

UNITED KINGDOM ATOMIC ENERGY AUTHORITY
Minutes of the 2nd Board Meeting in 2017

Date: 7 April 2017

Location: RACE Board Room, B1,
Culham Science Centre

Members present:

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

In attendance:

Adam Baker (BEIS),
Martin Cox,
David Martin,
Catherine Pridham
Maya Riddle (sec)

Apologies:

Keith Burnett
Becca Holyhead

Item 3-6 – Rosie Hawkes, Head of HR and Kay
Nicholson, Head of Assurance
Lunch – Rob Buckingham, RACE Director
Item 8-9 – Mark Shannon, PMO Manager
Item 11 – Martin Townsend, BD Manager

1	Chairman's Opening Remarks	2
2	Minutes of the 9 February 2017 meeting	2
3	CEO's Report	2
4	MAST-U Project Status presentation	3
5	HR Update	3
6	Risk Update	4
7	P11 Financial Report	5
8	Corporate Plan Process	5
9	Draft Response to Industrial Strategy Green paper	5
10	Review of Corporate Governance	6
11	Update on Business Development	6
12	Any Other Business	6

1 Chairman's Opening Remarks

- 1.1 Roger Cashmore welcomed everyone to the meeting and informed members that advertisement for non-executive director appointments were due to go out.
- 1.2 After lunch members would get the opportunity to visit the RACE/ESS virtual Engineering suite.

2 Minutes of the 9 February 2017 meeting

- 2.1 The Board approved the minutes of the Board meeting on 9 February 2017 and reviewed the matters arising:

Rosie Hawkes and Kay Nicholson joined the meeting

3 CEO's Report

- 3.1 Ian Chapman informed members that the Commission had asked for a view on the UK's position regarding JET. Subsequently, Jo Johnson had visited the Commissioner and followed this up with a letter to the Director Generals at the EU Commission stating that the UK was committed to contributing to fusion R&D, which had been well received.
- 3.2 Adam Baker informed members that the UK government would underwrite the UK contribution to JET to 2020 and that a public announcement would be made.
- 3.3 Ian Chapman said that he had met with various senior government officials about a case for Industrial Strategy funding. Gareth Davis and Jo Johnson were being supportive. There was a list of ITER opportunities totalling over billion for which UK companies were well positioned.
- 3.4 There were two big opportunities in robotics; the first was ca. £93m for setting up of four cohesive hubs, including one on nuclear. The second opportunity was CCAV funding for autonomous testing infrastructure.
- 3.5 There had been a successful visit from Lord Prior and forthcoming visits included one from John Manzoni, Permanent Secretary for the Cabinet Office and Jessie Norman MP.
- 3.6 We anticipated getting General Assembly approval for EUROfusion Plasma Exhaust funding for a major enhancement to MAST-U. With matched funding from EPSRC, which would enable a ca. £21m upgrade.
- 3.7 There would a few organisational changes coming; we were currently advertising for a Programme Director, who would be a new member of the Executive and the scientists would transfer from the Operations division. We were also recruiting a Finance director to go under Catherine Pridham.
- 3.8 Jim Hutchins asked whether the broken tie rods had any wider implications and Ian Chapman confirmed that there were no safety concerns.
- 3.9 Chris Theobald said that the case study of graphite was hugely important as this could be very exciting for decommissioning and waste reduction.
- 3.10 Roger Cashmore commented that he liked the list of media highlights in the CEO's report. However, he was disappointed by the limited financial information on the MAST-U dashboard and in future would like to see financials to end of projects.

- 3.11 Norman Harrison said that there was not enough information on risks in the dashboards and the other non-executives supported this view.
- 3.12 The Board noted the report.

4 MAST-U Project Status presentation

- 4.1 Martin Cox gave a presentation on the MAST-U project. Key points included:
- It was a wonderful new machine, but was having a difficult gestation period;
 - MAST-U was currently being pumped down for first time;
 - the safety case report had been approved;
 - technical issues with the central column and misalignments outside the design tolerances were causing delays to the critical path. We were now anticipating bake in August/September, with a first plasma in the New Year; and
 - the team was very dedicated but was getting very stressed.
- 4.2 Members asked a number of questions about estimating the cost overrun for the project. Martin Cox responded that spend on hardware was close to the budget and that most of the additional spend was on manpower.
- 4.3 Ian Chapman added that MAST-U was a very complicated project and the first of its kind. He pointed out that MRF, RACE and the Materials Detritiation Facility were all delivered on time.
- 4.4 Roger Cashmore said that in the US the contingency was dependent on the novelty of the project.
- 4.5 Rosie Hawkes added that the Programme Management Office was recruiting an estimating expert to help develop better processes for the future.
- 4.6 Catherine Pridham said that it would be useful to review movement over the last few years to help with future forecasting.
- 4.7 Jim Hutchins asked if the project was now over the technical barriers and Martin Cox responded that the main remaining technical risk related to the sliding joints and also commissioning of the cubicles and the personal access safety system.
- 4.8 The Board noted the presentation.

