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**Minutes of the 3rd UKAEA Board meeting in 2021**

**25th May 2021**

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| **Location:** | Remote – via zoom | |  |  |
| **Members** | |  |  |  | | --- | --- | --- | | David Gann (Chair)  Ian Chapman (CEO)  Antonia Jenkinson (CFO)  Chris Theobald  Sue Scane  Shrin Honap | Stephen Barter  Luc Bardin  Mark Bayley  Eithne Birt  Adrian Smith (after 1pm) |  | | | | |
| **Attendees** | | Lyanne Maclean (COO)  Tim Bestwick (CTO)  Adam Baker (BEIS)  Kay Church  Nick Walkden (Sec)  Alli Brown (item 6,7) | | |
| **Apologies** | Adrian Smith (before 1pm) | | | |

**MINUTES**

# Chair’s opening remarks

## The Chair invited declarations of interest. Mark Bayley declared an interest as Chair of the Network Rail property board.

## The Chair overviewed the latest status of the renewals process for two new positions.

# minutes and actions review

## The Board reviewed and approved the minutes, contingent on a few minor amendments.

## The Board reviewed the status of current actions, noting all actions as either closed, or not due at the meeting.

## The action UKAEA(21)2/2 was discussed by the Board.  In view of its accountability for health and safety compliance, the Board requested a briefing on the key features of the UKAEA’s safety management system and the arrangements for assurance that it is working effectively.  The Board requested a proposal for new terms of reference for the ARAC to expand its remit to conduct assurance on the UKAEA’s safety management on behalf of the Board.  The Board would consider these ToRs for approval in the light of the briefing.  Action UKAEA(21)2/2 was modified.

# Executive board report

## The CEO highlighted several aspects of the report to the Board. The Board were invited to provide a view on the questions needed to frame a discussion on the future of UKAEA after JET transitions to decommissioning. Members provided questions and topics relevant to the discussion, and the Board discussed future reviews of the planning. The Board agreed that a straw-person approach with optionality will be presented in July, with fuller plans presented in November – **Action UKAEA(21)3/1, UKAEA(21)3/2**

## The process for determining JET decommissioning plans was overviewed to the Board, noting that a business case will be required. The timescale for the preparation of the business case was discussed, and the relation to the JET repurposing programme was outlined.

## The Board discussed the latest status of Cabinet Office controls, noting that this is not considered impactful at present, but has the potential to become impactful as more controls are extended to partner organisations.

## The Board discussed several aspects of the report, including the status of Euratom association and its impact on programme, recent successes on MAST-U and upcoming communications on the subject, and technical snagging in JET systems with the potential risk of impact on high-power operations. The Board noted that the latter issue, arising due to the age of JET systems, may drive a need to descope experimental campaigns in the year, and that this will require discussion with the Commission and potentially operating contract amendment.

## The CFO overviewed activities in property and legal. The Board were briefed on challenges to planning applications, noting that legal challenges to the Local Plan are ongoing, and congratulating on the outcome of the Fusion Foundations OGC review. A legal issue around a challenge on enforcement of restrictive covenant on a property owned by UKAEA was noted by the Board. An update was provided on an ongoing issue raised last year regarding 2 ASWs and the resulting Internal Audit launched.

## The COO briefed the Board on current safety performance and health and safety. The Board noted that the accident frequency ratio is beginning to rise in line with increased numbers returning to site and the need to reinforce site safety rules as people return was discussed. Planning scenarios related to the lifting of COVID restrictions were overviewed to the Board, and the Board endorsed the principles of the COVID roadmap.

## The Board discussed the status of ongoing pay cases with BEIS, and the outlook for longer term solutions. The Deparmental guidance on bonus payments was discussed, which will be followed up by BEIS, and the Board advised that performance and bonus payment be considered as usual by the People and Remuneration Committee in July.

## The principles for Hybird Working in the organisation were highlighted, and the Board discussed potential preferences within the workforce for hybrid working. The progress of Hybrid working will be discussed at a future Board and/or People and Remuneration Committee. Non-executive members of the Board were asked to share lessons from other organisations – **Action UKAEA(21)3/3**

## The Board discussed priorities of the Authority when considering industry and business development opportunities. The Board requested additional focus in on bids underway or in development, where input from the Board would be useful, and the hit rate in proposal bids to be provided in future Board reports.

## The Board were briefed on a number of upcoming events likely to receive media attention. The Board requested additional reporting on upcoming comms activites, including a summary of a comms grid – **Action UKAEA(21)3/4**.

# EPSRC grant proposal presentation

## The CEO provided an overview of the review process for the upcoming EPSRC programme grant renewal, and presented the context and content of the programme grant proposal as submitted to EPSRC. The Board reflected on the content of the presentation, and suggested discussed several areas as potential themes of a review panel, with further comments to be provided out of committee.

# hmg sponsorship and governance arrangements

## A brief update on modified arrangements for advice, scrutiny, and governance from and of BEIS of the fusion programme and UKAEA was provided to the Board. The role of the Board and Accounting Officer were confirmed as having not been impacted by this change. The Board recommended that the roles and responsibilities of the new structure are well elaborated and understood to members.

