

**UNITED KINGDOM ATOMIC ENERGY AUTHORITY,
Minutes of the 3rd Board Meeting in 2014**

Date: 24 June 2014

Location: Meeting Room CR16, Building R80, STFC, Harwell-Oxford

Members present:

Roger Cashmore, Chairman
Steve Cowley
Peter Jones
Steve McQuillan

In attendance:

Martin Cox
Laura Duxbury (Item 6)
Sharon Ellis (BIS)
Eric Hollis
Catherine Pridham
Maya Riddle (secretary)

Apologies:

Keith Burnett
David Martin

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1 Chairman's Opening Remarks

- 1.1 Roger Cashmore welcomed Sharon Ellis, the replacement for Graeme Reid at BIS, to her first Board meeting.
- 1.2 He thanked Eric Hollis for all his contributions to the Authority over his 40+ year career. This was his last Board meeting as he was retiring next month.
- 1.3 Keith Burnett and David Martin had sent apologies as they were attending a National Summit on the Future of Apprentices & Higher Vocational Education.

2 Minutes of the 2nd Board meeting in 2014

- 2.1 The Board approved the minutes of the Board meeting on 17 March 2014.
- 2.2 Members reviewed the actions.

3 Update from the Board sub-committee chairs

- 3.1 Peter Jones highlighted key points of note arising from the 21 May Remuneration Committee meeting, on behalf of Keith Burnett. This included:
 - the committee concluded that there was a rigorous process for setting and reviewing the Executives' objectives and that the bonus arrangements were appropriate. The bonus figures for the Executive were agreed;
 - updated committee terms of reference were agreed and were included in the review Board performance report;
 - the review of the committee's performance was endorsed;
 - the corporate performance outturn was endorsed; and
 - timing of the replacement of Steve McQuillan was discussed.
- 3.2 Peter Jones highlighted key points of note arising from the 21 May Audit Committee meeting. This included:
 - the review of the committee's performance was endorsed;
 - a whistleblowing update was provided;
 - the SIRO report was considered and accepted. An audit on information assurance would be undertaken during the year;
 - comments were provided on the draft Authority annual report and accounts. Further iteration was required on the site restoration note;
 - the pension accounts were accepted;
 - the excellent performance on timely clearance of audit actions was commended; and
 - concern was raised over the lack of progress from the shared services provider. The Audit Committee concluded that a contingency should be looked into as the Authority could not be without an accounting system.

4 CEO's Report

- 4.1 Steve Cowley said that the JET contract had finally been signed and thanked all those involved in particular Tim Jones, Mark Nightingale and Martin Cox. The contract was for five years and gave unprecedented stability for JET in his time in office.
- 4.2 Martin Cox said that negotiation of the EUROfusion Consortium contract was reaching conclusion. 20 out of 29 associations would need to sign it. Once agreed it would be retrospective applied from 1 January 2014.
- 4.3 Steve Cowley informed members that he and David Willets had met with president Obama's scientific advisor. High level discussions were underway about USA scientists working on the JET deuterium-tritium campaign.
- 4.4 CCFE was acting as a mentor for Croatia, which had joined the EU fusion programme.
- 4.5 The Culham Programme Advisory Board members had been appointed and the first meeting would be on 6-7 October 2014.
- 4.6 Rob Buckingham, one of the leaders in UK robotics, had been appointed to head up RACE (the Remote Applications in Challenging Environments centre being set up at Culham). Planning permission for the RACE building had been submitted and in the interim a temporary centre was being set up.
- 4.7 The Authority was involved in a consortium led by Assystem, which had won a major ITER remote handling contract.
- 4.8 NNL was planning to move around a dozen nuclear material scientists to Culham. The Authority was partnering with NNL in a number of areas including materials research.
- 4.9 Martin Cox alerted members to manufacturing problems with a number of coils for the MAST Upgrade. The assembly programme was being optimised to minimise delays.
- 4.10 Eric Hollis said that the Cabinet Office was seeking approval to undertake triennial reviews, including that of the Authority, which was anticipated to start in July 2014.
- 4.11 Steve Cowley said that the last triennial review, in 2010, confirmed the continued need for the Authority on the ground of the technical function it performed.
- 4.12 Roger Cashmore asked for the triennial review terms of reference to be circulated.
- 4.13 He also drew the attention of members to the updated business plan for RACE (which had been included in Board packs). The Board reconfirmed its support for RACE.
- 4.14 The Board noted the report.

5 Financial Report at P12

- 5.1 Catherine Pridham said that reconciliation with the financial (statutory) accounts was provided. The main difference was due to the property revaluation.
- 5.2 Key points from the 2013/14 year end outturn included:
- both the commercial property and business development targets had been met;
 - income against the JET Operational Contract (JOC) was larger than budgeted primarily due to the payment for the historic JET operational waste;
 - the first payment from the new JOC had been received;
 - income from the EPSRC programme was lower than the budget as agreed with EPSRC;
 - there was an overspend on overheads mainly due to non-budgeted spend on sharepoint, the transition to shared services & responding to the Deloitte review; and
 - there was an increase in fixed assets mainly due to revaluation of property at Harwell.
- 5.3 The transition to shared services was a concern. UK Business Development Service (UKSBS) had yet to provide a proper time bound implementation plan, it had cancelled the workshops and there was still no solution for project accounting, which was essential for the Authority. In addition, the cost to meet the code of connection requirement it recently issued were estimated to require around 6 months of work at a cost circa £120k.
- 5.4 Howard Orme (Director General Finance & Commercial, BIS) had confirmed that the workshops should not have been cancelled. However, UKSBS had not restarted the workshops and was not responding to requests for information.
- 5.5 Roger Cashmore said that it was the Board's responsibility to ensure that there was an operational financial system. The Authority required an alternative solution as the risks were too high.
- 5.6 Steve Cowley said that one option was to implement an alternative system and delay joining shared services. It was agreed that a business case for an alternative solution should be produced.
- 5.7 Sharon Ellis supported the production of a case which could be discussed at BIS.
- 5.8 Members discussed the risks associated with the Euro conversion rate.
- 5.9 Sharon Ellis said she had experience with hedging and might be able to offer advice.
- 5.10 The Board noted the report.

Laura Duxbury joined the meeting

6 Annual Report & Accounts 2013/14

- 6.1 Catherine Pridham said that the draft document had been taken at the Audit Committee and that a second draft had been circulated to Board member for comment.
- 6.2 One of the main changes was that the management commentary was now separated into a strategic report and a directors' report, in accordance with changes in accountancy guidance. The Harwell-Oxford JV figures had now been consolidated into the accounts and the decommissioning note had been updated.
- 6.3 She commended the report to the Board for approval. The next step was to send the document to the NAO for certification then laying the report before parliament prior to the summer recess.
- 6.4 Peter Jones congratulated the team, in particular Laura Duxbury.
- 6.5 The Board endorsed the report.

7 Review of Board Performance

- 7.1 Due to lack of time, the report was postponed to the September Board meeting

8 Any Other Business

- 8.1 Roger Cashmore offered thanks the Science & Technology Facilities Council (STFC) for hosting the meeting. STFC would be giving members a tour of RAL Space, the Central Laser Facility and ISIS. In addition, Angus Horner would be giving an overview of the master plan for development of Harwell-Oxford.
- 8.2 The next Board meeting would be held on Wednesday 17 September 2014.

Secretary Maya Riddle

Chairman Roger Cashmore

Date 17 September 2014