5 HR Update

- 5.1 Rosie Hawkes said that this was the first time she had put an HR report to Board and summarised key points:
- employee head count had increased over the last few years. However, there had been push back on salaries;
 - retention was just about manageable, with attrition rate being maintained at around 5%, however, there were less retirements and more leavers, particularly in scarcity areas, with pay being a key reason;
 - we had recently lost several apprentices, who were in demand due to their high quality. Overall apprentice numbers were increasing, and a new apprentices training manager was joining; and

- the report highlighted what we were doing on Athena Swan to promote women in STEM areas.
- 5.2 David Martin said that the low attrition figures did not reflect the amount of effort taken to retain staff.
 - 5.3 Ian Chapman said that in areas of national shortage we were strategically moving away from relying on Agency Supplied Workers (ASWs) to more in-house capability.
 - 5.4 Roger Cashmore said that he found the report very useful. He asked about the impact of the Brexit decision and noted that we had lost several people including one of our top scientist & our chief engineer.
 - 5.5 Adam Baker asked about the wider diversity agenda and Rosie responded that we were focusing on gender equality at the moment, but that the diversity training covered all areas.
 - 5.6 Jim Hutchins added that UKAEA had a very international workforce, which brought diversity.
 - 5.7 Martin Cox said that there were issues getting candidates for JET secondees and a paper was going to the General Assembly to endorse extraordinary extensions to current secondees.
 - 5.8 David Martin provided an update on IR35. We had informed affected ASWs that they had to move to PAYE.
 - 5.9 The Board noted the report and commended the HR team and management for its efforts on retention and recruitment.

6 Risk Update

- 6.1 Kay Nicholson said that some of the key risks had already been discussed.
- 6.2 There were some big opportunities from a technical and financial perspective. The risk landscape meant that there were a number of risks which could combine to increase budget pressures.
- 6.3 Chris Theobald said that the organisation was developing and if we attract all opportunities we would need to consider a plan for the shape and constitution of the organisation.
- 6.4 David Martin undertook to review and update the work that had already been undertaken on capability planning.
- 6.5 Norman Harrison said that it would be useful to see trends and whether risks were getting better or worse.
- 6.6 Kay Nicholson sought comments on the risk appetite statement.
- 6.7 Peter Jones said that there should be something on project design & management of projects
- 6.8 Roger Cashmore commented that there was no mention of technology.
- 6.9 It was agreed that the risk appetite statement would be updated accordingly and recirculated.
- 6.10 The Board noted the report.

Rosie Hawkes and Kay Nicholson left the meeting

7 P11 Financial Report

7.1 Catherin Pridham highlighted key points from the report:

- Period 11 had been closed within 5 working days, whereas previously issues with the new financial system meant that it was taking a whole month;
- one of the major worries had been about accruals, but this was now working well;
- we had moved payroll system in January and now employees were receiving electronic pay slips;
- we were ready to transition to the new Alpha pension scheme on schedule, but as previously reported we had been told by government to put a halt on the move due to two age discrimination tribunals;
- spend on JET at end of P11 was close to budget, but the forecasting indicated an increase at year-end, which could cause an issue because of the impact on the EPSRC budget which covered the UK's contribution to JET;
- we were working to ensure the we spent our EPSRC and CSR funding for the year;
- an increase in spend on software licenses was impacting on the RACE bottom line and additional CSR funding had been agreed; and
- property profits were currently above the stretch target. However, this was position could worsen if we needed to make an insurance provision.

7.2 The Board noted the financial position at the end of period 11.

Mark Shannon joined the meeting

8 Corporate Plan Process

8.1 Mark Shannon said that a more concise plan was proposed this year, with linkages to the BEIS 10 pillars. A draft plan would be presented to the next Board meeting.

8.2 The Board agreed this approach.

9 Draft Response to Industrial Strategy Green paper

9.1 Mark Shannon sought members' views on a draft response to the Industrial Strategy Green paper, which was due to be submitted in mid-April.

9.2 Adam Baker suggested more about how we could deliver capability and benefits for the UK and constructive advice on where we thought the industrial strategy should go.

9.3 Roger Cashmore said that the executive summary should highlight how we work with industry right from the beginning to bring benefits in the short, medium and long term to develop business and skills. He also thought that fusion was the gateway drug to nuclear, providing an exciting project to encourage the young.

9.4 The Board noted the report.

Mark Shannon left the meeting

10 Review of Corporate Governance

- 10.1 Maya Riddle said that she had undertaken a review of compliance against the government's corporate code, which indicated appropriate corporate governance. The Board Terms of Reference had been reviewed and minor updates proposed. The internal reporting structures and delegations were provided for information
- 10.2 Roger Cashmore said that he did not feel RACE was yet at the right level for a separate committee and Ian Chapman added that CPAC membership had been extended to provide better advice on the expanding range of our activities.
- 10.3 Members agreed the Board Terms of Reference with the addition of the Authority Secretary as an official of the Board.
- 10.4 Catherine Pridham said that the delegations were under review to reflect changing BEIS delegation limits and the revised delegations in the new Unit 4 system, and that these would come to the Board in due course.
- 10.5 The Board noted the review and agreed the revised Terms of Reference.

Martin Townsend joined the meeting

11 Update on Business Development

- 11.1 Martin Townsend gave a presentation on Business development. Key points included:
- ITER was reorganising with a focus on construction;
 - David Campbell was retiring at the end of 2017;
 - F4E had issued ca. €4Bn worth of contracts to 440 companies and 65 R&D organisations. There could be a further €4Bn of contracts between 2017-2025;
 - a press release was due to go out today on the ITER remote handling test facility being hosted at Culham; and
 - the ITER hot cell was a significant opportunity for UK plc.
- 11.2 The Board noted the update.

Martin Townsend left the meeting

12 Any Other Business

- 12.1 The next Board meeting would be held on Thursday 6 July 2017.

Secretary Maya Riddle

Chairman Roger Cashmore