

**UNITED KINGDOM ATOMIC ENERGY AUTHORITY**

**Minutes of the 4<sup>th</sup> Board Meeting in 2019**

Date: 12 September 2019

Location: Meeting room CR2  
Imperial College, I-Hub, White City

**Members present:**

David Gann, Chair  
Ian Chapman  
Norman Harrison  
Shrin Honap  
Antonia Jenkinson  
Sue Scane  
Adrian Smith  
Chris Theobald

**In attendance:**

James Partington (BEIS)  
Lyanne Maclean  
Jim Hutchins  
Maya Riddle (sec)

Kay Nicholson, Head of Assurance (Items 3-4, 7-9) Ali  
Brown, Finance Director (Item 4)

**Apologies:**

David Martin

- 1 Chair's Opening Remarks**
- 2 Minutes of the 4 June 2019 meeting**
- 3 Euratom Update**
- 4 CEO's Report**
- 5 Mission and Goals**
- 6 STEP Update**
- 7 COO's Report**
- 8 Culham commercial development project**
- 9 Sub-Committee meetings**
- 10 Financial Update**
- 11 Financial Delegations**
- 12 Annual Assurance Report**
- 13 Any Other Business**

## **1 Chair's Opening Remarks**

- 1.1 The Chair welcomed the BEIS representative to his first Board meeting and introductions were made.
- 1.2 He asked whether members had any conflicts of interest and Sue Scane responded that she was a non-executive director on the Civil Nuclear Constabulary board, which was one of UKAEA's tenant on the Culham site.

## **2 Minutes of the 4 June 2019 meeting**

- 2.1 The Board approved the minutes of the 4 June meeting.
- 2.2 The key actions and matters arising were reviewed.

## **3 Euratom Update**

- 3.1 The CEO presented the key points from his report, which included:
  - There was not yet clarity regarding the outcome of an association to Euratom following EU exit;
  - EUROfusion's planning assumption for the next framework programme was that JET would operate to end of 2024 in support of ITER. The Regulations for this were due to go to the Commission in the autumn. However, until this was approved, the formal position was the current contract to operate JET to the end of 2020;
  - As previously raised at the Board, necessary enhancements were required on JET to enable operations beyond 2020.
  - In the event of a no-deal exit, the UK would cease to be a EUROfusion beneficiary. There were contingency cases, but further work was required.
  - Discussions were underway regarding the UK's participation in ITER. Our experience was valuable to the ITER project and ITER contracts were important to the UK supply chain particularly to ensure the industrial capability for STEP;
- 3.2 Members asked several questions and supported the activities proposed.
- 3.3 Members asked about providing assurances to staff, noting that the investments in JET and the letter from the minister had been received positively.
- 3.4 Government was supportive of fusion was confirmed.
- 3.5 It was agreed that if we got STEP tranche 1 agreed that UKAEA should host a stakeholders event with leaders from major industrials and government officials.
- 3.6 The Board noted the report.

## **4 CEO's Report**

- 4.1 The CEO presented the key points from his report, which included:
  - The JET operating contract required us to meet several KPIs. The first had been met, however, the second relating to being ready for tritium operations would be late.

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- JET was in operation and was getting good science results. However, we needed more neutral beam power to undertake high-performance operations and were working to fix two of the 16 PINIs;
  - The supergid transformer issue raised at the last meeting had been positively resolved;
  - We had been selected as the preferred bidder for hosting JET data, with a European supplier being held in reserve;
  - Discussions were underway about how fusion reactors in the UK might be regulated.
  - He updated members on global fusion developments;
  - We had not been as successful as expected in the first round of National Nuclear Users Facility Wave 2 funding and aimed to rebid some elements in a second round; and
  - Response to tenders for H3AT and FTF were significantly higher than the budget and we would have to do a significant amount of the design work in house.
- 4.2 The Board Assurance Committee (BAC) had taken an initial look into the EDS project and noted that it was complicated engineering.
- 4.3 Members asked about the government's economic study of fusion and Ian responded that he had seen a first draft and there were positive headlines on return on investment. It was agreed that it would be useful to have a light touch annual report on fusion impact.
- 4.4 Members said that it was good to see visibility of and progress on EDI.
- 4.5 The CEO was complimented on an excellent report, which reflected the breadth of what going on.
- 4.6 The Board noted the report.

