

Minutes of the fourth meeting of the Programme Management Board, 13 September 2012 held at the Reform Club, 104 Pall Mall London SW1.

Present:

Lord Hutton of Furness (**Chairman**)

NAME REDACTED

NAME REDACTED

NAME REDACTED

NAME REDACTED

NAME REDACTED

NAME REDACTED

NAME REDACTED

NAME REDACTED

NAME REDACTED

Mark Higson

Tim Stone

Chris Pook

NAME REDACTED (**Secretary**)

NIA

EdF Energy

Horizon Nuclear Power

NuGeneration Ltd

NuGeneration Ltd

Nuclear Decommissioning Authority

ONR

Nuclear Energy Skills Alliance

ICE

Unite

DECC, OND

DECC, OND

BIS

NIA

In attendance:

NAME REDACTED

OND

NAME REDACTED

OND

NAME REDACTED

BIS

NAME REDACTED

Doosan Babcock

NAME REDACTED

Rolls Royce

NAME REDACTED

NIA

Apologies

NAME REDACTED

AREVA

NAME REDACTED

NDA

Hergen Haye

DECC, OND

NAME REDACTED

Westinghouse

Introductions

The Chairman welcomed NAME REDACTED of Unite to his first PMB meeting.

Future role of PMB

The Chairman said it was time to take stock of the PMB's role and assess its future direction. There were proposals for a strengthened body involving industry and government to provide strategic leadership, focusing on the effective delivery of new build and extracting maximum advantage in terms of economic activity and delivering energy policy objectives. The Automotive Council, which is a high level strategic body comprising industry and government representatives and jointly chaired by a senior industry figure and a Government Minister, had been suggested as a possible model. The PMB would continue to be industry led, and focus predominantly on practical activities to deliver new build while being linked to other nuclear activities in existing operations and decommissioning. The role of government in the PMB was welcome and important, particularly the support they could provide to

infrastructure projects and skills development and to the supply chain through the recently announced Industrial Strategy.

Mr Higson (DECC) conveyed apologies from the newly appointed Energy Minister, John Hayes, who had been keen to attend but was engaged on Parliamentary business. The minister was determined to drive the nuclear agenda forward. The Government could see a role for a strengthened strategic industry body to work with government to maximise economic benefit from the proposed new build programme. This would also be important to securing public support.

Mr Pook (BIS) said that Michael Fallon the newly appointed BIS Minister, would also wish to be involved in the PMB. The Industrial Strategy was designed to identify industrial sectors, such as nuclear, for government to engage with in constructive dialogue and partnership to promote UK industrial interests.

In discussion, the relationship of the PMB to the Nuclear Development Forum (NDF) was raised. The NDF was a useful communications vehicle whose primary purpose of enabling industry to hold government to account might now have been fulfilled. The PMB should act as the high level, co-ordinating body for practical delivery of the new build programme.

The Chairman said he would write to the PMB members with detailed proposals on a revised structure and remit for the Board for discussion at the next meeting in December.

Action: Chairman and NIA

Progress Reports

Construction best practice

NAME REDACTED (ICE) reported that he had invited representatives from Constructing Excellence, EDF Energy and NIA to an initial meeting on 12 October to discuss developing best practice and applying lessons learned in nuclear construction. Following this initial meeting the process would be extended to other members. NAME REDACTED said that the unions would wish to be involved given their strong interest in encouraging and promoting best practice.

Supply chain quality

NAME REDACTED (Rolls-Royce) had chaired the first meeting of the Supply Chain Quality sub-group at the end of August. They had discussed the group's terms of reference and scope of work; concluding that it would cover the UK new build Programme initially, and needs to cover all UK New Build and not just the first phase.

To be effective the group needed information from the developers and vendors about timescales and required quality standards. Unfortunately those companies had not attended the first meeting. NAME REDACTED (ONR) reinforced this point by saying that the regulator's confidence in high supply chain quality could reduce the risk of regulatory intervention during construction.

NAME REDACTED (NDA) said he believed the group's reach should encompass the quality needs of the decommissioning sector. He suggested that the PMB supply chain quality group might be a more suitable vehicle for carrying on the work of the Safety Directors' Forum.

