

Company Number: 02264251

MAGNOX LIMITED (the "Company")

**MINUTES** of a meeting of the Directors of the Company

**HELD** by videoconference on 29 April 2021 at 09:00

**PRESENT:** See appended attendance list

**IN ATTENDANCE:** See appended attendance list

APOLOGIES: None

### 1. Introduction

The Chair opened the meeting, noting that all Directors were present. He welcomed Rob Fletcher and Frank Rainford, whose appointments to the Magnox Board as Non-Executive Directors would be considered during the meeting, noting that confirmation of consent to such appointments had been received from the Nuclear Decommissioning Authority (NDA) as contained in the meeting pack.

The Chair also welcomed Observers to the meeting, and noted that [Minute redacted – s.40 Personal], Magnox Head of Project Controls, would present the Shadow Board's report later in the meeting.

The Chair noted that there had been some deterioration in site safety performance and recommended members of the Executive to prioritise site safety including increasing senior leadership visibility at all sites as far as possible, while respecting COVID-19 restrictions.

### 1.1 Declarations of interest

Paul Vallance informed the Board that he was not a member of the recently established NDA AGR Executive Decision Group (EDG). The EDG had been created in place of the NDA AGR Executive Steering Group of which Paul had been a member before it was disbanded.

Gwen Parry-Jones reported that the assumptions had been re-tested with regard to Paul Winkle, Chief Operations Officer (COO) and Nigel Houlton, Future Missions Director (not a Board member but a regular Executive attendee and presenter at Board meetings), regarding their previous employment with EdF and the Board's consideration of the proposed AGR transaction. Paul confirmed that it was now over one year since he left EdF. Gwen reported that, out of an abundance of caution, Paul and Nigel would not be asked to be involved in assessing the detail and merits of the transaction at this stage while still in negotiation, but had been cleared to support Gwen with assessing the future implementation of the transaction.



Robert Fletcher declared that he was a Director at Rolls Royce Power Engineering plc (mentioned in the Holliday Report) but expected to step down from this role at the end of June 2021.

The Board **NOTED** the declarations and **RESOLVED** that each of the Directors was permitted to participate in the business of the meeting without their interests presenting any conflict of interest.

### 1.2 Insurance Declaration

The Chair reminded the Directors of their obligation to report to NDA Group Insurance (via Company Secretariat) any situation that they consider may result in a claim against any of them and which may therefore require notification to the Group's D&O insurers. There were no insurance declarations made.

# 2. Apologies for Absence

There were no apologies recorded for absence.

### 3. Director appointments

The Board **noted** the NDA's approval of Robert Fletcher's appointment as a Non-Executive Director of Magnox Limited, after having been through a full selection process involving interviews with Magnox and NDA representatives and consideration by the Magnox Nominations & Remuneration Committee.

The Board also noted the NDA's selection of Frank Rainford as a Shareholder Representative Director of Magnox Limited to replace Anna Clark who had resigned from the NDA and stepped down from the Magnox Board on 7 April 2021.

### The Board:

 RATIFIED Robert Fletcher's appointment and APPROVED Frank Rainford's appointment with immediate effect.

The Chair reported that discussions were underway with Secretariat to appoint Robert and Frank to relevant sub-committees.

Robert and Frank took their positions on the Board as Non-Executive Directors.

### 4. Safety Moment

The Board received a presentation on Safety Moment from Pam Duerden, the Environment, Health, Safety, Security and Quality (EHSSQ) Director.

A sample climate survey had been carried out to test approaches to safety at Magnox including management of the COVID-19 pandemic. Highlights from the sample survey showed that results emanating from comparisons of the October 2020 survey and the pre-COVID-19 survey carried out in March 2020 were positive and consistent throughout the transition. There were some notable common dips recorded in responses under "working from home" questions.

Overall, there were many positive statements from the sample survey.



In discussion, the Chair encouraged operational senior leadership visibility on the sites. The Board noted that the full report of the sample survey would be shared with the Executive, Senior Leaders and Site Directors to allow groups to discuss their approach to address site safety concerns.

The Board further noted that the new lead for Target Zero was pulling together a new strategy which included training on effective communication for the senior leadership team to deliver safety briefs.