## 5 STEP Update

- 5.1 The Board were pleased to see the momentum building in the programme
- 5.2 Key points from the report were presented, which included:
- STEP was a 20-year programme to deliver fusion power to the grid and was split into 3 tranches to manage the risks. The ultimate goal was to develop a fusion reactor which could deliver clean energy to cities. There would also be nearer term spill overs and opportunities;
  - The first tranche would lay the foundations for later tranches and was to:
    - o Develop an outline design;
    - o Build the supply chain and skills base; and
    - o Develop a framework for commercial vehicles.
  - The work had started up very quickly and they were still developing the programme and structures. It was a highly technical programme and a technical committee had been set up to provide advice;
  - An OGG review was taking place in October and would be followed by a review at BEIS in the New Year;'

- The team was rapidly growing and included a mixture current UKAEA staff new recruits and collaborators. In some cases, we were front filling to upskill recruits in other parts of the organisation until STEP was ready for them;
  - Accommodation for the team on the campus was a growing issue; and
  - Once there was a decision on STEP funding, we would look at launching a skills and education programme.
- 5.3 The Board said that it would be useful to see a high-level people plan for STEP and visual/map of our partners.
- 5.4 Members asked about skills investment. Howard Wilson declared an interest as the University of York was responsible for Fusion Centre for Doctoral Training.
- 5.5 Members asked whether we could undertake an accelerated programme and noted that we had looked at a 2035 option, but that there would be less data on materials so would require moving ahead with less certainty.
- 5.6 Members asked about IP and noted the director of innovation and business development was leading development of the IP strategy and capture.
- 5.7 The Board noted the report.

## **6 Mission and Goals**

- 6.1 A revised more fusion-focused mission statement was proposed: To deliver sustainable fusion energy and maximise scientific and economic impact.
- 6.2 Also proposed were that the five corporate goals be replaced with:
- Be a world leader in fusion research and development;
  - Enable the delivery of sustainable fusion power plants;
  - Drive economic growth and high-tech jobs in the UK; and
  - Create places that accelerate innovation and develop skilled people for industry to thrive.
- 6.3 The Board agreed these but undertook to have a more detailed and comprehensive review at a later date.

## **7 COO's Report**

- 7.1 The COO started the slot with a safety moment and asked members to think of their own personal safety when they travelled back home.
- 7.2 She presented the key points from her report, which included:
- There had been a 3rd safety incident regarding Cavendish Nuclear supervision, which involved another dropped load. While there had been no risk of injury, there was damage to the floor;
  - A warning had been issued and Cavendish Nuclear had committed to deliver improvements;
  - A retendering of ASW contracts was underway due to start in the new year and we would make sure that behavioural safety was a key part of onboarding;
  - The overall UKAEA accident frequency rate was going down;

- Recruitment remained a significant activity with 204 job offers made so far this year. Salaries for middle and senior management were an issue, and this was similar for other BEIS partner organisations;
  - We had seen a drop in the number of applications from the EU;
  - Several pressure vessels had passed their statutory inspection date. This had now been resolved, a full review of all vessels on site had been carried out, and she was leading an investigation into the lessons to be learnt to avoid future issues; and
  - She had taken over as sponsor for the facilities asset management project. Jacobs was assisting us and there was good engagement across UKAEA.
- 7.3 The BAC Chair said that his view was that UKAEA's reporting culture was good and that he was pleased by the improved focus on quality. He was chairing an inquiry into the first dropped load incident.
- 7.4 The Board noted the report.