NAME REDACTED (EDF Energy) said that the procurement process for Hinkley Point C was already in mid-stream and that the outcomes of the work on supply chain quality might be too late for that project.

The Chairman strongly urged the developers and vendors to participate in the sub-group's future activities.

Skills

NAME REDACTED (NESA) gave an update on NESA which is designed to harness expertise across the nuclear skills sector, provide clarity and alignment of purpose and remove confusion from the skills landscape. There would be a skills workshop on 19 September to identify risks relating to skills and training provision and influence future funding and investment in this area. She reiterated her plea for improved communication with employers and for industry to be specific about its requirements, identifying gaps and monitoring the effectiveness of response from the skills bodies. She was encouraged that John Hayes, when Skills Minister, had strongly recommended that the bodies in NESA work through NSAN as the strategic nuclear skills organisation, and to take direction from and report to the PMB. It was therefore important for the PMB to show leadership and commitment.

Presentations

NIA Capability Report

NAME REDACTED, as Chairman of the NIA Capability Report Steering Group, gave a presentation (attached) on progress so far. He outlined the objectives, scope and methodology of the study. He identified those components that UK industry could not supply, but said that capability existed in the remaining areas of front end support, construction and civil engineering, plant and equipment manufacture and installation, and operation and maintenance. The capacity of the UK supply chain would need to be increased and its competitiveness proved and demonstrated. Joint ventures with overseas suppliers could reduce risk and improve prospects for UK companies.

In discussion, the following main points were made:

- There was marginally greater UK capability than recorded in the original 2006 study, but much greater awareness in the supply chain of opportunities and requirements.
- Some companies were holding back on investment because of uncertainties in the new build programme, but others were forming JVs and partnerships with overseas companies to improve their competitive position.
- Equipment qualification was an important issue for the industry to address effectively. Shortcomings in that area could add delay, risk and expense to the programme.
- The analysis in the report of an assumed schedule of new build shows peaks and troughs of activity during the new build programme that could translate into additional cost. The analysis takes into account demand on resources from other potential major infrastructure projects. The PMB might wish to consider ways of smoothing those perturbations.
- The group should discuss estimated manpower requirements with the developers, particularly EDF, to achieve common understanding and consistency. **Action: NIA**
- it was agreed that this was an important report that would need consensus support and endorsement from industry

Supply chain readiness

NAME REDACTED gave a presentation (attached) showing a methodology that could be applied to improving the readiness of the UK supply chain to participate in the new build programme. It was based on the Rolls-Royce process that could be applied across the industry.

Essentially, the readiness programme proposes 6 work streams (design, engineering and safety case; product manufacture and supply chain delivery; civil/site construction; M&E installation and commissioning; supply chain quality; skills) to be led by major contractors and involving other supply chain companies and organisations to identify what actions are being taken, and might need to be taken in future to improve UK supply chain readiness in those areas, and give clients greater confidence in the quality and competitiveness of UK suppliers. The 6 work stream leaders could report to a steering group, the chairman of which would report to the PMB and would ideally be a PMB member.

The DECC supply chain and skills action plan could be incorporated into this programme.

The Board generally approved NAME REDACTED proposal, subject to internal discussions within their companies.

DECC Supply Chain Action Plan

NAME REDACTED presented an update (attached) on the Supply Chain Action Plan. The PMB would own and implement the plan and work with government to realise the nuclear opportunities at home and internationally. He stressed the willingness of government to work closely with industry and take account of industry's views on the draft plan that would be distributed for comment very soon.

Action: PMB to provide comments

Any other business

NAME REDACTED (NDA) asked the Board to consider ways in which the NDA could facilitate improvements in supply chain quality to help the new build programme.

Action: PMB

NAME REDACTED (ICE) raised concerns about the availability of SQEP workers, and suggested the Board consider what could be done to learn from and use skills developed in the NDA estate and MOD.

Action: PMB

The date of the next meeting is Monday, 10 December at 11.30am at NIA's offices, 22a St James's Square, London SW1.

NIA

September 2012