### PERFORMANCE REPORTS

### 5. CEO Report

The CEO introduced her report and reported that her team had shown excellent teamwork and spirit during the pandemic.

She had written a letter to David Peattie, the NDA Chief Executive Officer, summarising Magnox's end-of-year position. The CEO reported that an out-turn of c.44% of bonus measures had been achieved. A waste retrieval target of 4.4 tonnes a week had been surpassed with 9.26 tonnes a week retrieved in Waste Operations, thus lessons could be learned from COVID-19 and be applied going forward.

There had been a 20% under-spend on a budget of £515m for a 50% delivery on financial outturn, indicative of inefficiencies due to the COVID-19 impact. The following year's funding of £505m represented a 20% step-up in work.

The Total Recordable Incident Rate (TRIR) and the radiological event at Winfrith were of particular concern, with some work already commenced such as Target Zero, the Decommissioning mindset, the Continuous Improvement Plan and Leadership Visibility to remediate.

There had been some security system issues related to legacy equipment which affected security performance. In addition, the interfaces with the regulator was challenging due to lack of clarity on what was required of Magnox. The Profile Security Contract challenge issue would be presented later in the agenda by the General Counsel and Company Secretary.

The Board noted that two major sanctions projects, the Dungeness Boiler and Ancillary Plant, and the Steam Generating Heavy Water Reactor project at Winfrith had been taken to the NDA Board for approval.

There was some continuing work to do to progress the recommendations from the Holliday report which would be discussed later in the agenda.

The Board **NOTED** the CEO Report.

### 6. COO Report

The Chief Operations Officer introduced his report.

The report's format had evolved, and the COO welcomed feedback from the Board on the new reporting style.

COVID-19 continued to pose a challenge for the business. A voluntary lateral flow COVID-19 testing programme was operational across all sites and benefits included minimising transmission through prompt isolation of confirmed positive cases. Filtered ventilation units



had been installed across the business to maintain office temperatures and improve airflow. Innovations to mitigate the spread of the disease were continuing and had evolved to home testing which would be introduced gradually across the sites.

There was renewed focus to improve levels of senior leadership oversight at the sites to improve safety performance. It was envisaged that the next Safety, Security, Health and Environment Committee (SSHEC) meeting would be held on site to review safety procedures and a return to core safety values underpinned by the Target Zero programme and the Continuous Safety Improvement Plan.

An Ionising Radiation Regulations (IRRs) incident at DRAGON had been reported to the regulator. Extra resources had been deployed to the site as part of remediation with the Site Director carrying out a root cause investigation.

Intermediate Level Waste (ILW) retrieval rates were exceeding weekly targets but more work, including crane maintenance, was required to make this sustainable. The reliability of weekly retrieval rates against targets was being monitored across all NDA Estates but progress was good.

The Chair noted that the sickness and sickness trend at Hunterston was unusually high compared to the other sites and inquired whether there were any concerns. In response, The COO reported that this was understood, and it related to long-term sickness, driven by the age profile and other diseases such as cancer.

Good progress had been made on the management of change. A Commercial Director had been recruited and an offer to a Programme Delivery Director had been made. In addition, the Board noted that that [Minute redacted – s.40 Personal] would be retiring as Site Director of Hinckley with that [Minute redacted – s.40 Personal] appointed as Site Director designate.

In a discussion on Lifetime Plan (LTP) baseline repair and the SPI/CPI calculation, the COO explained that the LTP repair involved a repair of the site strategies from EVM data and would be redone annually before each Business Planning cycle. Its scope reflected an improving position towards alignment with delivery costs, schedules, and the recovery of prior year cost variances, hence the high CPI reported.

The Board noted that there had been a challenge on Low Level Waste from the NDA, particularly the issue at Dragon which could potentially impact delivery of targets. This was under review and extra resources had been put in place to rectify the issue.

The Board **NOTED** the COO Report, welcomed the appointment of that [Minute redacted – s.40 Personal] as Hinckley Site Director, and commended the new reporting format.

# 7. ESSHQ Report

The Environment, Health, Safety, Security and Quality Director introduced the report and provided an overview.

