

**UNITED KINGDOM ATOMIC ENERGY AUTHORITY,
Minutes of the 1st Board Meeting in 2013**

Date: 8 February 2013

Location: BIS Conference Centre,
1 Victoria Street, London

Members present:

Roger Cashmore, Chairman

Keith Burnett

Steve Cowley

Martin Cox

Peter Jones

Steve McQuillan

In attendance:

Eric Hollis

Andrew Bickley (Items 5-9)

Graeme Reid (BIS)

Catherine Pridham

Maya Riddle (secretary)

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1 Chairman's Opening Remarks

- 1.1 Roger Cashmore welcomed everyone to the first meeting in 2013.
- 1.2 He congratulated Keith Burnett on his knighthood.

2 Minutes of the 5th Board meeting in 2012

- 2.1 The Board approved the minutes of the Board meeting on 22 November 2012.
- 2.2 The actions were reviewed.

3 External Review

- 3.1 Peter Jones confirmed that the Board and BIS had agreed to sponsor a joint external review of the Authority's financial systems and controls. This would be undertaken by Deloitte, who had performed a number of similar reviews for BIS. The terms of reference for the review would be finalised over the following week and would also include a number of other areas such as internal audit.
- 3.2 A kick off meeting would take place on Monday 11 February and field work would start shortly after that. An interim report was targeted for 11 March.
- 3.3 The Board noted the position.

4 2013/14 Authority Budget

- 4.1 Catherine Pridham highlighted key points from the paper:
 - while there were uncertainties over level and timing of funding for the JET Operating Contract, this was likely to continue until at least 2016;
 - the EPSRC mid-term grant review would be held later that month, no significant changes in EPSRC funding were assumed;
 - the level of Contract of Association funding from Euratom in 2014 was unknown. An estimate was assumed for quarter four (January-March 2014);
 - a small increase in overheads was proposed. This was to cover investment in HR to help with recruitment of new staff and an increase in Apprentice numbers;
 - given the prominence of business development this had been shown as a separate stream to provide visibility to the Board; and
 - an indication of property spend to 2014/15 was provided.
- 4.2 Keith Burnett said that it would be useful to see the property/reinvestment strategy.
- 4.3 Peter Jones sought clarity on the change in the "other fusion" line and noted that this was due to two JET UK contributions in 2012/13 (for 2012 and 2013). However the decrease in JET contribution was partially offset by a planned increase in MAST-Upgrade project spend.
- 4.4 Roger Cashmore asked about spend on D1 in 2012/13 and noted that this was primarily on asbestos removal. Refurbishment of the D1 roof had been delayed 2015/16 so as not to interfere with the MAST-Upgrade.

- 4.5 He also sought clarity on investment in the Material Research Facility and noted that the Authority would need to fund construction of a new building for the facility at Culham. This was in addition to the government funding under the National Nuclear User Facilities proposal.
- 4.6 Roger Cashmore asked about the rise in staff costs and noted that this covered increases in staff number to fill vacancies and reflected the pay remit.
- 4.7 The Board endorsed the Authority Income and Expenditure budget.

5 Technology Presentation

Andrew Bickley joined the meeting

- 5.1 Martin Cox gave a presentation on the Technology Roadmap. Highlights included:
- the roadmap was developed in the context of the organisation moving away from physics towards technology research and development, and mitigating the impact of eventual closure of JET;
 - there were opportunities to exploit our fusion strengths where there were synergies with UK national needs such as fission/nuclear skills, robotics/remote handling and advance materials. The latter two were also key government research priorities, as recently announced by the Chancellor of the Exchequer and the Science Minister;
 - our vision was to host a DEMO design centre at Culham, supported by a number of technology/new facilities. By co-ordinating activities the site would be well positioned for the future;
 - skills mapping had been undertaken for DEMO design; this was not just fusion, but encompassed engineering, design and operations. The Authority was strong in some areas, others might best be filled with collaborations with universities, industry and other fusion labs; and
 - technology facilities mapping had been undertaken and a number of key facilities for Culham identified.
- 5.2 The technology roadmap was a strategic document, and would be progressively underpinned by business plans.
- 5.3 Steve McQuillan suggested meeting with Dick Elsy, the CEO of the High Value Manufacturing Catapult.

6 Draft 2013 Authority Corporate Plan

- 6.1 Eric Hollis explained that the Corporate Plan was still under development. He sought any comments/input, prior to a final draft coming to the March Board meeting.
- 6.2 Andrew Bickley said that input from BIS was also being sought in parallel. The Corporate Plan would then be formally submitted to BIS by the end of March.
- 6.3 Roger Cashmore commended Andrew Bickley on the document and said that in general it read well.

- 6.4 Graeme Reid suggested putting more details in the risk section in particular to reflect the financial information e.g. threats to income streams. Key risks that might crystallise in the lifetime of the plan and required action also needed consideration.
- 6.5 Peter Jones suggested some changes to the wording in the corporate performance section.
- 6.6 The Board noted development of the Corporate Plan.

7 2013/14 Corporate Performance Measures

- 7.1 Eric Hollis said that corporate performance measure for the Authority followed a similar format to last year. He highlighted key points as follows:
- a balanced score card approach had been retained, but the structure had been amended and the categories reduced from four to three areas;
 - ITER contracts had been moved from a customer measure into the business development area;
 - the overheads reduction target had been removed. Overall around 20% savings had been achieved over the past three years and now a small increase was required (see section 4.1 above); and
 - the corporate performance measures would be used as a basis for the employee bonus scheme.
- 7.2 Peter Jones supported the removal of the overheads reduction target as this was due to actions to mitigate a key risk. However, following discussions at the Audit Committee meeting that morning, he proposed that a new measure was added on timely completion of internal audit recommendations.
- 7.3 Steve McQuillan said that the customer measures were delivery of MAST, JET and related science programmes for the Authority's key funders. Given that the Authority was a scientific establishment it would be more appropriate to call them scientific measures.
- 7.4 Steve Cowley confirmed that the lab's number one strategy was nurturing science and technology.
- 7.5 The Board endorsed the measures, subject to the above changes.

8 Financial Report at P9

- 8.1 Catherine Pridham highlighted key points from the report. This included:
- the full year forecast for business development revenue had increased, but was below the target for the year;
 - it was possible that some cost reduction measures would need to be put in place to meet the Authority's overhead reduction target for 2012/13;
 - the Commission had asked for the Authority to put in a call for the first tranche of 2013 funding for JET. The euro rate was currently fluctuating and the exchange rate risk exposure needed consideration;

- the period 10 report would be updated to reflect the impact of the pay remit on staff costs; and
- the balance sheet/cash position was positive due to income in advance from EPSRC.

8.2 The Board noted the report.

9 Any Other Business

9.1 The next meeting was being hosted by the University of Oxford's Materials department and was on Wednesday 6 March.

Secretary Maya Riddle

Chairman Roger Cashmore

Date 6 March 2013