## **8 Culham commercial development project**

- 8.1 The Board and Executive stated that they found the session the previous day, on how we might conceptually develop the Culham site, to have been useful.
- 8.3 The Board noted progress on the Commercial Property project and agreed the approach as set out in the Board presentation on 11th September. The project would be brought back to the board for approval towards the end of Stage 3 (Scheme definition/Costings), prior to going out to tender. Expenditure for this financial year would be within the previously agreed budget.
- 8.4 The Board was also asked to note that the UKAEA Property team was working with BEIS to agree the funding and delivery mechanism and to secure government consent as required. UKAEA would request consent within a set envelope.
- 8.5 Members said that although we did not have a tenant, we had several expressions of interest and it was agreed that the property team should progress to the next step.
- 8.6 A market update on Culham to provide a sense of place was requested.
- 8.7 We were in the process of recruiting a NED with development experience and once they were in place, he would look to set up a Board subgroup which would investigate this in more detail and feed up into the Board.
- 8.8 It was noted that the development would require the Oxfordshire councils to approve the Local Plan.
- 8.9 The Board noted the report and agreed the approach as set out above.

## **9 Sub-Committee meetings**

- 9.1 The Board Audit Committee (BAC) had had an interim meeting on 10<sup>th</sup> September and the most important items had already been covered. The next full BAC meeting would be in November and include reports on business continuity management and research quality.
- 9.2 Highlights from the Remuneration Committee meeting were provided, which had met the previous day. This included:

- They had reviewed the Executive's objectives; and
- Held a discussion on organisational structures to would support UKAEA growth and endorsed three new posts.

9.3 A proposal to BEIS to recruit the above new Executive Directors would be submitted.

## **10 Financial Update**

10.1 Headlines from the report were:

- Spend was around 20% behind the linear phased budget, predominantly due to lower external spend;
- There was an increase in the required budget for MAST-U enhancements and with some rescoping, there was a strategy to cover the additional funding;
- The land sale of land at Harwell provided an opportunity to support our property development work;
- External audits of the JET Operating Contract and EUROfusion were underway.
- They were working hard on improved financial reporting.

10.2 Members made a couple of suggestions to improve the report, which were:

- P&L with full year budget figures and forecast for year-end; and
- High level summary at the front of the report to give an immediate feel of the finances.

10.3 The Board noted the financial position at the end of period 4.

## **11 Delegations**

11.1 UKAEA had reviewed the delegations process and produced a new policy and manual. The delegations manual showed the decision making process for finance, HR and procurement delegations, with the financial delegations flowing down from BEIS to Ian Chapman as accounting officer.

11.2 This was coming to the Board as it formed part of the Board's schedule of matters.

11.3 Members commented that it was a clear document and supported the straightforward approach.

11.4 The Board noted the report.

## **12 Annual Assurance Report**

12.1 Highlights from the report were provided which included:

- Quality assurance had made significant progress;
- Business continuity management was making improvements;
- The safety leadership workshops were stimulated new way of working. Although some of the area to improve safety culture could have made quicker progress; and

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- The Cavendish incidents identified a need for stronger collaborations with contractors.
- 12.2 Members commended it as a very good report and commented on the diversity of UKAEA's activities.
- 12.3 Members were informed that the draft results from the employee engagement survey had indicated a strong feeling of a safe and inclusive environment.
- 12.4 The Executive had held a discussion on values and concluded that these should be: trusted, innovative and committed.
- 12.5 Members commented that UKAEA had a very strong international brand.
- 12.6 The Board noted the report.

### **13 Any Other Business**

- 13.1 Members noted the revised Code of Conduct for Board Members. In particular, they were reminded to remain politically neutral in their role and report high value goods and hospitality offered in their capacity as a UKAEA Board member.
- 13.2 The dates for 2020 were noted, which were:
- Meeting 1 - Thursday 23 January;
  - Meeting 2 - Monday 9 March;
  - Meeting 3 - Monday 18 and Tuesday 19 May at Sellafield;
  - Meeting 4 - Wednesday 1 July;
  - Meeting 5 - Monday 14 and Tuesday 15 September at Rotherham; and
  - Meeting 6 - Thursday 19 November.