She welcomed the SSHEC's support with the Executive's renewed focus of rebadging and relaunching Target Zero and the Operational Excellence Strategy to get TRIR to low levels.



The Business Continuity Group had continued to steer Magnox's response to Government's lockdown restrictions by agreeing a series of principles for appropriate data to allow staff to get back to a normal work routine.

There had been external and internal focus on Lifting Operations & Lifting Equipment Regulations (LOLER). A meeting with the Office for Nuclear Regulation (ONR) had taken place where ONR had raised concerns. Clarifying responses had been provided by Magnox and initial indications were that the ONR was content. A follow-up meeting had been rescheduled.

Magnox had launched its sustainability strategy and sustainability champions were being appointed across the entire workforce. The Executive were reviewing whether a commercial sustainability measuring process that Sellafield Ltd was using could be implemented within Magnox.

[Minute redacted – s.24 Security] [Minute redacted – s.36 Policy].

A level 3 regulatory meeting had been held in Q4 and had focussed on asset management. Also, a positive level 1 meeting had been held with the ONR to discuss potential re-licensing plans for future missions. The outcome was good and there were no initial concerns raised.

The Board noted that Magnox had been recognised by NDA's Cyber Security Resilience Group for meeting its target for cyber maturity against the Target Operating Model (TOM). The Board also noted that Magnox were assessing the issues identified from the recent cyberattack on the Scottish Environment Protection Agency (SEPA) to understand to what extent there are universal lessons for other organisations to learn.

Internal assurance had identified areas of concern on full implementation of safeguards requirements at two sites. There were discussions with the Scottish Environment Protection Agency on the encapsulation of bunker wastes at Hunterston "A" site.

The Board **NOTED** the ESSHQ Report and commended the recognition by NDA's Cyber Security Resilience Group.

Andrew Forrest, Nigel Houlton, and John Vickerman left the meeting.

# 8. CFO Report

The Chief Financial Officer introduced the report, providing a synopsis of each area as referenced in the paper.

### 2020/2021 Year to date Results

Spend for the year totalled c£408m. Q4 spend had been largely productive at 100% with less than 0.4% of total cost recorded as unproductive due to lateral flow testing for COVID-19 and some disrupted shift patterns. The Board noted that 45% of spend was attributed to staff and Agency Support Workers (ASW) costs.

Q4 spend was broadly in line with the original budget, the major variance recorded being due to a substantial investment in IT.

### **COVID Impact Summary**



Costs relating to COVID-19 had been tracked and consisted of supplier costs paid via the PPN/02/04 mechanisms.

### Lifetime Plan repair progress

The LTP Repair activities continued to address the four sections of the NDA Group Key Target (GKT) for 2020/21. The Board noted that the LTP repair was ongoing and a proposal on future LTP assurance would be discussed at the QPR meeting in May 2021.

# **GDPR** compliance correction plan

Progress was being made in addressing shortcomings identified in the GDPR internal audit investigations. Data Protection Officer (DPO) responsibilities had transferred to the Information Governance area within the EHSSQ Directorate. A summary of high-risk potential areas of future focus and accompanying problem statements was provided to the Board.

# IT remediation strategy

A new 3-year IT remediation strategy had been approved by the Magnox Executive. This would address areas of identified weakness and would start transitioning applications away from Sopra Data Centres to cloud services and driving up day-to-day service performance from Sopra Steria.

In response to a query on what the strategy was in reducing overhead costs, Gordon Frisby informed the Board that costs unrelated to actual decommissioning work were being reviewed for transparency with a view to reducing such costs and driving efficiencies.

Gwen Parry-Jones proposed a future Board discussion be scheduled on workforce planning to obtain the Board's guidance. The Chair agreed, and asked Gwen, Gordon, and John Vickerman to confirm when this would be appropriate to share with the Board.

**Action:** Gwen Parry-Jones, Gordon Frisby, and John Vickerman to confirm timing for a Board discussion on workforce planning for discussion.

Susan Jee proposed that the Board review what was emerging from the LTP repair and its implications on Magnox's Mission 1 and Future Missions. The Board agreed and proposed that an off-site deep-dive meeting on LTP repair be arranged.

