

UNITED KINGDOM ATOMIC ENERGY AUTHORITY
DRAFT Minutes of the 5th Board Meeting in 2019

Date: 12th November 2019

Location: Bickerton Room, D3,
Culham Science Centre

Members present:

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

Apologies:

Lyanne Maclean

In attendance:

Adam Baker (BEIS)
Jim Hutchins
Andrew Bickley, Secretary

Kay Nicholson, Head of Assurance (Items 3-12)
Alli Brown, Finance Director (Item 8)
Tim Bestwick, Director of Business Development and
Innovation (Item 4)
Andrew Hynes, Head of CODAS and IT (Item 11)

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1 Chair's Opening Remarks

- 1.1 The Chair congratulated the Executive and the whole UKAEA team for the recent Ministerial announcements regarding significant additional funding for UKAEA: £200m for STEP over 5 years and £184m for developing and upgrading the facilities at Culham, (discussed later in the meeting, item 5.)
- 1.2 He noted that this was a shift for UKAEA from 'campaign' mode to implementation and delivery.
- 1.3 A shortlist of 4 new NEDs had been agreed with officials at BEIS, and that it had been hoped to make an announcement over the last few weeks. However, the announcement of a general election and the period of purdah has meant that no appointments can be announced at this time.
- 1.4 He asked members to declare any conflicts of interest. Although not a conflict, Shrin Honap advised the Board that he had recently been appointed to the Board of the Rural Payments Agency, although the public announcement had not yet been made. Once announced it would be added to the UKAEA website.

2 Minutes of the 12 September Meeting, UKAEA(19)M4

- 2.1 The Board reviewed the minutes of the 12th September meeting.
- 2.2 Members noted that the minutes contained suggested redactions. He requested an understanding of the UKAEA redaction policy, which should be agreed at a future meeting so that it could be published with the minutes
- 2.3 He also requested that the minutes should be restricted to points of fact, and not include casual comments by members.
- 2.4 The Board agreed that the May meeting, originally scheduled for Sellafield, would take place in Culham instead to concentrate on the recent funding announcements and implementation.
- 2.5 The key actions and matters arising were reviewed.

3 CEO's Report

- 3.1 Firstly, the CEO thanked the BEIS team for their hard work in securing the additional funding announcements for UKAEA.
 - He presented the key points from his report. He noted that since the report had been drafted, the JET Neutral Beam Injection had set a new record of 31.8MW power into the plasma.
- 3.2 The Board acknowledged the issues relating to preparations for tritium operations of JET and supported the actions being taken.
- 3.3 The Board noted the report.

4 Options for UKAEA Organisational Structure

- 4.1 Previous Board Meetings had expressed certain concerns about the current governance structure of UKAEA and limitations this places on our operations. The paper set out these constraints, and outlined the possible options for a revised structure that could alleviate these.
- 4.2 Members noted that there were alternative structures that might be available to UKAEA – e.g. the UK Statistics Authority, Met Office, or Ordnance Survey, which allowed them to take on commercial work more easily. Members noted that the current independence from commercial pressures was something that we should not give up without careful thought.
- 4.3 It was noted that the Government would always require an 'Authority' on nuclear fusion and

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related issues that they could call on as the expertise did not lie within BEIS. It was also noted that if primary legislation were required for any changes, there would be a long lead in time.

- 4.4 Members noted that UKAEA should ensure that it was making the most of its existing legal and governance framework in the interim period up to any change.
- 4.5 The Board noted that there were ongoing discussions on the form of regulation that would be required for STEP, and whether or not this sat within existing regulatory regimes or not, and whether it could exist within UKAEA without causing a conflict of interest.
- 4.6 Members noted that a review should be carried out of potential options, with the plan to present options to Government in 2020.
- 4.7 It was noted that there had been a discussion at the recent BEIS non-exec meeting about governance structures, and relevant papers would be sent to Board members.
- 4.8 The Board requested a table of various options for the structure of UKAEA going forward, together with the pros and cons of each against the drivers for change and ability to solve the currently perceived constraints. BEIS should be involved at an early stage to review any possible options.

5 Foundation for Fusion Case

- 5.1 The CFO explained that the recent announcement of £184m for infrastructure and IT projects to enhance the Culham campus was subject to a formal business case as well as an OGC review. These were due in early 2020, and the first draft of the business case was presented as this paper.
- 5.2 BEIS confirmed that the £184m was new funding, on top of existing and future CSR funding.
- 5.3 This funding was based on the original 5 year CSR submission to BEIS in May, and that discussions were now ongoing with the individual budget holders to finalize the scope and funding requirements of each element. In addition, project owners have been tasked to include contingency in their estimates. The funding also had to cover the project management as well as a management reserve to cope with any unexpected scope changes.
- 5.4 The Board made several comments:
 - The longer-term benefits that would be provided by each proposal needs to be clearer.
 - The case needs to explain the expected increase in new assets at the end of the 5-year period.
 - The fact that we are currently turning away potential tenants should be made more obvious.
 - Once new more accurate estimates are available, it may be that certain items have to be dropped noting that there had already been some reduction in scope.
- 5.5 Members queried whether UKAEA is ready to start spending in April 2020. This is one of the key questions being raised with each line item owner. In addition, the property team have an overarching view on what can be achieved with regard to planning applications and time to mobilize.
- 5.6 It was agreed that the Board would review the next version at the January meeting, in advance of the final submission to PIC in February / March 2020.
- 5.7 Members suggested that it would be helpful to the Board if they could have a single one page overview of all of the funding requests / commitments currently being proposed / won, so that the full picture of future investment could be seen easily.
- 5.8 The Board noted the report

