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**Minutes of the 4th Board meeting in 2022**

**6th July 2022**

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| **Location:** | UKAEA Rotherham, RACE Board Room |  |  |
| **Members** | |  | | --- | | David Gann (Chair)  Ian Chapman  Stephen Barter  Mark Bayley  Antonia Jenkinson  Richard Hookway  Stephen Hillier  Luc Bardin | | | |
| **Attendees** | Tim Bestwick  Lyanne Maclean  Adam Baker (BEIS)  Lyndsey Mooring (Secretariat) | | |

**Apologies** Eithne Birt

**MINUTES**

# chair’s opening remarks

Prior to the meeting, the Chair had just attended UKAEA’s All Staff talk and commented that it was great to see people back in person. They went on to explain the decisions being asked of committee during the meeting, particularly the approvals sought regarding the Annual Report and Accounts in support of laying the accounts at parliament ahead of summer recess.

Apologies were noted from EB, and it was commented that absence across teams is still occurring owing to COVID.

## No interests were declared; no apologies given.

AJ clarified that they have left an appointment and will update their conflict-of-interest declaration accordingly. Chair provided a progress update on new Board member recruitment; the list for interview has gone up to the Minister and it was highlighted that timing of interviews will be in the context of other Ministerial pressures in the current climate. The short list of 10-12 for interviews were being taken forward from the ~70 long list. Those involved were content with the list as it had range of diversity, with appropriate talent and capability to join the board.

# Minutes and actions

**UKAEA(22)4/1 Redaction guidelines to be shared by AJ to LFM**

* 5.4 - wording clarified as co-ownership with supplier
* 7.5 – sentence structure corrected
* 10.1 – word correction “Advisory”, not “Assurance”

**Actions reviewed as:**

* **UKAEA(21)6/2 -** still open, bring to next board Sept, as ad hoc ExCo is scheduled for this Friday
* **UKAEA(22)1/3 –** originated in Jan Board meeting, intention is to understand technical problems to be overcome, particularly to deliver STEP.First draft of roadmaps has just been presented to STEP programme board, they are work in progress to be included in the Outline Business Case submission, as such this will be covered at November Board meeting by those roadmaps. Action closed, superseded by new roadmap action (UKAEA(22)4/2)
* **UKAEA(22)4/2** – New action captured, general fusion roadmap, target November Board
* **UKAEA(22)3/1 -** delayed, requested for September Board

Confirmed committee would like a dinner the evening ahead of September Board for informal strategy discussion – evening of 20th September.

Agenda point agreed for today’s meeting– carry on with tour with 2 members remote.

# executive board report

## The Board were updated on and discussed Key Strategic items:

* + Euratom – UKAEA is working hard with BEIS Fusion Policy team on Alternatives, now have in place PIC slots and are seeking Treasury approval for ITER negotiation.
  + UKAEA has been advised by ITER that any collaboration agreement would have to target the council meeting in May 2023, so a collaboration could likely begin second half of 2023.
  + UKAEA sought clarity from BEIS representative regarding spend profile flexibility or should UKAEA aim for a flat line spend. It was noted that funding reprofile is main discussion BEIS and Treasury at present, this includes Horizon as well, and it was confirmed that the BEIS position is clear that there is a need to reprofile so can deliver. Options on how to manage this in the Business Case was considered and concluded that one reprofiled option should be included in the case.
  + UKAEA has received a further letter from the Director General, BEIS, it underwrites 1 month of JET operations, up to 31st July 2022. This letter goes further than the previous letter in some senses by putting in writing their expectation to Dec 2023.

## Discussions moved on to wider political and external landscape updates. It was clarified that there is UKAEA representation working on the UK government’s fusion energy regulation. Interest is being seen for overseas fusion to move to the UK to build future machines as there is trust in our regulation framework. A BEIS project, Regulation Nation, was commented on.

## A discussion focused on the US collaboration opportunities that are progressing, with Board noting thoughts on what capabilities might they offer and which of ours would be of interest. Tradable. Advanced Digital tools was a highlight, with discussion considering that the task of creating tools for digital design based on simulation is in common and aligns with design challenges. As such it was noted that resources needed would be those that interface with fusion, so inevitability of forming large collaborations with wider digital world. A Venn Diagram capturing that landscape would be useful.

