

 UK Atomic Energy Authority	BOARD MEETING Meeting Reference UKAEA(24)2	
Date	14 th March 2024	
Time	1000 - 1620	
Location	UKAEA Culham, Turing Room, RACE Teams Click here to join the meeting	
Members	Eithne Birt (Chair) Ian Chapman Ruth Elliot Tim Bestwick Luc Bardin Sue Gray Stephen Hillier	Stephen Barter Richard Hookway Mary Ryan Robin Grimes Lee McDonough (DESNZ)
Attendees	Edward Lewis-Smith (Sec) David Gann (UKIFS Chair) Justin Kingsford (UKAEA COO) Alison George (DESNZ)	
Guests	Alli Brown (UKAEA) – Items 5, 6 and 7 Paul Methven (UKIFS CEO) – Items 9 and 10 Charles Price- Item 10 Joe Milnes (UKAEA) – Item 12	

Agenda Items

1. Chair’s opening remarks led by E Birt:

The Chair welcomed the Board, noting that this was Stephen Barter’s penultimate Board meeting. DESNZ has confirmed Stephen Hillier and Richard Hookway will continue on the Board for two and three years respectively.

Declarations: Tim Bestwick declared that he has been appointed as Chair of the Space Partnership. Ian Chapman declared that he has been appointed as a Non-Executive Director of the UKRI Board as of 1 March, confirming that he will recuse himself from UKRI responsibilities where there are potential conflicts of interest with his role as CEO of UKAEA.

2. Minutes and Actions Review, UKAEA(24)M1 led by E Birt:

Minutes review: Minutes approved with no comments.

Actions review:

Reference	Action	Actionee	Update
UKAEA(23)6/2	DESNZ to explore spin-outs governance issue with HMT, with reference to existing delegations, precedent and Government Office for Technology Transfer (GOTT).	L McDonough	GOTT have offered a meeting with the GOTT CEO to discuss handling of UKAEA spin-outs, with the intention to agree that UKAEA should not routinely need to submit to HMG cases for approval. Open, to update in May.

UKAEA(23)5/6	Agree new framework document	DESNZ	Closed
UKAEA(23)6/6	STEP to return to Board with a full update following the Fusion Technical Advisory Group.	D Gann/P Methven	Closed
UKAEA(24)1/3	Hold substantive strategy session with Board.	I Chapman	Closed
UKAEA(24)1/4	Provide an update note to the Board on Fusion Energy Partners addressing the issues raised in the January Board.	T Bestwick	Closed
UKAEA(22)3/5	Seek SC level clearance for all NEDs	JK	Ongoing.
UKAEA(24)1/2	Board to be updated on board effectiveness review recommendations.	E Birt	Update in May

With regards to Board inductions, the Secretariat will aim to bring together induction and visits for the incoming new Chair, new UKIFS NEDS and new and returning UKAEA NEDS.

- 3. Sub-committee updates:** The Chairs summarised the reports submitted. Subsequent discussions included:

ARAC led by R Hookway, whose update covered the Executive’s plan to address overdue audit actions.

People & RemCo led by E Birt, whose update included outlined changes to the approach to senior objective setting.

Property Sub-committee led by S Barter, during which the CEO updated the Board on the HIF enquiry, to which he gave evidence in February.

- 4. Executive Board report, UKAEA(24)2 Board report,** led by I Chapman, T Bestwick, J Kingsford, R Elliot:

The Executive summarised the report as submitted. The discussion included the following issues:

- **Fusion Futures:** CEO confirmed his intent to spend at risk (in line with his delegated authority) if there is no formal confirmation from HMT of approval by the end of March, agreeing with Lee McDonough that this would be put in writing should this be necessary.
- **Pay flexibility:** CEO updated the Board on ongoing discussions with Cabinet Office.
- **Grid upgrades:** CEO confirmed that these were now planned for 2025 and 2026, removing the risk to future computing opportunities that may require high power.
- **Pensions forfeiture:** the case in question is very high profile and the Board agreed that comms should continue to be handled carefully between UKAEA and DESNZ.
- **Supplier underperformance:** The Board agreed that, in respect of a particular supplier and particular project, a presentation to the Board of the recovery plan would be a useful assurance exercise. Chair UKIFS noted that these kind of challenges represent future risks for suppliers of solutions and systems to STEP.
- **Head of People:** UKAEA COO provided an update to the Board on the People Team, which he is now leading on an interim basis. The Board discussed how to achieve the right balance in bringing in best practice from both the public and private sectors into the People Team. RemCo members confirmed that they would continue to work very closely with UKAEA Executive on this.
- **Business Development and Corporate Performance Measures:** Page 9 of the pack includes an error, this is corrected here for the record: *“The BD division exceeded the corporate measurement*