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6 COO's Report

- 6.1 The CEO presented the COO report on behalf of the COO, who had sent her apologies.
- 6.2 The Board noted the significant increase in recruitment, but also the increase in contractor staff.
- 6.3 The Major Projects were reviewed. The Emergency Detritiation System (EDS) project was now improving with the increased effort. It was agreed that OAS could be removed from the dashboard as it was now open and running successfully.
- 6.4 Members queried whether the dashboards as presented were at the right level for the Board. It was noted that they were work in progress and the COO would be presenting further updates at future meetings. Overall it was felt that there was too much detail in certain areas, which could be summarised for the Board.
- 6.5 It was noted that the property group and the environmental officer were working together to ensure that future buildings on the site met enhanced environmental targets / specifications.
- 6.6 The Board noted the report.

7 CFO Dashboard

- 7.1 The CFO presented her report. It was the first of what she anticipated would become a regular update on the progress in the various diverse work areas in the Support Division.
- 7.2 The Board noted that of the areas covered, property was shown as red. The CFO explained that this was because of the significant amount of work coming up over the next few years. Further recruitment into the team was planned to help alleviate this.
- 7.3 The Board thanked the CFO for her report and agreed that it was a useful summary that should continue.

8 Financial Update Period 6

- 8.1 The report had a new format of reporting, which is now consistent across all programme areas. It was work in progress and more graphical summaries would be presented in future reports.
- 8.2 It was noted that the report income formats presented included capital. This was being monitored closely.
- 8.3 Cashflow was presented as a separate table as requested by the Board.
- 8.4 An annex to the finance paper, which updated the Board on issues surrounding the captive insurance company AEA Insurance Limited, was presented.
- 8.5 UKAEA were in discussion with BEIS about the level of nuclear damage insurance cover that BEIS were being asked to cover, and how this could be covered.
- 8.6 The Board noted the report and annex.

9 Risk Update

- 9.1 Top risks had already been covered in earlier items. Key risks remained linked to resourcing, Brexit, JET and MAST operations (all score 100).
- 9.2 UKAEA was reviewing the scoring mechanism used to score risks to provide improved separation and understanding. There was also a plan to incorporate financial impact into the risk register.
- 9.3 Members noted that reports internally at BEIS on UKAEA Risk are made every quarter. He has raised the staffing risk at the BEIS Board. He confirmed that BEIS were aware that mitigation of

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certain risks was outside of UKAEA control.

9.4 Members noted a desire to see the risk of fraud related to procurement have a higher profile.

9.5 The Board noted the report.

10 Corporate Plan

10.1 A new approach for the 2020 plan was proposed, and it would be submitted to the Board on a much earlier timescale. The Board noted that 2020 would be a significant year for UKAEA, with substantial new funding available, and a good forward plan was essential.

10.2 Members noted that COP 26 (26th session of the Conference of the Parties to the UNFCCC, UN Framework Convention on Climate Change) is taking place in Glasgow in November 2020. This is an important event that BEIS and partner organisations were heavily involved in. He suggested that UKAEA should review how it could prioritise its strategy to more closely align with the environmental agenda.

10.3 The Board suggested that the March meeting be extended to two days to include an additional strategy day to discuss this issue, and the Corporate Plan in particular.

11 Cyber Security Presentation

11.1 The presentation gave an overview of the recent improvements to IT at UKAEA, plans for future developments, and an update on cyber security.

11.2 Significant improvements in both scientific and office software have been made, but there were still large areas for further improvement. Bids were included in the Foundations for Fusion case discussed earlier in the meeting.

11.3 The Board queried whether facilities for virtual working might be a better investment than new buildings, but it was confirmed that buildings are still required to attract the high calibre software engineers UKAEA requires.

11.4 UKAEA have a plan to work towards ISO 27001 accreditation via '10 Steps to Cyber Security'. The Board discussed whether achieving full accreditation was good value for money given that we could achieve most parts without accreditation, and that once accredited the ongoing audit costs could be onerous.

11.5 Following discussion, it was agreed that the overall strategy that had been proposed should be followed, however, UKAEA will review the scope of work required to achieve ISO 27001, and provide regular updates to the Board on progress.

11.6 The Board noted the report.

12 Sub-Committee meetings

12.1 Highlights from the Board Audit Committee (BAC) meeting were provided, which had met the previous day. This included:

- The Committee had carried out a self-performance review. This had shown a slight decrease in scoring compared to previous reviews. A further review would be carried out next year.
- The ASC were pleased to note the improved rate of closing non-conformance reports.
- They noted that the UKAEA Integrated Delivery Process contained projects that accounted for around 80% of project spend, but only 25% of projects are actively progressing through the gates.

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- They noted the increased risk posed by the high level of traffic entering and leaving the Culham site at peak times.

12.2 Members noted consideration of the need to have separate Assurance and Audit sub committees, as some Boards joined the two. The view was that both committees should remain at present but may be joined in future if membership or organisational activities make it avourable, which the Board supported.

12.3 Highlights from the Remuneration Committee meeting were provided, which had met earlier that day. This included:

- Agreeing interim objectives for senior staff,
- Noting the continued issues around recruitment.

13 Any Other Business

13.1 There was an Audit Committee following the Board meeting, and the next Board meeting was on 23rd January 2020.

Secretary Andrew Bickley

Chair David Gann