

UNITED KINGDOM ATOMIC ENERGY AUTHORITY
Minutes of the 1st Board Meeting in 2017

Date: 9 February 2017

Location: Bickerton Room, E6,
Culham Science Centre

Members present:

Roger Cashmore, Chairman
Ian Chapman
Norman Harrison
Jim Hutchins
Peter Jones
Chris Theobald

In attendance:

Stephen Axford (BIS)
Becca Holyhead (Women Onboard)
David Martin
Catherine Pridham
Maya Riddle (secretary)

Apologies:

Keith Burnett
Martin Cox

Rosie Hawkes (Items 1-5)
Mark Shannon (Item 6)
Steve Moss (Item 9)

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1 Chairman's Opening Remarks

- 1.1 Roger Cashmore said that it had been useful to have attended the staff talk this morning and to hear the questions raised by staff.
- 1.2 Ian Chapman thanked the non-executive directors for their sage words at the staff talk.

2 Minutes of the 1 December 2016 meeting

- 2.1 The Board reviewed the matters arising and approved the minutes of the Board meeting on 1 December 2016.

3 CEO's Report

- 3.1 Ian Chapman informed members that he had had meetings with the Secretary of State and Science Minister regarding implications of leaving the EU. He thanked BEIS for its support and to the Minister in providing a prompt statement.
- 3.2 He was working with the nuclear group to produce a concerted nuclear vision in response to the Industrial strategy Green paper.
- 3.3 Mark Walport, the current government chief scientific advisor had been appointed as CEO of UK Research & Innovation (UKRI).
- 3.4 UKAEA had been awarded a 5-year grant from EPSRC for the UK fusion programme, which would commence in April 2017.
- 3.5 The JET reliability review group had undertaken a very thorough review. It was a testament to the JET team how positive the review was about our ability to operate the machine to 2020. There would be a second review, undertaken by the same group, on what it would take to operate JET beyond 2020.
- 3.6 The Fusion Advisory Board, which provided advice to EPSRC, was undergoing a major change in membership, with 10 out of 14 members being replaced over the next 2 years.
- 3.7 The MAST-Upgrade project had suffered a setback in the installation of the solenoid into the central column, which had a 6 week impact on the critical path. However, it was good to have found the issue before energising the coils.
- 3.8 Work was progressing on the case for the Millennium project and there was a lot of interest from external stakeholders.
- 3.9 There was an increase in media interest in UKAEA and in fusion.
- 3.10 Stephen Axford said that one of the strongest parts of the industrial strategy was science & technology underpinning all industry. He advised that UKAEA should also submit its own response to reflect the breadth of UKAEA's activities.
- 3.11 Chris Theobald added that it was worth including the Culham/Harwell/Oxford linkage.
- 3.12 Roger Cashmore said the EPSRC grant was tremendous outcome.
- 3.13 Jim Hutchins asked whether the review of the incident on NSTX had changed anything on MAST-U and noted that it had not, but had firmed the project's resolve to be thorough.
- 3.14 Roger Cashmore asked about the MAST-U safety case and noted that this was progressing well.

- 3.15 Jim Hutchins asked about the old electronics on JET and noted that that there was a programme to look at obsolete kit like CODAC.
- 3.16 Roger Cashmore commented on the improvement in the quality of the dashboards.
- 3.17 Rosie Hawkes provided an update on IR35, where Agency Supplied Workers (ASWs) would be required to move to PAYE.
- 3.18 Catherine Pridham said that everything had been on track to move employees, who were in scope, to the new Alpha pension scheme in April 2017. However, we had just been informed to put a halt on the move, due to a tribunal relating to judges moving into a similar scheme.
- 3.19 Roger Cashmore asked for the Board to be kept informed on developments.
- 3.20 Norman Harrison asked about the risk of an overall lack of technical resource and noted this was quite high on the risk register, with a particular issue being specialist areas where there were national shortages.
- 3.21 Jim Hutchins asked about the apprentice targets and noted that in 4 years we would have about 70 apprentices. This would give the ability to grow capability in house but did involve a steep increase in costs.
- 3.22 The Board noted the report.

4 Board sub-committee chairs updates

8 February Strategy meeting

- 4.1 Roger Cashmore said that there had been a very helpful and positive meeting with UKAEA management on development of UKAEA's forward strategy.
- 4.2 A broad spectrum of activity was being developed to achieve UKAEA's core mission of fusion. Commercialisation of fusion depended on the development of technology, robotics, integrated design and materials. The skills being developed were also enormously beneficial to the UK, not just for fusion but had applications across science.
- 4.3 Members commented that they found the meeting very useful, in particular interactions with next levels down and seeing the strategy linkages. It was concluded an annual meeting was about right and noted that this fed into the corporate planning process.
- 4.4 Roger Cashmore said that Ian Chapman had also taken staff through the strategy for the lab at an earlier staff talk.

8 February Remuneration Committee

- 4.5 Norman Harrison provided highlights from the meeting, which included:
 - the senior staff pay proposals and individual objectives for 2017/18 had been approved;
 - there had been a discussion on corporate performance measures and some changes requested;
 - the chair & non-executive recruitment processes were progressing; and
 - there had been a comprehensive update from the secretary.