targets, with 50% increase in UKAEA revenue from commercial or international partners, and 30% increase in UKAEA revenue from commercial or international partners.”

The Chair noted where issues discussed should be treated as commercial in confidence.

Actions:

Action ID	Section	Action Items	Owner(s)	Target time
UKAEA(24)2/1	4	Lee McDonough and CEO to discuss potential approval routes for computing opportunities and update the Board as necessary.	I Chapman	May
UKAEA(24)2/2	4	Invite FT team and industry partners to present at a future Board meeting.	R Elliot	May

5. Finance and Budget update, UKAEA(24)2 Finance and UKAEA(24)2 Budget, led by A Brown:

The Board welcomed the Finance update and discussed the 24/25 Budget papers submitted, noting that the challenges of transitioning from JET operations to decommissioning represents a significant change for the organisation with consequences for the budget. Inflation and site moves are other major drivers of budgetary challenges in 24/25.

The Board noted that 24/25 budget pressures have been handled in broadly three ways: 1) challenges addressed from existing budgets via reprioritisation, 2) challenges addressed by additional funding sought from DESNZ, and 3) challenges that are to be managed in-year in line with past precedent. The Board supported this approach.

The Board expressed a preference for shorter and clearer presentation of the top risks with less detail. The Board agreed that the subsequent Finance update should provide an update on the Budget, including a target budget envelope as well as the proposed spot figure.

Decisions:

Reference	Minutes Section	Decision
UKAEA(24)2/D1	5. Finance and Budget update	The Board approved the provisional budget and delegation for final approval.

6. Corporate Performance Measures (CPMs), UKAEA(24)2-CPMs 24/25 Table, led by R Elliot:

The Board suggested that there should be a CPM on **sustainability**, noting however that UKAEA already reports on sustainability efforts via the Annual Report. The Board suggested that the corporate risks around **people** should merit the issue having a higher weighting within the proposed CPMs.

The Board agreed that the composition of the CPMs should be driven by the overall mission rather than solely by where the money is spent, whilst ensuring that the whole organisation should feel ownership over the CPMs. The Board asked for a short session on how CPMs fit into organisational strategic planning, including the link with objectives for the executive team, in due course.

The amended CPMs will be included in the next Board pack for information.

Action ID	Section	Action Items	Owner(s)	Target time
UKAEA(24)2/3	6	Arrange Board session on CPMs and corporate strategic planning, including the link with objectives for the executive team.	E Lewis-Smith	September

Decisions:

Reference	Minutes Section	Decision
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UKAEA(24)2/D2	6	The Board approved the CPMs as submitted, with requested changes on sustainability and people CPMs delegated to CFO and COO.
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7. SR update, UKAEA(24)2-SR Update, led by R Elliot.

The Board welcomed the update provided on scenario planning and options analysis. The Board agreed that the ‘productivity’ story for SR has two major elements: 1) efficiencies associated with workforce reform enabled by the expected pay remit and 2) leveraged private investment. The Board agreed that the upcoming election makes critical the need to re-affirm the case for fusion and UKAEA, the economic benefits both short- and long-term, and the impacts of skills and place-based interventions.

8. Framework Document, UKAEA(24)2-Framework Document, led by R Elliot:

CFO noted that the revisions to the UKAEA Framework Document were driven by 1) the establishment of UKIFS and 2) changes to the HM Treasury template. Subject to minor checks, the Board agreed to approve the document as submitted. The Board asked for the Board Terms of Reference to be cross-checked with the revised Framework Document for consistency. *Post-meeting note: the Board Terms of Reference (which are due for a review in the coming months as is routine) were reviewed on 18 March 2024 for consistency with the Framework Document.*

Reference	Minutes Section	Decision
UKAEA(24)2/D3	8	The Board approved the near final version of the UKAEA Framework Document, subject to final review by DESNZ.

