
  o hacktavists (people using cyber-attacks as a means of protest).

- once a system had been breached it could be very difficult to stop the leak of information. An attack on the Office of Personnel Management in the US last year had result in up to 14 million security records being breached;

- there were four key steps to cyber resilience:
  1. Be aware – know the threats;
  2. Understand – conscious of the risks take reasonable counter measures and ensure that the right governance and processes are in place;
  3. Decide what matters – which information assets are business critical; and
  4. Monitor and manage – regularly review the cyber environment. At NCA there were often spikes in attacks linked with media coverage.

- the role of the SIRO was very important – but needed support;

- the Board should ensure that cyber/information risk was on the agenda; and

- meeting the government's 10 steps to cyber security and Cyber Essentials scheme would help prepare for the cyber threat.

6.3 Catherine Pridham apologised that the head of IT could not attend he was at a Cyber Security conference. He had led a Cyber Essentials assessment and work was underway to prepare UKAEA for accreditation.

6.4 Roger Cashmore thanked Peter Spurgeon for an informative presentation.

Doreen Charlton & Peter Spurgeon left the meeting

7 Assurance Strategy presentation

7.1 Kay Nicholson took members through the planned strands of the UKAEA's Assurance strategy, which were:

- Leadership and Communications – linked to drive the right culture;

- Health physics – a particular focus was on preparation for deuterium-tritium experiments on JET and supporting ITER;

- Safety & environment – UKAEA had won the RoSPA gold award for 4 years running, but focus would continue on behavioural safety. Work on SF_6 would yield a significant reduction in UKAEA's carbon footprint and work would also continue to optimise waste route;

- Risk management – the risk framework was being changed, which would result in a change in risk profiling;

- Business continuity – disaster recovery plans would be reviewed and tested;

- Health & wellbeing – monthly topics had been selected to align with national campaigns;

- Security – a security strategy had been agreed and further work was required to develop the plan and review the security organisation;

- Quality assurance – a key activity was re-certification of the ISO accreditations;

- Governance – the model was based on 3 key processes (Integrated Delivery Process, Risk Management and Performance Management), underpinned by the management system.

7.2 Roger Cashmore asked where UKAEA was on the culture model and noted that there were examples of reactive, calculative and proactive culture.

7.3 Steve McQuillan said that to get to the top end of the model was very difficult. He thought that the strategy offered a real step forward and showed proactive thinking.

Kay Nicholson left the meeting

8 UKAEA Capability

8.1 David Martin gave a presentation on what skills/capability profile UKAEA might need in 10 years' time and potential new facilities/activities.

8.2 Martin Ridge said that the aspirations were positive and advised UKAEA to develop these and hold a similar session with Sharon Ellis.

Keith Burnett and David Martin left the meeting

9 CEO's Report

9.1 Roger Cashmore asked for an update on the MAST Upgrade project.

9.2 Martin Cox said that the Culham Programme Advisory Committee report on the MAST Upgrade project was generally positive about progress, but advised more consideration of the low level milestones and had cautioned about anticipating efficiency savings.

9.3 The load assembly workstream was essentially on plan. But a key concern was on the solenoid; the crate was damp on receipt and faults were found during electrical testing. Discussions were ongoing with the supplier. If it was not

resolved in the next month or two then the programme would be impacted.

9.4 Steve McQuillan complimented the project dashboards. He also thought that UKAEA's collaboration on cloud computing sounded interesting.

9.5 The Board noted the report.

10 Review of Board Performance

10.1 Due to time constraints this was deferred to the next meeting.

11 Any Other Business

11.1 The next Board meeting would be held on Friday 18 September 2015.

Secretary   Maya Riddle

Chairman   Roger Cashmore

Date   18 September 2015