8 February Audit Committee

- 4.6 Peter Jones provided highlights from the meeting, which included:
- the draft internal audit plan for 2017/18 had been considered in context of audits over the past few years and a forward look. The management system audit programme had also been looked at and there were some areas of overlap to be resolved;
 - the internal audit report was noted and actions arising from the IT and the EUROfusion audits were discussed;
 - the proposed headings for the governance statement had been agreed;
 - the main assumptions for the decommissioning provision had been agreed and he was arranging a meeting with the NDA's audit committee chair;
 - a review of Audit Committee had been agreed; and
 - the whistleblowing policy had been agreed with minor alterations.

5 Corporate Performance Measure for 2017/18

- 5.1 Maya Riddle said that the proposed performance measures for 2017/18 were similar to this year and that a balanced score card approach was being taken. The Remuneration Committee had asked for changes to the RACE & MRF operational balance targets and for greater emphasis on safety.
- 5.2 The measures had been mapped onto the corporate goals and cultural elements to show how they contributed to these.
- 5.3 The Board approved the measures, as amended by the Remuneration Committee.

Rosie Hawkes left and Mark Shannon joined the meeting

6 Project Management presentation

- 6.1 Mark Shannon said that the Project Management Office (PMO) had been set up 15 months ago. Key activities included:
- a project management competence matrix had been produced and was being used to guide development and coaching of project managers;
 - tools and training were being developed to help with project estimating, which was an area for improvement;
 - categorisation of projects was being used to enable a risk based approach and application of appropriate levels of project management/governance;
 - project sponsorship training was being undertaken and there was a lot of work to do on project inception;
 - the PMO was taking a role on project board & sanctioning;
 - grouping of similar projects into programmes was being considered to enable better resource management & reviewing; and
 - work was ongoing to ensure lessons learnt and corporate memory were being appropriately captured.

- 6.2 Jim Hutchins asked whether all projects undertook lessons learnt. Mark Shannon responded that all major projects did and that a cross-cutting theme was that project managers were not engaging with operators early enough and were being overly optimistic.
- 6.3 Catherin Pridham said that we now required project managers to have more rigorous business cases.
- 6.4 Jim Hutchins emphasised the importance of spending time at the beginning of a project/definition phase. High technology projects which failed were nearly always due to the scope being wrong and/or not engaging with customers on requirements.
- 6.5 Peter Jones commented on difficulties in shifting resource; both people and money. Catherine Pridham responded that CSR did provide flexibility, but that we were constrained financially by annualised budgets and ring-fenced areas.
- 6.6 Roger Cashmore thanked Mark for his presentation.

Mark Shannon left the meeting

7 P8 Financial Report

- 7.1 Catherine Pridham said that it was not a full consolidated report as there were still issues with our financial system U4BW, as well as resourcing issues in the management accounts team. Additional resource was being brought in on a temporary basis.
- 7.2 Issues to be resolved in U4BW included the reporting, accruals post back and Rullion time sheets. There was uncertainty over the JET forecast, which also had an impact on the EPSRC figures, as the EPSRC grant covered the UK's contribution to JET. Lack of visibility of spend on overheads was also a concern as this could impact on recruitment and spending decisions.
- 7.3 On a positive note, the Payroll project had been successfully implemented on time and payroll had moved to the new system.
- 7.4 Chris Theobald asked whether there was a risk of overspend due to uncertainty on the financial position and Catherine noted that an underspend was more likely.
- 7.5 Ian Chapman said that Catherine was doing a fantastic job in very difficult circumstances.
- 7.6 The Board noted the position.

8 Preliminary Budget for 2017/18

- 8.1 Catherin Pridham highlighted key points from the draft budget:
 - the Commission had asked the JET forward estimate to be based on an exchange rate of 0.72;
 - the phasing of the new EPSRC grant had been agreed;
 - RACE income target was possibly conservative.
 - employers costs were going up due to increases in pension and apprentice costs, and implications of IR35;

- CSR funding would cover underpinning of business development, IT investment and investment into the Harwell JV;
- 8.2 Jim Hutchins supported the income figure for RACE, stating this represented significant growth.
- 8.3 The Board noted the preliminary the budget and agreed that an updated version would be circulated out of committee.

Steve Moss joined the meeting

9 Update on commercial development at Culham

- 9.1 Steve Moss provided an update status update on progress with seeking a private sector partner to undertake commercial development at Culham. Key points included:
- there had been a useful conversation with BEIS about commitments;
 - the financial model was being developed and there might be temporary cash flow risks;
 - discussions with potential partners had moved from generic into more formal discussions; and
 - build would be triggered by pre-let and would not be speculative.
- 9.2 Jim Hutchins asked if there were likely to be planning issues and noted that we already had outline planning consent.
- 9.3 The Board noted the update.

Steve Moss left the meeting

10 Board performance review process

- 10.1 Maya Riddle said that the proposed review process included a review of corporate governance, reviews from the sub-committees and self-assessment of the Board performance.
- 10.2 Members were asked to complete the questionnaire, which had been produced by the NAO and non-executive directors' group.
- 10.3 The Board agreed the review process.

11 Any Other Business

- 11.1 The Board agreed the reporting schedule for 2017.
- 11.2 The next Board meeting would be held on Friday 7 April 2017.

Secretary Maya Riddle

Chairman Roger Cashmore