9. FTAG update, led by D Gann and P Methven (UKIFS CEO, guest).

UKIFS CEO summarised the draft report recently received from FTAG (the final version will be included for information in the subsequent Board pack). The Board welcomed the FTAG’s very strong commendation of the team and their work, notwithstanding the considerable outstanding technical challenges and the fact that a complete concept design has not yet been achieved. UKIFS CEO identified the need for the STEP team to explain externally its future technical work programme as well as tackle critical technical questions presented in the short-term. The Board tested the process for how STEP’s research challenges are fed back into UKAEA’s own research strategy, which will become even more critical as the STEP design solidifies.

Action ID	Section	Action Items	Owner(s)	Target time
UKAEA(24)2/3	9	Include the final FTAG report in next pack for information.	E Lewis-Smith	May

10. UKIFS Governance, led by D Gann and Charles Price (UKIFS Director of Strategy and Investment).

Charles Price summarised the papers, noting the minor changes agreed at the UKIFS Board the preceding day. Tim Bestwick raised questions around the UK position and potential foreign ownership and participation, and whether and how this should be reflected in the Articles of Association. The Board recognised that protections are already in place via UKAEA ownership of UKIFS, but agreed that the Articles should state explicitly that, in the event a future investor becoming a shareholder of UKIFS, the Articles would need to be reissued. The Board suggested that a short summary paper on the protection mechanisms of the UK position in the governance arrangements should be developed and shared with the Board for information.

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Action ID	Section	Action Items	Owner(s)	Target time
UKAEA(24)2/4	10	Submit short paper on the protection mechanisms of the UK position in the governance arrangements of UKIFS.	R Elliot	May
UKAEA(24)2/5	10	Insert clarification into Articles of Association with regards to required changes stemming from changes in shareholder arrangements.	D Gann	By end March

Reference	Minutes Section	Decision
UKAEA(24)2/D4	10	The Board approved the draft UKIFS Articles of Association as submitted, subject to action UKAEA(24)2/5 being complete.

11. Strategy Session, led by T Bestwick.

The Board held a detailed and substantive discussion on UKAEA's strategy for achieved sustained value generation from fusion. A separate note was taken. Key points – each of which relates to a specific action already in train – are below:

- UKAEA's efforts should be on the commercial exploitation of both 1) power plant design and 2) systems and technologies opportunities, which UKAEA should map out.
- Those efforts must continue to be supported by technical risk reduction. Defining what research is essential for STEP and for fusion more broadly is an ongoing activity within UKAEA and of interest to DESNZ.
- UKAEA will as part of its SR preparations re-articulate its purpose with regards to value generation and economic benefits, and work with DESNZ to consider questions of access and collaboration internationally, looking at defence and other precedents.
- A further Board strategy session will be scheduled to focus on options and choices, and consider fully the implications of the current assumption of the UK competing on depth and breadth.

Strategy Session Attendees

Attendees	Job Title
Milnes, Joe J	Executive Director for Engineering Computing and STEP Partner
Wheeler, Steve	Executive Director for Fusion Technology, Fuel Cycle and ITER Components
Militello, Fulvio	Director of Tokamak Science and MAST Upgrade
Buckingham, Rob	Executive Director of Robotics, Repurposing and Decommissioning
Quadling, Amanda	Director of Materials Research
Brown, Alli	Director of Finance & Business Systems
Morris, William W	Chief Scientist

Attendance record:

Position	Name	Present	Absent
Members	Eithne Birt	/	
	Ian Chapman	/ (remote)	
	Ruth Elliot	/	
	Tim Bestwick	/	
	Stephen Barter	/	
	Richard Hookway	/	
	Luc Bardin	/	
	Sue Gray	/	
	Stephen Hillier	/	
	Mary Ryan	/	
	Robin Grimes	/	
	Lee McDonough	/	
Attendees	Edward Lewis-Smith	/	
	Alison George	/ (remote)	
	David Gann	/	
	Justin Kingsford	/	

End of Minutes