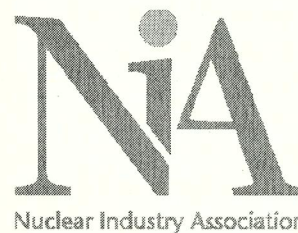


Annex 5 - Agenda for NIA Programme Management Board – 1st Nov 2012



**Programme Management Board
At 11.30 at Nuclear Industry Association, Carlton House,
22a St James's Square, London, SW1Y 4JH
on Tuesday 1st November 2011**

AGENDA

1. Chairman's welcome and introductions
2. Comments by Charles Hendry
3. Round-table discussion
 - a. Potential scope
 - b. Potential activities
 - c. Composition of Board
4. Next steps

Minutes of NIA Programme Management Board – 1st Nov 2011

Minutes of the first meeting of the Programme Management Board, 1st November 2011 held at NIA offices, 22a St James's Square, London SW1.

Present:

Lord Hutton of Furness (**Chairman**)
Charles Hendry MP

NIA
Minister for Energy, DECC

NAME REDACTED	EdF Energy
NAME REDACTED	Horizon Nuclear Power
NAME REDACTED	NuGeneration Ltd
NAME REDACTED	NuGeneration Ltd
NAME REDACTED	AREVA
NAME REDACTED	Westinghouse
NAME REDACTED	Nuclear Decommissioning Authority
NAME REDACTED	ONR
Hergen Haye	DECC, OND
Tim Stone	DECC, OND
NAME REDACTED	BIS
NAME REDACTED(Secretary)	NIA

Observers:

NAME REDACTED	OND
NAME REDACTED	NIA
NAME REDACTED	NIA

Introduction

The Chairman said that nuclear new build presents the largest and most important set of challenges the industry faces. The last time anything broadly comparable was attempted was in the 1960/70's, but that was in a very different environment with a nationalised utility and central direction. To succeed now it is imperative that we establish confidence in the market to incentivise private sector investment.

The successful delivery of Hinkley Point is fundamentally important. This will be achieved by Government and industry making decisions on common ground to support the delivery of that project, and giving confidence to the marketplace for future projects.

The purpose of this group is to explore if there is a meeting point for those common interests, and if there is, how we progress from there. It is not necessary to attempt to define programme management or to be prescriptive about the way forward. NIA can facilitate the process and provide the secretariat, but the direction and decisions are for the Board members to dictate.

Government position

The Minister emphasised that this was the most challenging infrastructure programme the UK is embarked upon, dwarfing any other major projects being planned.

The Government's main objectives are getting Hinkley off the ground, and from there seeing a multiple reactor programme delivered. The priorities are to give confidence to the supply chain to begin preparing themselves now to ensure there is no time lag in terms of delivery, but also to understand the constraints on the supply chain in terms of skills and capability, and be able to propose specific actions and deliverables to remedy them. Issues must be identified now in order to ensure the progress is not slowed down once building begins.

Re-building the skill-set of the UK workforce is a constraint and up-front planning is essential. This group must identify the pinch points, and plan how to deal with them in practical terms.

Energy demand will increase and the demand for new nuclear may increase beyond the currently proposed 16GW programme, and that will require the continued confidence of energy company shareholders in the UK as a good place to invest.

Discussion

In discussion there was broad agreement that new build can provide significant opportunities for the UK supply chain as well as long-term employment and sustainable careers. There are strengths in the UK supply chain, for example in consultancy and engineering support services. The GDA has been a positive step forward, and there are lessons that can be learned from other projects to assist in delivering new nuclear build.

However, there had been a decline of capability in the UK and the UK nuclear industry had lost its international edge. The main constraints and pinch-points to be addressed, and on which a broad consensus is required across all parties of the need for change and improvement, are:

- Qualification of equipment sourced in an international market to meet UK standards
- On-site construction and supervision
- Productivity in construction
- Quality standards and motivation in the supply chain
- Workforce skills and the complicated and confused provision of training
- Industrial relations.

Consideration of those constraints on the UK had to take into account that between one and three new builds could be taking place simultaneously in around 2020. Tackling these issues could provide benefits across the programme and assist individual projects, while allowing developers to manage their projects without interference in a competitive market.

The regulator wanted to see the industry adopt a co-ordinated approach to tackling the bottlenecks caused by shortcomings in quality, and look in detail at the resource demands across the whole nuclear sector taking account of those in the existing generation, NDA and MOD estates. For its part, the regulator said that site licensing would be integrated with other regulatory activities but would have dedicated resources and not be seen simply as business as usual.

DECC agreed to explore scenario planning to gather evidence to assess workforce and capacity requirements. This would be coordinated with the work of Cogent to develop an updated model of skills requirements, and will allow for scenarios to be explored to identify potential problems.

The Minister said that the government was keen to listen to the industry if there were any issues where government action was required; for example to engage with the Home Office on removing barriers to overseas workers where specific skills were required..

He suggested that this Board talk to the Olympic Delivery Authority about their experience especially of dealing with the logistics and impact on local communities of a large workforce engaged on a long-term major infrastructure project.

Composition of Board and engaging others

The Board agreed on the desirability and need to engage the Trades Unions (while recognising that industrial relations are outside the scope of this Board), the construction and contracting communities, and the skills bodies in taking this initiative forward. However, their representation and engagement could be at a working group level, rather than as full Board members, and it would be important to ensure that whoever represented those interests had the backing of their constituents and could speak and act authoritatively on their behalf. It is important to keep the board at a manageable size in order to ensure we move forward with the project.

Summary and conclusions

The Chairman said there appeared to be enough common ground to take something forward whilst respecting commercial confidences and companies' own relationships with the unions and other interests. The areas of common ground were actions to

- Identify bottle necks
- Address the challenges of equipment qualification
- Reach suitable quality standards and capability in the supply chain
- Ensure quality in on-site construction and supervision
- Improve workforce skills

The Board might also contribute to promoting the contribution of nuclear to job creation and economic growth, and to the development of a national nuclear infrastructure.

Next steps

NIA would prepare proposals on possible ways forward based on the discussions at this meeting for consideration by the Board.

Action NIA

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November 2011