**Action:** Gordon Frisby and Magnox Secretariat to arrange an off-site deep dive meeting on LTP repair and its impact on Magnox's Mission 1 and Future Missions.

The Board noted that implementation of the IT remediation strategy would result in reduction of the inherent risk of Magnox's current systems environment and bring efficiencies from the IT investment. In addition, transitioning costs could be avoided, given the Sopra Steria contract was due to expire in a few years' time. It was agreed that Gordon would share future Management Summary Schedules (MSS) reports with the Board for information.

Action: Gordon Frisby to share future MSS reports with the Board for information.

#### The Board:

• **NOTED** the 2020/2021 Year to date Results.



- NOTED the COVID Impact Summary.
- NOTED the Lifetime Plan repair progress.
- NOTED the GDPR compliance correction plan.
- NOTED the IT remediation strategy.

#### **GOVERNANCE**

# 9. Legal Report

Mark Cooper introduced the Legal Report that was contained in the meeting pack.

[Minute redacted - s.42 Legal privilege].

In discussion, the Board noted that there was scope for improving communications between Magnox, NDA, BEIS and HMT and putting in place a more proportionate approach to risk management and related delegations of authority.

The Board **NOTED** the Legal Report.

### 10. Holliday Inquiry

The CEO introduced the Holliday Inquiry Summary Report. A full report had been made available to the Board.

The Executive, working with the Magnox Commercial Director, had reviewed the initial findings and recommendations. The Executive's assessment was that there had been great progress across several areas but were not yet satisfied that this had resulted in all the changes that were needed, hence were contemplating next steps. The report was being presented to the Board for input and guidance on the issues raised and how to address them from a Magnox perspective.

[Minute redacted – s.40 Personal] representing the Shadow Board reported that it was positive and commendable that the Executive had initiated a self-evaluation exercise to address the issues raised in the report. The Shadow Board's observations would be provided later under item 15 of the agenda.

In discussion, the Chair queried whether there was a "no fear culture" within Magnox. In response, the CEO reported that Magnox had sought to nurture a radical openness culture, demonstrated, for example, by how Magnox issued a weekly report that was not sanitised into good or bad news, but simply factually reported news. The CEO observed that there was openness on safety, culture, and around regulatory and technical matters. The CEO also observed that there was room for improvement in respect of commercial matters and on diversity and inclusion.

It was noted that the Board also had an important role in promoting and fostering a level of openness to encourage it to permeate throughout the organisation.

Following discussion, the Chair requested a deep dive review of the effectiveness of Magnox's Commercial operations for the July 2021 Board meeting. In addition, a presentation at the



subsequent Board meeting in November 2021 on the effectiveness of Magnox Project Management.

**Action:** Gwen Parry-Jones to arrange with the Magnox Commercial Director, in response to the Holliday Report's findings and recommendations, a deep dive review of the effectiveness of the Magnox's Commercial operations for the July 2021 Board meeting.

**Action:** Gwen Parry-Jones, Paul Winkle and Gordon Frisby to arrange, in response to the Holliday Report's findings and recommendations, a deep dive review of the effectiveness of Magnox Project Management for the November 2021 Board meeting.

The Board **NOTED** the Holliday Inquiry Report.

# 11. Nominations & Remuneration Committee (N&RC) Chair's report (13 April 2021 meeting)

[Minute redacted – s.40 Personal] left the meeting.

John Vickerman joined the meeting.

Simon Haben provided a verbal update to the Board.

He reported that since the last Board meeting there had been two meetings of the Committee: on 23 February 2021 and 13 April 2021.

At the February meeting, discussions that took place included on annual pay review, the potential bonus out-turn for 2020-21, the Senior Reward Framework and an update on Non-Executive Director recruitment.

The April meeting had covered the Senior Reward framework from the NDA, the annual pay review approach, the bonus out-turn for 2020-21, bonus targets for 2021-22, LTIP deliverables for 2021-24 and the approach and status of succession management.

The Board commended John and his team for the work on pay negotiations with the Unions.

The Board **NOTED** the Nominations & Remuneration Committee Chair's report.

John Vickerman left the meeting.