## Next committee considered the business and programme updates, focusing initially on inflationary impact and how that could be treated at project level, or across whole piece. The Executives confirmed under Fusion Foundations Programme UKAEA are looking across whole overarching view, monitoring to understand the option and impact of if one project is scarified based on clear prioritisation. Board was reassured UKAEA is looking so broadly, they considered if this carries on for 2-3 years then perhaps Board also need to consider. A general discussion on inflation continued, resulting in Board requesting that UKAEA brings back inflation as a topic as BAU as this situation evolves.

## The impact to strategy was discussed, considering if it was at greater risk; UKAEA aggregate that risk across the group, managing inflation as an overspend in the group, equivalently as a group it faces a project by project underspend. Impact over longer term horizon could face a riskier position, and as such is included in the top Corporate Risks, captured in Finance Paper update at every Board update. This portfolio effect in longer term is to be revisited in the September Board conversation.

## The Board was interested in the increasing collaborations with private fusion and thought a brochure or messaging guide would be good for Board to have access to.

## The Chair highlighted the importance of a vibrant Fusion Cluster, explaining how this is now reaching critical mass. UKAEA CTO covered how the community aspect has been well received by those involved. Next step is to be a useful link for government.

## In response to attending the All Staff talk, Chair commented on the progress being made around, as evidence by the Innovation award. Board agreed the IP focus and patent table now being captured in the Board report was valuable.

## The CFO outlined the progress made at a recent meeting with landowners of the parcel next to Culham site. UKAEA has requested the landowner return with prices that align with different routes forward: immediate purchase, out to tender and via a Joint Venture. Board, and PSC chair in particular, noted the opportunity here and understanding the impact it may have on future strategy if this isn’t pursued.

## Owing to lots of traction in the market a CCDP2 is being kicked off. This would be for fusion companies coming on-line in 25/26; this will be brought to PSC for full consideration.

## Oxfordshire County Council approved next stage of HIFF funding, till March 2026. FFP is completing March 2025, so UKAEA is monitoring progress regarding Culham site entrance road configuration timing as it might fall outside 5 year programme.

## Regarding Legal and Commercial activities, good work has been done on subsidiary plans with BEIS and other government entities.

UKAEA is still awaiting the MoD letter to cover discreet defence work packages, BEIS representative confirmed letters are being drafted now.

UKAEA Pensions accounts will go to parliament in September with BEIS accounts

## The discussion moved on to Operational matters, noting that Head of Safety gave a full brief to ARAC on Friday 1st July. UKAEA will be implementing car parking permits; cyber is a top risk and receiving weekly meetings from Whitehall; there was a breach at a sister lab (IPP) so UKAEA have cut all cyber ties.

**In response to the discussion on cyber threat, Board decided to only utilise Board Intelligence platform to share board paper. UKAEA(22)4/D1**

**UKAEA will progress the implantation of 2 factor authentication for accessing Board Intelligence. UKAEA(22)4/3**

**UKAEA will establish a SharePoint site for board papers that can be accessed via Board member’s UKAEA email addresses. UKAEA(22)4/4**

## Stephen Hillier offered help to establish an Armed forces network.

## The terminology around Safeguarding was clarified to mean covering young workers but also all people, for example adult in crisis; UKAEA is rolling out training and tightening up governance around this.

## Update on Goals: Board approved the updated words of the Goals for use until further changes are made. UKAEA(22)4/D2

# Sub committee updates

## *ARAC* – chair provided update and that the focus had been the Annual Report and Accounts, to be discussed by Board later in this meeting. There have been communications from the National Audit Office regarding Pensions. The sub-committee had completed a risk review of National Fusion Technology Platform and will next be reviewing own performance.

## *PSC* – chair provided an update covering the CCDP deal.

## *RemCo* – sub-committee meets next week to go through performance of Exec Directors to make recommendations.

# MRF Tour

# Early thoughts on future org

## The CEO presented slides to support the discussion:

* Reiterated proposition - UKAEA are very broad and cover full life cycle, we need to change to meet requirements of new customer base, get internal structure right to best serve customer base in ~18 months time
* Overview of customers breakdown and alignment of activities across them (STEP, DEMO and ITER)
* Concluding all are set up in a similar way so thesis is to update UKAEA structure to be similar – enabling functions, corporate services serving operational units, who in turn serve programmes
* Thematically aligned to plant breakdown

## Questions and comments from committee included thoughts on CFS and GF as customers and time horizons stretching to DEMO. CEO confirmed the Exec are looking at enacting next year to future proof beyond JET, i.e. future proof UKAEA to serve private companies.

## The significant impact property development can have was noted, highlighting the same could happen at the STEP site, so should be considered as enabling this strategy. As such could that feature more strongly? It was confirmed that Property, Joint Ventures and partnering as well as site infrastructure are already included in enabling within the proposed new organisational structure.

