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**Minutes of the 4th UKAEA Board meeting in 2021**

**21st July 2021**

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| **Location:** | Hybrid – UKAEA HOW Room | |  |  |
| **Members** | |  |  |  | | --- | --- | --- | | David Gann (Chair)  Ian Chapman (CEO)  Antonia Jenkinson (CFO)  Shrin Honap | Stephen Barter  Luc Bardin  Mark Bayley  Eithne Birt  Adrian Smith |  | | | | |
| **Attendees** | | Lyanne Maclean (COO)  Adam Baker (BEIS)  Kay Church  Nick Walkden (Sec)  Philip Sharman (item 4)  Alli Brown (item 5, 6,7)  Steve Wheeler (item 8) | | |
| **Apologies** | Tim Bestwick | | | |

**MINUTES**

# Chair’s opening remarks

## The Chair opened the meeting by noting that this was the first hybrid meeting for the UKAEA Board. Board members were encouraged to feedback on the format.

## The Chair called for Declarations of interest. No declarations of interest were raised

## The Chair outlined the status of recruitment for new Non-Executive Directors on the Board, including the timeline for recruitment, and the Board noted that these are ministerial appointments.

## The Chair updated the Board on the term of office of Kay Church on the Open Board Scheme, which has come to an end. The Chair and the Board agreed to extend Kay’s term as an attendee to the Board until November or January to allow for attendance at Board meetings in person. The Board noted the positive impact and value provided by Kay’s time attending the UKAEA Board to date.

## The Chair noted that appraisals between Chair and Non-Executive Directors will be conducted between now and the next Board meeting.

## The Chair highlighted a recent hosting of the UKAEA robotics team at the Goodwood Festival of Speed, and the reception that the team drew as an excellent opportunity for public engagement.

# minutes and actions review

## The Board reviewed the minutes and actions from the last Board meeting. A few minor amendments were requested. Amendment to minute 2.3, and corresponding action UKAEA(21)2/2, was requested and agreed by the Board.

## The Board reviewed the status live actions as follows:

* UKAEA(21)3/1 – Action included in Board agenda, and closed
* UKAEA(21)3/4 – Action included in Executive Board report, and closed
* UKAEA(21)3/3 – The Board resolved to continue to provide input into the Executive as other organisations move to Hybrid working on an ongoing basis, and the action was closed
* UKAEA(21)3/5 – The Board agreed to leave this action open, with a view to being completed by correspondence prior to the next Board meeting
* All other actions were noted as not being due at this meeting.

# Executive board report

## The CEO, CFO, CTO, and COO updated the Board on areas of significance from the report.

## The Board were updated on the recent EPSRC grant review panel meetings, and reviewed the next steps towards a decision on the grant proposal. The Board noted that no formal feedback had been received from EPSRC at the time of the meeting, and encouraged the CEO to maintain pressure where possible to receive timely feedback. The Board discussed possible actions to support and advise on the process, and noted that landscape of funding pressures in research councils at present.

## The Board discussed current Ministerial interest in fusion, with BEIS to report back to the Board as the landscape evolves.

## The Board discussed current international issues and activities, including recent ITER discussions around a future operating model and its implication for UKAEA involvement, and plans within the IAEA to hold a feasibility study related to fusion regulation.

## The Board noted the awarding of the Royal Academy of Engineering Major Engineering award to the MAST Upgrade team, and congratulate the team on the excellent and deserved recognition.

## The Board discussed the Risk report and appetite statement, noting that the ARAC had reviewed the full risk report with a highlight extract of the report provided to the Board. The Board discussed the risk of maintaining coherence in an increasingly complex portfolio, and noted that this is in the corporate risk register but not considered a top risk at present. One safety risk not included in the top 10 was highlighted to the Board relating to building and refurbishment contractors on site, which is being tracked as a risk to ensure safety measures are being taken appropriately. The Board approved the Risk Appetite statement, and discussed the potential need to adapt the finance risk appetite statement at some point in the future as more funding models become necessary.

## The Board were updated on property matters, including the residential plan for Harwell campus, which will be reviewed by the PSC in a special meeting, and bought back to the Board after a detailed review. The Culham masterplan has been updated and will be distributed to the Board and PSC, representing a thirty-year view of the campus. The Board noted the scale of refurbishment ongoing and completed in the last 18 months.

## The Board were updated on the status of the General Fusion rental agreement, noting that all parties were aware that this was not finalised at the point of signing the full agreement, and that the agreement will be reviewed in detail by the PSC before returning to the Board.

## The Board noted the awarding of the ROSPA Presidents Award to UKAEA, awarded after ten consecutive years of the Gold award, as an example of consistently outstanding safety practices.