# 12. Audit, Risk, Ethics and Assurance Committee (AREAC) Chair's report (13 April 2021 meeting)

[Minute redacted – s.40 Personal] joined the meeting.

Susan Jee provided an update to the Board.

A decision had been taken not to review GDPR at every Committee meeting but to wait for the follow-up audit to take place. The Committee welcomed the establishment of the Senior Information Risk Owner (SIRO) Board whose overview report for the Board would be also used for the AREAC Committee.

One site had initially failed to provide information to Internal Audit under the Security Guard Audit, but the Site Director had immediately provided the information and apologised. The Committee was concerned on overdue actions which needed to be cleared as a priority. Equally, the Committee was keen to see whether the full audit would reflect timely submission of requested audit information.



The Board discussed overdue outstanding actions and noted that COVID-19 had been a contributory factor impacting some, but not all, delivery dates. Consequently, the Committee has now stated that any extension of an audit completion time should be approved by either the CFO or CEO.

The Board **NOTED** the Audit, Risk, Ethics and Assurance Committee Chair's report.

# 13. Safety, Security, Health & Environment Committee (SSHEC) Chair's report (30/31 March 2021 meeting)

Peter Webster provided an update to the Board and noted that the full minutes from the Committee meeting had been made available within the Board meeting pack.

In its discussions, the Committee had cautioned against driving increased throughputs and Intermediate Level Waste (ILW) retrieval rates after the operational pause due to COVID-19 without ensuring appropriate levels of focus on safety.

The Committee was concerned about Magnox's safety performance and noted that c.200 events had been recorded during a period of relative inactivity. Consequently, the Committee considered that supervision at line management level should be a key focus for Magnox.

The 2021/22 Continuous Safety Improvement Plan had been reviewed. The Committee welcomed the progress achieved on target areas including the refocused and refreshed plan. There had been discussion of levels of control and supervision, with the Committee encouraging the Executive to maintain focus on this area. The constructive engagement between the Committee and the Executive was commended.

There had been some engagement with the Environment Agency (EA) and the Scottish Environment Protection Agency (SEPA) on challenges relating to managing waste. The Committee was hopeful that the new One NDA structure could present new governance arrangements to mitigate the challenges.

The Committee was concerned to ensure the Company was giving appropriate priority to ensuring compliance with the Safeguards Accountancy Control Plan, noting that the Office for Nuclear Regulation-Civil Nuclear Security and Safeguards (ONR-CNSS) had issued a programme of future inspections.

There was also concern on an increased number of contamination events. The Committee was looking forward to seeing improved standards in place given a new Head of Profession had been appointed.

The Committee noted that the Lifting Operations Improvement Plan was progressing well and encouraged simple checks to be carried out on straps of lifting equipment prior to use. It was agreed to review the Magnox colour coding system for all lifting equipment with contractors' coding systems and seek alignment where possible to reduce potential for confusion.

**Action:** Pam Duerden to review the Magnox colour coding system for all lifting equipment with contractors' coding systems and seek alignment where possible to reduce potential for confusion.



In discussion, the Board noted that most of the safety events were equipment driven with no apparent connection to mental wellbeing. Thus, the increase, to some extent, was attributed to an open reporting culture which the Executive was promoting.

The Board **NOTED** the Safety, Security, Health & Environment Committee Chair's report.

# 14. AGRC Chair's report (February – April 2021 meetings)

[Minute redacted – s.40 Personal] left the meeting.

[Minute redacted – s.40 Personal] joined the meeting.

Susan Jee introduced the item and reported that there had been a consistency to Magnox's approach to the transaction, [Minute redacted – s.43 Prejudicial Commercial] [Minute redacted – s.36 Policy].

Frank Rainford sought clarity on whether he would be conflicted from participating in the Board's consideration of the AGR discussion. Frank declared that he had recently been given line management responsibility for Duncan Thompson, NDA Business Development Director, who was involved in the transaction on behalf of NDA. However, Frank was not receiving any reports of substance on the transaction from Duncan, was not personally involved and had no intention of becoming involved in the process leading up to the deal being agreed. The Board agreed that there was no conflict of interest with regard to the Board receiving the AGR Committee report at the present meeting, noting that Frank had not been directly involved at the NDA and also noting that the NDA's and Magnox's positions had remained aligned.

