

**MINUTES OF THE NUCLEAR DECOMMISSIONING AUTHORITY BOARD MEETING,
WEDNESDAY 23 SEPTEMBER, 08.30 – 15.00, NDA HEADQUARTERS, HERDUS HOUSE,
WESTLAKES SCIENCE PARK, CUMBRIA, CA24 3HU**

Present

Stephen Henwood	Chairman
Patrick Dixon	Senior NED, Safety and Security Committee Chairman
Janette Brown	NED, Audit Committee Chairman
Ken McCallum	NED
Tom Smith	NED
Evelyn Dickey	NED, Remuneration Committee Chairman
Rob Holden	NED
Janet Ashdown	NED
John Clarke	Chief Executive Officer
Pete Lutwyche	Sellafield Programme Director
David Batters	Chief Financial Officer
Adrian Simper	Strategy and Technology Director

In Attendance

Jeremy Gilmour	Board Secretary
Jon Phillips	Communications Director
Alison Kay	Observer, Women on Board
Kenna Kintrea (P/T)	Assurance Director

Item 1 Apologies and Conflicts of Interest

- 1.1 Apologies were received from Volker Beckers.
- 1.2 No conflicts of interest were declared in relation to any items on the agenda.

Item 2 Minutes, Decisions, Actions and Matters Arising

- 2.1 The minutes from the 29th July Board meeting were approved with minor corrections.
- 2.2 The action record was reviewed. Matters arising:
 - (i) 250315/006 – Sellafield Programme and Project Reporting. The Sellafield Programme Director tabled the report (230915/02.2b) and explained the system of Red-Amber-Green (RAG) ratings. It was agreed that for values/dates which are below or equal to the P50 level the rating should be Green, values/dates between P50 and P80 should be Amber, and values/dates over the P80 level should be Red. Action Closed.
 - (ii) 250315/007 – Asset Management. It was agreed that this action should be deferred to the February Board meeting as it requires a key resource who is currently dedicated to preparations for the litigation in relation to the Magnox/RSRL competition process.
 - (iii) 250315/008 – 5-Year Forward View. The Communications Director tabled the draft 5-Year Forward View (230915/02.2a). The Board reviewed the document and agreed that the view helped capture NDA's activities and would provide a valuable communications tool. Action Closed.
 - (iv) 240615/005 – Safety & Security Committee Risks – It was agreed that the Assurance Director would present a proposal at the next Safety & Security Committee.
 - (v) 240615/007 - R&D Spend – Action ongoing
 - (vi) 290715/001 – Spending Review Update– The paper was distributed – Action closed
- 2.3 It was agreed that the Chairman and the Board Secretary should review the current Action Tracking list for format and clarity.
- 2.4 The Decision Record was approved.

- 2.5 The 4 September Special Board was discussed and it was agreed that the decision made in respect of the MSSS Strategy change would be formalised through the minutes of that meeting.

Item 3 Chairman's Report

- 3.1 The Chairman reported the following matters:
- He had recently briefed NAO and Treasury regarding the NDA financial focus. This had been a good session and positive feedback had been received
 - The Minister of State has recently visited Sellafield. It was noted that this had been a productive session which would provide good context to the NDA Spending Review submission
 - He had addressed an All Party Parliamentary group on nuclear, supported by Sellafield Limited and Cavendish representatives
 - Following the recent DECC Review of Governance, the Chairman confirmed that he had had discussions with ShEx regarding the relative roles and responsibilities of the Board and the DECC Investment Committee
- 3.2 The Board noted the report.

Item 4 Chief Executive's Report

- 4.1 The CEO had submitted a revised format written report which was taken as read. The CEO updated the Board on the following points:
- Changes in Senior ONR personnel including a new temporary Chief Inspector
 - Changes in Senior Cavendish personnel including the PBO Chair for Magnox and DSRL
 - The Improvement Notice for Sellafield Magnox Reprocessing was discussed and it was noted that this formalises arrangements which had already been introduced by Sellafield Limited
 - Key successes since the last Board were noted. These included a positive base thickness inspection on Evaporator C, progress with the Sellafield Model Change and more specifically the Market Enhanced model, and progress with Dounreay Exotics.
 - There was further discussion around the Sellafield Model Change and the Market Enhanced Model and it was agreed that this should be a topic for discussion at the December Board
 - A number of threats were also discussed; these included current year funding pressures, a delay to the consultation process for Strategy III, additional work around the contract consolidation process for the Magnox sites, industrial action at Sellafield and the impending litigation regarding the competition process for Magnox/RSRL
- 4.2 The Board noted the report and provided positive feedback regarding the revised format and approach.

Item 5 Programmes and Projects – MSSS

- 5.1 The Chief Executive opened the discussion, thanking the Board for their support with the arrangements for the Special Board held on 4 September to review the change in MSSS Strategy. The Sellafield Programme Director updated the Board regarding the forward governance steps including DECC Investment Committee (planned for 30 September) and Treasury Approval Panel (6 October).
- 5.3 The Board discussed the position regarding the Silos Direct Encapsulation Plant project. This included the continuation of works until formal approval to cancel the contract is

received. It was noted that, where possible, work was being curtailed to minimise nugatory expenditure and the supply chain was being engaged regarding the likely outcomes.

5.4 The Board noted:

- The forward governance steps for the change to MSSS Strategy
- The position in relation to the proposal to cancel the Silos Direct Encapsulation Plant project.