## The Board were updated on the results of the recent AFNOR inspection, which had been reporting to ARAC with more detail to follow, and noted the generally positive result that highlighted the performance of the safety management system.

## The Board held a wide-ranging discussion on ongoing planning relating to COVID-19 and the easing of Government restrictions, including protections for teams and operations, and the welfare and morale of staff. The Board were supportive of UKAEA’s approach, under strong COO leadership. The Board endorsed the transition to phase 4 of UAKEA’s COVID response and agreed the stand-down of the crisis management team, with reporting to continue an ongoing basis rather than under explicit management.

## The Board discussed the status and current timescales of the contracts for the ITER hot cell facility.

## The Board discussed UKAEA’s role in thought leadership, and how to maintain this position as STEP continues and the organisations profile grows.

## The Board were updated on the cross-government fusion sponsorship group, and noted that this group will not replace any governance function, and will focus on cross-government coordination and though leadership in fusion.

# Report from the programme advisory committee

## The Board welcomed the Chair of the PAC, and the membership of the PAC was overviewed. The overarching comments of the PAC report were outlined to the Board including the programmatic successes delivered in the year despite the COVID-19 pandemic, and the findings of the committee in response the review charges, particularly focussing on strategic coherence, resourcing, and diversification

## The recommendations of the PAC were reviewed by the Board, and the Board discussed in detail recommendations related to Advanced Computing, noting alignment with Board discussions on the subject, and that actions had already been taken within the Spending Review against this recommendation.

## The Board discussed the opinion of PAC on the pace of activity within the organisation, recognising a need to hold the pace of activity in tension with the staffing to deliver and noting ongoing challenges around recruitment and retention in this regard.

## The Board reflected on the immense value of the PAC and resolved to engage in more detail, by inviting the PAC chair to the next Board strategy day. In addition, the Board noted the wealth of material available from PAC presentations, and requested that this be made available to the Board – **Action UKAEA(21)4/1**

# finance update

## A verbal item was presented to the Board to update on the latest financial position and issues, including the year-end outturn with changes versus the April update described, the laying of the UKAEA Annual Report and Accounts, the property revaluation, the latest on the status of tenants, and the latest status of completed and ongoing audits. The status of recruitment in the organisation, with the Board discussing the potential for acceleration, and noting actions taken in this regard. The Board reflected on the success of the growth undertaken in the organisation despite recruitment challenges.

## The financial status at the end of P3 was discussed with the Board noting performance behind the forecast rate of spend for quarter 1, which has been communicated to BEIS and will be addressed within the spending review.

# update from the arac

## The ARAC Chair provided an update to the Board of the most recent ARAC meeting with the following highlights:

### The current increase in audit fees was discussed by the ARAC, and plans in the event of future increases in audit fees were outlined.

### The rating of the internal audit was reviewed and noted as being of moderate certification. The internal audit team will outline areas of focus for the coming year to focus on achieving substantial certification. Work ongoing to cohere risk management and the internal audit programme, including fraud checks, was discussed

### The committee reviewed the findings of internal audit reports on unapproved work and contractual terms with ASWs. The Board were assured that actions being taken in response by the Executive.

### A first presentation on safety management system was provided as part of the ongoing integration of the safety management system overview into ARAC

## The Board noted the formal approval of UKAEA’s Annual Report and Accounts for 2020/21 was conducted through written procedure under recommendation from the ARAC before approval by the Board.

## The Board reflected on the multiplicity and complexity of the accounting and audit task for UKAEA, noting the relative complexity of the ARAC at UKAEA reflecting the complexity of the organisation. The Board recognised the exceptional management of the committee by the ARAC Chair, and issued their thanks to teams involved in the preparation of the Annual Report and Accounts.

# spending review update

## The Board were presented with the status of planning for the upcoming spending review, and discussed the process of finalisation over the next months towards submission. The Board reflected on the strategic importance of STEP, the Fusion Industry Programme, and Fusion Foundations, all underpinned by facility operations. The review process for the spending review proposal was discussed, noting that the submission will be judged as a single programme against the wider BEIS directorate portfolio. The Board agreed that the submission represents the Board’s view of UKAEA’s strategy and has been formulated with integrity.

## The Board discussed the phasing of the decommissioning spend, with potential to slow the line highlighted but needing to maintain a floor to avoid skills atrophy.

## The Board discussed priorities within the submission, and agreed that maintaining the existing portfolio represents top priority. The Board discussed the content of the digital line, noting the importance of the leverage of the bid. The Board advised the Executive to consider the practicability of stopping different aspects of the programme if challenged to do so.

