

# UNITED KINGDOM ATOMIC ENERGY AUTHORITY

## MINUTES OF THE 2<sup>ND</sup> BOARD MEETING IN 2016

**Date:** 17 March 2016

**Location:** Llewellyn-Smith Room, K2,  
Culham Science Centre

**Members present:**

Roger Cashmore, Chairman  
Steve Cowley  
Norman Harrison  
Jim Hutchins  
Peter Jones  
Chris Theobald

**In attendance:**

Adam Baker (BIS)  
Martin Cox  
David Martin  
Catherine Pridham  
Maya Riddle (secretary)

**Apologies:**

Keith Burnett

Kay Nicholson (Item 4-6)  
Rob Buckingham (Item 6-10)

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

- 1.1 Roger Cashmore welcomed Adam Baker (from the BIS sponsor team) to his first Board meeting and introduced the three new non-executive directors:
  - Chris Theobald, who would chair the Board Assurance Committee;
  - Norman Harrison, who would be deputy-chair for the Remuneration Committee; and
  - Jim Hutchins, who would take a special interest in business development.
- 1.2 Later in the year, Rebecca Holyhead (from PCW) would be attending the Board as part of the government's Women on Board scheme.
- 1.3 Before the formal meeting had started, the Board had had interesting presentation from Professor Paul Newman, University of Oxford on the development of computation & software for autonomous systems.
- 1.4 There had been a positive meeting and tour of Culham with the NNL Board the previous day.

## **2 Minutes of the 27 January 2016 meeting**

- 2.1 The Board approved the minutes of the first Board meeting on 27 January 2016.

## **3 Board sub-committee chairs update**

- 3.1 Roger Cashmore and Norman Harrison provided highlights of the Remuneration Committee chaired by Keith Burnett that morning, which included:
  - agreement of the Executive's objectives for 2016/17; and
  - discussion of the challenging constraints UKAEA was operating under.
- 3.2 Peter Jones provided highlights of the Audit Committee held that morning, which included:
  - a meeting had been held with Aon to determine what actions it was taking in response to an unsatisfactory internal audit finding on pension administration;
  - the internal audit plan for 2016/17 was agreed;
  - there were still potential governance concerns over the move of the research councils audit group, which provided UKAEA with specialist auditing services;
  - the draft governance statement had been agreed; and
  - the basis for the JET decommissioning provision had been agreed.

*Kay Nicholson joined the meeting*

## **4 Mission & Goals**

- 4.1 Steve Cowley said that the paper built on the presentations at the strategy meeting held in January.
- 4.2 A revision to the mission statement was proposed.

- 4.3 Five high level goals had been developed to capture the vision for organisation, which were supported by underpinning strategies and enablers. The goals were:
- 1) Maintain UK position as a world leader in fusion research – a recent EPSRC review had recognised Culham as a world-class lab;
  - 2) Realise jobs and upskilling through growth in UK industry – in particular, UKAEA could help industry win some of the €10Bn ITER spend in Europe;
  - 3) Grow the UK's nuclear materials and technology capability;
  - 4) Design the first fusion power plant; and
  - 5) Develop Harwell and Culham sites as Science and Innovation Centres.
- 4.4 The next step was communications at the staff talk on 20<sup>th</sup> April.
- 4.5 Jim Hutchins said that the new facilities at Culham would help create vibrancy and attract high tech companies.
- 4.6 Adam Baker suggested considering further explanation when presenting the goals externally.
- 4.7 Peter Jones said that staff recruitment and development should be included in the enablers.
- 4.8 The Board agreed the mission and goals, subject to any changes agreed in correspondence.