[Minute redacted - s.40 Personal] was invited to present her report. [Minute redacted - s.40 Personal] drew the Board's attention to the final phase concerns upon which Magnox was seeking legal advice.

[Minute redacted – s.43 Prejudicial Commercial] [Minute redacted – s.36 Policy]

The Board **NOTED** the AGRC Chair's report, further noting that the Committee would be wound down [Minute redacted – s.43 Prejudicial Commercial] [Minute redacted – s.36 Policy]. The Chair thanked Susan Jee for her work as Committee Chair throughout the process. Susan in turn thanked the Project Team.

[Minute redacted – s.40 Personal] left the meeting.

# 15. Shadow Board report (27 April 2021 meeting)

[Minute redacted – s.40 Personal] joined the meeting.

[Minute redacted – s.40 Personal] presented the Shadow Board report which had reviewed the Holliday Report, the Magnox 3-year Business Plan 2021/2024, and the Transformation Programme Proposal (The Evolution of Magnox).

The Shadow Board was supportive of the recommendations of the Holliday Report and were of the view that Magnox should test the robustness of its own internal arrangements in three areas: process, culture and skills and capability.

On business planning, the Shadow Board commended the document for being clear and concise and highlighted some areas of challenge.



The Shadow Board also supported the Transformation Programme Proposal but noted that it was challenging to review the proposal on the high-level slides which they had received. Consequently, they proposed inviting Nigel Houlton, Magnox Future Missions Director, to make a presentation to the Shadow Board to allow them to review and comment on the proposal in detail, which the Board supported.

**Action:** Nigel Houlton to present the Transformation Programme Proposal slides at the next Shadow Board meeting.

Frank Rainford suggested that the Shadow Board could in future review Magnox's approach to digital, particularly plans on smarter working and how that ties in with the Business Plan and the Transformation Programme.

Overall, Board members commented that the input from the Shadow Board had been reassuring and that some contentious issues had been brought to the fore in an open manner, which was encouraging.

# 16. Minutes of the Meetings held on 7 January 2021 and 4 February 2021

The minutes of the Board meetings held on 7 January 2021 and 4 February 2021 were approved, and the Chair authorised Company Secretariat to apply his electronic signature to them.

# 17. Actions Log

The General Counsel and Company Secretary presented the Actions Log and proposed that all Actions highlighted in green be closed.

The Board **NOTED** progress with completion of Actions and **AGREED** that all Actions highlighted in green were now closed.

### **STRATEGY**

# 18. Magnox 3-year Business Plan 2021/2024

Andrew Forrest, Nigel Houlton and John Vickerman joined the meeting.

The CFO introduced the Magnox 3-year Business Plan for 2021/2024 for note and for the Board to approve the Magnox Executive to deliver the 2021/2022 Business Plan as detailed in the paper.

The Board noted that thirty-nine new projects would be commencing in 2021/22 broken down as twenty-two in decommissioning and the remainder in waste. Some investment was required to repair and improve the effectiveness of several central functions, particularly the IT infrastructure that needed rebuilding following years of under-investment during the Parent Body Organisation (PBO) era. Safety goals were being developed for the following year.

On summary financials, the 20% growth related to a comparison with 2019/20 figures and so were not like for like with 2020/21 figures due to the impact of COVID-19. The Board noted that Decommissioning growth continued well into year three while Waste Operations and Waste Projects flattened out in year three.

A large increase in headcount was required for 2021/22 to enable overall growth in the business, given the projected 20% increase in site activity. The Magnox Resourcing Board led by the Magnox Human Resources Director would validate the headcount, supported by



workforce planning which was being carried out to support the structures by reducing headcount in leadership and support roles. There was also a headcount requirement to support the AGR and Dounreay projects in addition to Mission 1 whose impact had not yet been quantified. John Vickerman reported that a recruitment team was now in place and because of onboarding challenges due to COVID-19, a process improvement was underway. The Board noted that while the business plan reflected an increase in headcount in the short-term, this would reduce as the workforce planning project began to be implemented in parallel with Magnox's retirement profile which had not been factored into the figures. In addition, agency workers and the IR35 regulations were being reviewed.

