

Nuclear Industry Council – Summary of Meeting

23rd September 2019, 10:30 – 12:00, 1 Victoria Street Conference Centre, London

Attendees: Minister Nadhim Zahawi (co-Chair), Tim Stone (co-Chair), Ivan Baldwin, Chris Ball, Christopher Bowbrick, Simon Bowen, Humphrey Cadoux-Hudson, Ian Chapman, Michael Clancy, Haydn Clulow, Zheng Dongshan, Martin Chown, Alys Garner, Tom Greatrex, Michael Gornall, Dame Sue Ion, Adrienne Kelbie, Campbell Keir, Katrina McLeay, Peter McIntosh, Darryl Murphy, David Peattie, Gwen Roberts, Ken Robertson, Peter Sibley, Stephen Speed, Andy Storer, Clive White.

Apologies: Steve Dearden, Paul Foster, Paul Hollinshead, Fiona Rayment, Gwen Parry-Jones.

1. Chairs' Opening Remarks

The Minister and Tim Stone welcomed new and returning members to the Council following a membership refresh in line with the NIC's Terms of Reference [can we hyperlink to those, please]. They noted the importance of members being appointed to the Council in an individual capacity, representing areas of the sector and not their companies or organisations.

The Minister highlighted the importance of the nuclear sector in achieving Government's net-zero target by 2050 and that he had recently led the UK delegation to the International Atomic Energy Agency's (IAEA) General Conference, including to promote the Nuclear Sector Deal.

2. Nuclear Sector Deal (NSD) update

A Programme Management Office (PMO) – resourced by the sector – is now in place; its role will be to co-ordinate activities across the Deal and to monitor and report on progress.

There were updates from each of the Sector Deal Working Groups:

New Build Cost Reduction:

- Target has been baselined as 30% reduction in the strike price, currently £92.50 per mwh for the Hinkley Point C project.
- Construction risks identified as a key barrier to reducing costs, an area in which the Off-Shore Wind sector has managed to reduce cost. Highlighted the need to tap into innovative programmes in the construction sector, avoiding duplication of effort.
- International evidence demonstrates that a series of reactors leads to cost reduction through replication.

Legacy Cost Reduction:

- National Decommissioning Pipeline published in June – a strong foundation to build innovative approaches to challenges including technical problems, commercial frameworks, skills planning and an integrated approach to waste management, which are crucial to deliver the Deal's commitment to 20% cost reduction of decommissioning by 2030.
- Need to look at role of inefficient and cumbersome governance practices in creating additional, unnecessary cost. Work is underway with regulators to define what 'proportionate regulation' means in practice.

Winning UK Business:

- Work done to identify priority markets for exports. Acknowledged that sector and government have joint responsibility for organising export campaigns; next step should be to agree campaigns, including a pilot.
- Discussions with industry and government had showed a degree of consensus that improved ways of working should be explored, in particular with a view to improving UK export performance – a 'whole of sector' approach should be taken to maximise export potential from nuclear and the NIC should discuss this further.
- DiT raised importance of increasing government and industry profiles at events. COP26 in Scotland and Expo 2020 in Dubai were highlighted as key opportunities for industry to increase foreign trade.

Nuclear Skills Strategy Group:

- NSSG published an Equality, Diversity and Inclusion (ED&I) Strategy in July, bringing a national focus to its efforts to ensure a diverse and inclusive workforce.
- Following Hitachi's announcement to suspend the Wylfa Newydd project earlier in 2019, all apprentices from that project had been reallocated within the sector.
- There was a challenge to HMG that uncertainty in the sector was affecting recruitment of the next generation. There is a need for clarity on 'exciting' future technologies in order to attract young people to the sector. Fusion is a major asset here, with Advanced and Small Modular Reactors also being vital for exciting future generations about nuclear.
- Specifically, on diversity, 46% of the most recent intake of the Nuclear Graduate Scheme were women, marking significant progress in improving gender diversity in the sector.
- The group has submitted a level 8 apprenticeship standard to the Institute for Apprenticeships.
- BEIS emphasised the importance of the 40% female workforce target, and the need for industry to both demonstrate its commitment and set out steps towards achieving this ambitious aspect of the sector deal

Innovation:

- NIRAB's Annual Report 2018/19 was published in the summer. A key recommendation is that HMG needs a step-change towards greater funding in the region of £1 billion between 2021 and 2026 for the Nuclear Innovation Programme. The report suggests that, "In return, Government should expect to attract significant private sector leverage as a direct result of this support."
- It was noted that the current phases of the Nuclear Innovation Programme (NIP) are progressing well, however innovation requirements for the NSD are broader than the NIP. To this end a workshop is being organised between the NSD theme leads to establish the challenges from each of the theme areas on innovation, the associated priorities, and recommendations on the best approach to progress. Results from this discussion will be presented to the next Programme Delivery Board.

3. HMG messaging on nuclear

Tim Stone stressed the importance of HMG providing a clear and substantive commitment to the nuclear sector. Industry wants to see delivery of the RAB model for new build and announcements on the AMR competition and SMRs to show that HMG is backing the sector. Tim also suggested HMG consider an improved funding model for decommissioning, with a focus on long-term planning.

The Minister confirmed HMG's commitment to nuclear power, especially in the context of net-zero, which is a 'game-changer' for low-carbon technologies, including new nuclear. The Minister stressed the importance for nuclear to replicate Off-Shore Wind's positive innovation record and cost reduction achievements.

Net-zero is a programme of work. Other opportunities – beyond direct energy production – such as from heat production, should be used to help build the narrative around nuclear's role in clean growth.

4. Nuclear Industry Association Communications Strategy

The NIA presented its new communications strategy to build the case for nuclear in the future energy mix through the 'Rediscover Nuclear' branding. The campaign will be promoted through both conventional and social media channels.

The Minister agreed that HMG and the sector should be unified in presenting the case for nuclear.

5. Brexit preparedness

BEIS reiterated that all legislation and domestic implementation relevant to the nuclear sector are in place. The ONR is ready to start operating the new safeguards regime once Euratom provisions no longer apply in the UK.

BEIS highlighted that there is continued engagement with the sector and the supply chain, including an industry-focussed webinar at the end of September. BEIS asked members for continued support from the sector to help reach the supply chain with the key messages.



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The BEIS Euratom team offered to signpost any wider Brexit concerns from the industry to the relevant teams across HMG. The NIA have made a bid into HMG's Business Readiness Fund for resources to carry out targeted outreach activities to supply chain and SMEs.

6. AOB

Tim Stone concluded the meeting. Dates for future NIC meetings would be in February and June 2020.