## **5 CEO's Report**

- 5.1 Steve Cowley said that the position on the comprehensive spending review (CSR) had changed since the report had been issued and welcomed the government's investment in UKAEA. He thanked the BIS sponsor team for its support.
- 5.2 The Culham Programme Advisory Committee was strongly supportive of targeting the start of physics experiment on the MAST Upgrade in 2017. During the first three years 31 PhD students had been lined up to work on the machine. The research programme would attract £1m EUROfusion funding per year and a bid had been made for a further enhancement.
- 5.3 Additional funding was required to complete the MAST Upgrade project.
- 5.4 Roger Cashmore reaffirmed that the project must be delivered in 2017. It was agreed that this was a priority and that funding options should be explored.
- 5.5 Steve Cowley said that the Board should be aware that UKAEA would need to ramp up its Apprentice numbers in response to a government initiative. The Oxford Advance Skills (Apprentice) proposal had been awarded CSR funding.
- 5.6 Adam Baker said that the Science Minister wanted to officially open RACE and the Materials Research Facility (MRF).
- 5.7 The Board noted the report.

*Rob Buckingham joined the meeting*

## **6 6-monthly Risk Report**

- 6.1 Kay Nicholson said that format of the report had been improved in response to Board's comments. There was more clarity on risk mitigation and strategic opportunities and threats had been assessed.
- 6.2 Key themes related to the political and financial climate. There were several corporate risks, which did not have the sufficient resources to effectively mitigate them.
- 6.3 Members discussed the key risks.
- 6.4 Chris Theobald suggested briefing staff on potential British exit from Europe.
- 6.5 Jim Hutchins noted that there were a number of risks relating to business development and offered to undertake a review.
- 6.6 Roger Cashmore commented that UKAEA's nature as a vibrant research organisation meant managing large risks and opportunities.
- 6.7 The Board noted the position.

*Kay Nicholson left the meeting*

## **7 Draft Budget for 2016/17**

- 7.1 Catherine Pridham said that the budget was still under development, but wanted the Board's input. Key points of noted included:
  - JET – the overall figure was dependent on the euro-sterling exchange rate;
  - EPSRC – in addition to the EPSRC grant some additional funding had been provided from BIS for RACE, MRF and Technology;
  - the business development income targets were based on a bottom up exercise;
  - there were several staff related cost increases including pensions and apprentices;
  - RACE and MRF were new business and funding was provided to cover early year operational losses;
  - BIS had confirmed that it would provide depreciation cover on capital;
  - special projects included implementation of the new Unit 4 Business World (U4BW) system and change in the payroll system;
  - the overhead figures required further challenge; and
  - capital from CSR required allocation.
- 7.2 The Board noted the development of the budget.

## **8 Corporate Performance Measures for 2016/17**

- 8.1 Maya Riddle said that the proposed corporate performance measures represented an evolution from 2015/16.
- 8.2 Key changes were:
  - introduction of a new measure on technology and nuclear capability, which was aligned with the new corporate goals 2, 3 & 4; and

- financial measures for RACE and MRF to promote sustainability of these new facilities.
- 8.3 The staff bonus scheme was a contractual obligation. It was proposed that 65% was attributed to the scientific measures, 20% to the financial measures and 15% to process measures.
- 8.4 The Board endorsed the corporate performance measures and bonus arrangements for 2016/17.

## **9 P10 Financial report**

- 9.1 Catherine Pridham highlighted key points from the financial position at the end of period 10, which included:
- there was a forecast underspend against the EPSRC budget, but permission had been obtained from EPSRC to carry this over into 2016/17;
  - overheads were higher primarily due to work on U4BW implementation;
  - the cash position had changed since the end of the period, as a payment for JET operations had been received from the Commission; and
  - issues in functionality of the new system had been identified during user acceptance testing. There was a risk that go-live would need to be delayed.
- 9.2 Peter Jones asked about the outreach budget and noted that this included educational outreach programme and PhDs.
- 9.3 Chris Theobald asked a number of points of clarification.
- 9.4 The Board noted the financial position.

## **10 Any Other Business**

- 10.1 The next Board meeting would be held on Wednesday 20 April 2016.

**Secretary**      Maya Riddle

**Chairman**      Roger Cashmore