# update on h3at and fusion technology

## The director of H3AT and Fusion Technology provided a verbal overview of the H3AT and Fusion Technology business units to the Board, including the range of activities undertaken in both business units, the growth plans in headcount and the funding of the business units. The update highlighted ITER’s involvement in the H3AT technical design was highlighted and the H3AT delivery timeline. The status and plans for the Rotherham facility were overviewed, including challenges, opportunities, and resourcing for future years. The Board discussed the IP developed for and on CHIMERA and within Fusion Technology.

## The Board discussed the breadth and potential for spinout from the Technology programme. The Board noted that the functional reporting structure is not technical delivery structure with lots of cross-fertilisation from different disciplines to deliver. Growth paths within the business unit were discussed.

## The Board discussed the rationale for the choice of technical disciplines in the UAKEA business units, and noted that choices are made to focus on areas where deep integration is needed and cannot be delivered elsewhere. The roll of business units in supporting the supply chain was discussed, both within fusion and in adjacent areas. The Board discussed the preferred operating model in different areas and business units, and how different areas contribute to longer term objectives.

## The Board requested a future Board meeting in Rotherham – **Action UKAEA(21)4/2**

# update on planning for JET transition to DECOMMISSIONING

## The Board were provided with an overview of the straw person planning to date for JET’s transition to decommissioning, and noted that approval to recruit a director for decommissioning was underway within BEIS. The Board discussed the timeline for decommissioning, and commented that late beginning of decommissioning risks atrophy of skills, but is a possible option, though the overarching aim is to capitalise on opportunity to repurpose and exploit an R&D-led decommissioning programme. The Board highlighted a need a clearly set out options appraisal, and noted that this will be delivered as the business case for the programme is developed. The Board commented that decommissioning represents a major opportunity to capture knowhow pertinent to ITER and STEP.

## Board discussed skill sets needed for decommissioning, noting a significant portion expected to segue from JET in technical areas. The Board noted that more detailed planning would be provided once the outcome from the spending review is known.

# sub-committee updates

## The Chair of the Property Sub-Committee provided an update to the Board:

### A special meeting had been held to review the detail of the General Fusion agreement. A final clause in the agreement needs approval and will come back to committee when finalised for final review and approval

### The committee expressed general excitement about future Culham masterplan, noting it as a rich opportunity for the organisation and nation

### The Executive thanked the committee for its agility and responsiveness in recent months where the rate of activity has been high

## The Chair of the People and Remuneration Committee provided an update to the Board:

### The Committee had largely focussed on the performance assessment against current objectives of the CEO and the Executive Team, and the committee reflected on the Boards fortune to have a highly performing senior leadership team

### The committee agreed the senior leadership bonus with a view to paying in August.

### The committee continued to consider its expanded function to the Board as an ongoing commitment

# any other business

## An item was raised by a Board member, and shared via email prior to the Board, regarding their concern about the personal accountability and liability of Board members, in particular for safety management and assurance:

### The Board discussed concern and proposed actions in detail. The Executive Members re-asserted a freestanding offer to deep dive on any safety aspect to the Board. The Board noted that the concern had been escalated to DG level in BEIS prior to the Board meeting. The approach and rationale for escalation was discussed and Board member’s views on the escalation were presented.

### The Board re-affirmed its confidence in the safety leadership management of the organisation by the Executive and noted no concern had been raised regarding Executive performance of safety management. The Board noted that a requested amendment to the previous minutes had already been agreed as part of regular proceedings (as outlined in minute 2.1 of this set). The Board also noted that deep experience in major operational assurance is being sought as part of the ongoing NED recruitment, with the job description already agreed and recruitment at shortlist stage. The Board agreed that the issue raised is important, and agreed actions in response:

* The Board will be presented with a briefing on UKAEA’s safety management system at the next Board meeting – **Amendment to Action UKAEA(21)2/2**
* The Board will be invited to an on-site day with the Safety, Health, Environment, and Quality team, and will request future on-site days as needs arise – **Action UKAEA(21)4/3**

### The Board unanimously agreed that, subject to the agreed actions, the issue raised had been resolved as it applied to the management of Health and Safety, and would be reporting this to BEIS. The Board re-affirmed its commitment to act as a collegiate and unitary Board in all endeavours and Members confirmed their understanding of this accountability.

## An item was raised on the refresh of signatories for deeds. The Board reconfirmed that that Chair, CFO, and CEO are authorised to sign deeds as Members of the Board. The Board agreed to change the name of Deb Smith to Paula Barham, and to add Tim Bestwick and Lyanne Maclean as second signatories, as delegates to the Authority Secretary

## The Board were invited to feedback views on the hybrid nature of the meeting to the Board Secretary