## Thought was given to the cultural challenge, it was discussed that none encountered, and there is an expectation of a slight shift required because of historical ways of working, but not a significant culture overhaul.

## Regarding operations, the biggest change is JET stopping work. Owing to JET’s significance to date for UKAEA there is a range of smaller organisational items that arose in connection with it. However, in recent times these are only slightly attached to JET, and much already on transitional journey, e.g. Engineering.

There is a spectrum from transformation change to conintual adaption.

The Innovation capability is becoming more visible and IP is a cultural shift. UKAEA is aware this needs to evolve further, as mentioned in All Hands talk this morning.

## The inclusion of an area as a Divisions was considered, with items being focused on Fusion and as such UKAEA receives funding to carry out work within them. Board enquired to the scale of investment that would qualify and area into this aspect of the structure, as well as if this is the right representation overall. Thought will be given to this challenge and consider how this could be used as a signally mechanism to the private sector; how to overlay economic impact and resourcing required. It was noted that UKAEA Exec will digest and reflect on the discussion.

# STEP siting BC

## Board was directed to page 4 within the Business Case (included in Board Pack) as a useful outline of the process. An update was provided on the activity: the STEP siting recommendation has gone to the Science Minister and Secretary of State to endorse our suggestion.

## Next steps are the approval via Project Investment Committee, exercise option on land, then exercise -the timing is dependent on Party Conference season.

## An NDA is in place with EDF to progress early content when announcements go out. Committee enquired that the business case includes decisions around option agreement, UKAEA confirmed EDF has no rights over who gets option agreement.

## There will not be an announce during recess and timing of announcements will be impacted by current wider political situation.

**Board approves options in STEP siting document UKAEA(22)4/D3**

UKAEA confirmed that the STEP Arm’s Length Body business case will come to Board this Autumn.

# Annual Report and Acconts

## The Board had reviewed the working document for content and type set version for design. The Finance Director gave an overview of Annual Report and Accounts (ARA). UKAEA is working with the NAO for the audit to complete within a week. There had been a minor point raised by the NAO owing to sample checking. The method for valuation of properties and the role of experts has been considered and discussed at ARAC. UKAEA might move to a different valuation methodology next year.

**It has been agreed at ARAC that the sub-committee Chair can approve the ARA for CEO to sign on the 13th, Board endorsed the approach. UKAEA(22)4/D4**

## Board enquired if UKAEA has a comfort letter from BEIS – this was confirmed as received on the 5th July.

A more general discussion considered an area of improvement for the ARA next year is waste. It was noted that owing to the STEP siting acquisition announcement there is likely to be an increase in readership of our ARA.

It was highlighted that a charging model to accumulate reserves for future liabilities will be discussed with BEIS Finance.

**Board approves Annual Report and Accounts for laying at Parliament UKAEA(22)4/D5**

# Finance update

## Finance Director gave an overview to end of Period 2. The CFO thanked the finance team for preparing the accounts in difficult circumstances to meet the deadline ahead of summer recess.

## Regarding risks, there is an emerging risk on MAST U cost pressure; finance are awaiting final update to understand which year this pressure will fall in and include it in the Q1 forecast.

## Discussion moved to items covered on page 92 of the report, the enhancement project power will cost more that original forecast, clarity was given around reasons. UKAEA are not requesting additional funding from BEIS, and BEIS confirmed they are happy with the clarification.

## Regarding capital programmes, CHIMERA and FFP, there is currently underspend. UKAEA will enact usual approaches to mitigate and Board will be updated later in the year regarding redeploying funding across projects and programmes. UKAEA is working with construction partners to try and get improved understanding. Updated forecasts will be presented at upcoming Board meetings.

# AOB

## Board commented on the visit to MRF, finding the insight into issues and seeing how the capability is undertaking projects useful and constructive. Board requested future visits around site, which could include:

* OAS
* Oxbotica
* Reaction engines
* H3AT-host board meeting when office opens
* Tour of campus and master plan sites; driving tour to see areas of interest towards railway

## Conversation covered that Regulation landscape is increasing regarding fusion. UKAEA is helping in educating, for example working with Environment Agency Health and Safety Executive. The importance of national policy statements is key, and BEIS is picking up this important aspect. Board offered to help by meeting with key people as needed.

**The COO to look at Board support needed for the STEP Strategic Engagement session with HSE and EA, and invite members as appropriate UKAEA(22)4/5**