# finance update

## The Finance Director updated the Board with highlights from the finance report, including the final position from FY20, and the status of annual reporting. The Board were updated on points discussed at the ARAC, noting growth in the balance sheet, and the ongoing issues around the tenant bankruptcy which are being managed. The Board discussed reporting against multi-year programme budgets, which will be included from July – **Action UKAEA(21)3/5**

## The Board discussed resourcing within the finance function as an area of focus, noting that pressure on the team is primarily driven by increasing complexity over increasing growth, with recruitment underway for a number of roles in the team.

## The Board were briefed on the re-valuation of property assets, which will represent an item of note in the annual report.

# spending review update

## The Board were briefed on the current planning for the Government spending review for 2021, noting a planning assumption of a three year spending round. The Board noted that the JET transition to decommissioning will arise within the assumed spending review timescale. Key lines planned for the spending review were overviewed to the Board, including JET decommissing and associated campus regeneration, growth in digital, new items in the Fusion Foundations Programme, and strategy development. The planned activities within the new digital line, and its relation to FFP, were discussed.

## The Board advised that the spending review is expected to be tight, so prioritisation will be key, particularly for new activities and that the theme of ‘science superpower’ should be kept to the fore.

## The Board endorsed the current plans for the spending review

# fusion industry programme

## An overview of the fusion industry programme, and its relation to the one-year pilot project ongoing this year, was provided to the Board. The timeline for the development and submission of the business case was outlined, and the rationale for the programme was discussed. The protection of IP and capture of benefit in the UK was discussed as important aspects of the programme, and the position of the programme to grow capability within UK industry was highlighted.

## Members discussed the marketing and stakeholder engagement needed to ensure the success of the programme, and the plans for the programme, and such activities in the first year pilot project were overviewed.

## The Board discussed the equity scheme within the programme, noting its design as a seed or pre-seed funding source in line with sector needs. The potential to use this to develop vehicles for longer-term follow-on investment in fusion technology companies or companies spun out from the fusion programme was discussed.

## The impact of Cabinet Office controls on comms recruitment for the programme and engagement in comms campaigns was highlighted, noting that challenges in marketing will be a likely result.

## The Board endorsed the strategic approach of the programme, and the business case submission to BEIS PIC.

# sub-committee updates

## The chair of the ARAC provided a verbal report to the Board:

* The committee were assured on current progress of the annual accounts
* Nothing of concern was noted in the interim audit, and the valuation audit will be supported when needed
* The Commission audit and response is in its final stages
* Discussions are ongoing with administrators regarding the bankrupt tenant
* Notes will be added to the annual accounts from the audit report around the ability to align purchase orders with invoices, and progress with the processes in place around the asset register.
* Excellent progress around cyber security was noted.
* The continuing issue of the payroll interface was noted, with compensating controls in place and working.
* Management responses to management and financial audits were noted to have slowed and a report has been requested
* The committee are forecasting an overall moderate assurance in the accounts, with two limited audits

## The purchase order alignment issue was discussed, noting issues both in systems and in resource to meet compensating control measures. A response in detail to this and other audit concerns is being prepared.

## The Board discussed the European Commission audit.

## No meeting held prior to the Board for the People and Remuneration committee. The focus of committee members out of committee has been on the appointment of a new Director of People, who will secretary the committee. The next meeting will focus on performance assessment, with a first discussion of the inclusion and EDI agenda and the people strategy.

## An update on a regular and exceptional Property and Campus sub-committee was provided by the PSC Chair:

* The details of the General Fusion agreement were discussed in detail by the committee, and an item is present on this agenda to cover at Board level
* Harwell and Culham sites have been re-valued with an increase in asset value
* Lessons learnt from ITER for STEP on siting were reviewed by the committee
* Planning for site entrance reconfiguration is to be submitted in the summer

# approval for the general fusion agreement

## An overview of the agreement between UKAEA and General Fusion was provided to the Board, including an overview of General Fusion as a company, and the strategic rationale for the agreement.

## The details of the agreement were discussed, including the contribution shares to the agreement, and the design of the building to ensure it becomes re-marketable at a later date.

## The Board noted that the PSC have reviewed the legal and rental arrangements. The Board were asked to approve the agreement on the basis that it is novel activity, contingent on final review by the PSC.

## The Chair of the PSC overviewed key details to the Board, including responsibilities for building development, lease terms, and cost sharing. The Board were briefed on the key risks of the project. The Board noted that the time to re-marketability of the building has been a key consideration in the building design to inform the liability held should the tenancy end early.

## The Board discussed the strategic implications of the agreement for the future of the UKAEA, noting the agreement as a landmark in progressing UKAEA’s strategy to grow a fusion cluster. The Comms of the deal, particularly focussing on the strengthening of UK science in the world, were discussed.

## Members discussed opportunities to link the announcement of the agreement with the Fusion Industry Programme, and the Board discussed potential messaging in this regard. Members noted that the timescales to build the facility are uncertain, dependent a fundraising round currently in progress.

## The Board approved the agreement with General Fusion, subject to final review of the details by the PSC before the commitment is made.

# any other business

## An item was raised by the CFO updating the Board on discussions on the entrance land transfer. The Board noted continued discussions on land transfer, endorsing delegation of review to the PSC to make a recommendation to the Board for approval.

## An item was raised on threat analysis and cyber security, and planning for attack such as ransomware attack, with a request to bring a paper to a future meeting discussing planning in more detail – **Action UKAEA(21)3/6**