Magnox was working to gain greater transparency and insight into the overheads cost base which was difficult to determine historically due to the switch from a PBO model to a subsidiary model. However, a step-up in the cost base was necessary due to investments in IT infrastructure, cyber, Human Resources, legal, engineering, new missions, graduates, and apprentices.

The CFO reported that site critical paths had been identified through the creation of standard MSSs and a pictorial view of each site would be done.

The Board noted that a collaborative target had been agreed between Magnox and the NDA to develop an Integrated Assurance & Approvals Plan (IAAP) that covered projects and commercial frameworks over a 3-year timescale.

The CFO highlighted that the current plan was over-pressurised in years 2 & 3, and consideration to address and how it could be incorporated into the upcoming Spending Review, would be a focus in 2021/22.

On Operational Excellence, the Board noted that this was a key improvement area, focussing on learning techniques and simplifying processes. The strategy was there but the full plan was yet to be put in place.

The Chair sought assurance that the Business Plan was aligned to the NDA's approved budget. In response, Gordon explained that Magnox's Business facing team would carry out a review to socialise the Business Plan with the NDA.

#### The Board:

- NOTED the 2021/24 Business Plan and
- APPROVED the 2021/22 Business Plan.

# 19. Project Sanctioning

The CFO introduced the paper.

An update on the Investment Review Panel (IRP) delegations from the Board was provided.

Projects evaluated against the agreed criteria together with the assurance grading were listed in a table showing the Magnox Board delegations to IRP from the February Board meeting.

The Berkeley Blower House Remediation Project had been approved by the IRP subject to confirmation by the Board. The Board received a summary of IRP meetings that had been held between February and April 2021. A status update on projects previously approved by the Board and subject to further approval by the NDA was also received. In addition, attention was drawn to a listing of projects where the Board was being requested to delegate approval



to IRP that were due to be presented in the period up to the July Board meeting. The Board noted that a paper would likely be submitted in May to the IRP on the Dragon Reactor Project and would be resubmitted to the Board as a major project since an increase to the sanction figure was likely to be required.

The Hunterston Solid ILW Encapsulation Project and the Modular ILW Encapsulation Plant required an increase in sanction due to COVID-19 impacts with delegation for the IRP to approve sought from the Board. Two projects, the Magnox Rolling Programme of Decommissioning, and the Dungeness Boilers & Ancillary Plant Removal Project will be presented to the Board for its approval due to their strategic nature.

In discussion, the Board expressed satisfaction with the methodology used to decide the sanctions that came to the Board and supported the delegation.

Frank Rainford reported that a proposal to increase the current sanction figure for information technology of £1 million was being considered by the NDA Board and that the Board would be updated in due course.

The Board noted the ongoing discussions on a review of the IRP governance structure and process between Susan Jee, Gordon Frisby, Mark Cooper, and Company Secretariat.

### The Board:

- NOTED the outcome of Investment Review Panel Board actions raised at the 4 February 2021 meeting.
- NOTED the summary of Investment Review Panel Outcomes in the last quarter.
- NOTED the record of endorsements by the Magnox Board undergoing NDA Governance.
- **REVIEWED** and **APPROVED** the delegation of sanction decisions to the Investment Review Panel.
- NOTED the Project & Commercial approvals and endorsements planned for Board approval at the next Magnox Board Meeting.

# 20. Transformation Programme Proposal (*The Evolution of Magnox*)

The Board received a presentation on "The Evolution of Magnox" from Nigel Houlton, Magnox Future Missions Director.

Nigel provided an outline of the Magnox Future Missions timeline, noting that positive collaborative working had begun with the NDA and EDF on the AGR transaction and a workshop was planned for end of June 2021.

The Board noted that Dounreay, would have to go through the same process of LTP repair which Magnox had undergone, and therefore a baseline plan had to be considered in the underlying assumptions to the programme. Gwen Parry-Jones welcomed that the stabilisation of the LTP was now a gate to pass prior to the proposed transition and highlighted the level of input and engagement which the regulators may require.

The Board **NOTED** the Magnox Transformation Programme Proposal.

# 21. Risk Update

[Minute redacted – s.40 Personal] joined the meeting.



[Minute redacted – s.40 Personal], Magnox PMO Director introduced the Risk Update.

The paper contained the top ten risks which were also reported to the NDA Quarterly Performance Review (QPR).

The Board's attention was drawn to two risks that were outside of the Magnox Risk Appetite. The first risk was "The threat to business objectives resulting from the COVID-19 pandemic". The second risk was the "Material condition of the Magnox infrastructure and physical assets". Mitigations and controls were in place to minimise this risk as far as was practicable as it would continue to be out of appetite for the foreseeable future.

In response to a query on how the process for changing or removing the risks from the Risk Profile was carried out, [Minute redacted – s.40 Personal] explained that the Risk Owner made the initial assessment and then [Minute redacted – s.40 Personal] team would challenge the assessment and review the profile with the Executive and at AREAC. The Board would then test the opinion behind the risk assessment.

The Board noted that the top ten risks now included "The threat to stakeholder confidence" (primarily a reputational risk impact), replacing the "GDPR risk" which remained live but had reduced in size as mitigation actions began to take effect.

A Risk Horizon Scanning exercise had been conducted in Q4 with the Executive's participation, resulting in rewording of some risk texts. Following the exercise, some potential emerging risks were identified as candidates to include in the top ten risks for future quarters. These were "Devolved Administrations", "Distraction from new missions", and the "Threat regarding delivery of the scope of waste operations". There were no further significant emerging threats during the quarter.

In discussion, the Chair proposed that "Reputational Risk" falls under the Communications Directorate remit.

The Chair then requested [Minute redacted – s.40 Personal] to review the top ten risks outside the meeting to aid his understanding and invited other Board members who might be interested.

**Action:** [Minute redacted – s.40 Personal] to review the top ten risks outside the meeting with Lawrie Haynes to aid his understanding and to extend an invite to other Board members who might be interested.

The Board **NOTED** the Risk Update.

[Minute redacted – s.40 Personal] left the meeting.

# 22. Any Other Business

Mark Cooper reported that Company Secretariat would be circulating a short survey to solicit Board members' views on the Board pack. This feedback would help inform the design of training for Board paper authors and a refreshed template to improve the quality of board papers.

Robert Fletcher and Frank Rainford provided positive feedback on their first Magnox Board meeting and the contributions made by the Shadow Board.



# 23. Close

There being no further business, the Chair closed the meeting at 14:27.

SIGNED
[Minute redacted – s.40 Personal]
Chair



# Magnox Limited Board Meeting 29 April 2021

# Attendance list

Members				
Name	Title	Items attending		
Lawrie Haynes	Chair	All		
Simon Haben	Independent NED	All		
Susan Jee	Independent NED	All		
Peter Webster	Independent NED	All		
Robert Fletcher	Independent NED	All		
Frank Rainford	NDA NED	All		
Paul Vallance	NDA NED	All		
Gwen Parry-Jones	CEO	All		
Gordon Frisby	CFO	All		
Pam Duerden	EHSSQ Director	All		
Paul Winkle	COO	All		

Attendees				
Name	Title	Items attending		
Mark Cooper	General Counsel & Company Secretary	All		
[Minute redacted – s.40 Personal]	Deputy Company Secretary	All		
[Minute redacted – s.40 Personal]	Governance Counsel	All		
Andrew Forrest	CTO Magnox	Items 1-7 and 18-22 only		
Nigel Houlton	Future Missions Director	Items 1-7 and 18-22 only		
John Vickerman	HR Director Magnox	Items 1-7, 11 and 18 – 22 only		
[Minute redacted – s.40 Personal]	Magnox Business Development Lead, NDA	Items 14 only		
[Minute redacted – s.40 Personal]	Head of Project Controls	Observer and item 15 only		
[Minute redacted – s.40 Personal]	PMO Director	Item 21 only		

Observers				
Name	Title	Items attending		
[Minute redacted – s.40 Personal]	Executive Support	All except items 11 & 14		
[Minute redacted – s.40 Personal]	Executive PA	All except items 11 & 14		