Item 6 Corporate Plan Update

6.1 The Chief Financial Officer (CFO) provided an update to the Board regarding progress with the Spending Review. He commented that Treasury appear to be comfortable with the NDA submission, but that they will not provide any view on the likely outcome of the review.

6.2 Given the uncertainties of the outcome of the Spending Review the CFO proposed that completion of the Corporate Plan is deferred until Quarter 1 2016/17, that the Operating Plan schedule is maintained at March 2016, and that consultation for the Business Plan is potentially deferred to January 2016 to allow for the impacts of the Spending Review to be assessed.

6.3 The Board:

- Noted the update regarding Spending Review
- Agreed with the proposal to defer the Corporate Plan by one quarter to accommodate potential impacts of the Spending Review, Sellafield Model Change and Magnox Consolidation
- Agreed to delegate authority to the CEO and CFO for Spending Review submissions to HMG.

Item 7 Update on Period 5 Performance Report

7.1 The Chief Financial Officer provided an update to the Board regarding the Performance Report.

7.2 The CFO reviewed the current progress against Corporate Targets and the likely position at the year end. It was noted that, in order to maximise potential for delivery, a facility to spend [Minute redacted – s.43 Commercial] has been made available to Sellafield Limited. This is the maximum expenditure available within NDA's Grant in Aid position.

7.3 The Board questioned the approach which would be adopted if the Site Licence Companies were to forecast an overspend at year end. The CFO explained the potential to stop or defer low priority work in the rest of the estate, to defer lower priority work at Sellafield, and to draw dividends from Subsidiary companies. A full review will be carried out at the mid-year position. There is a strong aim to avoid breaching the control totals which have been set for NDA.

7.4 The Board discussed a number of other aspects within the report including the extremely optimistic assumptions on income, the treatment of risks and the Sellafield Security Technology review.

7.5 The Board:

- Noted the Report.

Item 8 Committee Reports

8.1 The Chair of the Audit and Risk Assurance Committee provided an update on the September 2015 Committee proceedings. Key points included the discussion of the Policy for Determining the Nuclear Provision which will be recommended to the Board at a later date. The Committee also reviewed the NDA Risk Control Map. NAO personnel changes were noted along with the potential for a NAO Value for Money review to be carried out in FY 16/17.

- 8.2 The Chair of the Safety and Security Committee provided an update on the September 2015 Committee proceedings. The main topics included a review of the recent Safety Culture survey conducted across the Site Licence Companies. It was noted that, although there was some variation in the results of the Survey across the Estate, the objective of raising the profile of Safety Culture appears to have been successful. The Committee noted a proposal to review the position again next year with a view to moving the Culture on to the next level of performance.
- 8.3 The Chair of the Remuneration provided an update on the September 2015 Committee proceedings. The Committee had reviewed the effectiveness of the committee, the Long Term Incentivisation Plan (LTIP) for the Executive and have planned a review of the Executive succession plans in a future committee session. The Committee also noted that it will review the Terms and Conditions for the Sellafield Limited Chair in the future.
- 8.4 The Board noted the Committee Reports.

Item 9 Sanction

- 9.1 The Board considered the paper 'Strategic Vision: Unlocking the potential - Technical Facilities in West Cumbria'. The CEO explained that this proposal considered both the physical assets required to discharge the mission and the organisational arrangements required to make this work. The Strategy Director confirmed that this paper was to provide an early sighting to the Board regarding the ongoing need for Analytical Services at Sellafield, the need for support to Plutonium storage, the suitability, or otherwise, of the existing Analytical Laboratories, and the potential for the use of the existing Central Laboratories facility. The Board questioned whether certain aspects of the proposal were core NDA business whilst noting the Strategic Vision at this time and requesting that the position be further developed and brought back to the Board at a future time.

ACTION

A1: The Board requested further information regarding the position of NNL, for greater clarity regarding NDA's core responsibilities and for the Vision to be further developed and brought back for future Board consideration.

- 9.2 The Board considered the Analytical Services Sub Programme Business Case. The Board discussed the paper at length, considering the poor state of availability in the existing facilities, what forward demand analysis had been completed in relation to Analytical Services at Sellafield, and whether the terms of the NNL lease for the Central Laboratories presented a complexity. The Assurance Director confirmed that any proposal for a capital project in connection with this proposal would need to be presented as a separate Business Case before it could proceed.

ACTION

A2: The Board requested further clarity regarding this proposal including the logic for moving out of the existing facilities, the demand analysis for a move to Central Laboratories, an economic comparison of the potential options including consideration of the viability of a minimum cost [Minute redacted – s.43 Commercial] option, and a view of the forward sanction strategy. These items are to be considered and included in a future proposal to the Board.

- 9.3 The Board considered the Sub Programme Business Case (SPBC) for the Safe Storage of Plutonium at Sellafield. The Board sought clarity that the scope was anticipated in the current Sellafield Performance Plan, which was confirmed.
- 9.4 The Board:
- commended the quality of the paper
 - approved the SPBC including approval for the SRP Repackaging Plant project to proceed to Gate 4 Project Approval.
- 9.5 The Board considered the Sub Programme Business Case (SPBC) for the Provision of Steam Supplies at Sellafield. The Sellafield Programme Director provided an introduction to the Programme and the impact which the future changes to the Industrial Emissions Directorate would have upon the current facilities at Sellafield. The proposal is to move away from the existing Combined Heat and Power (CHP) facility and to progress a new 'Boilers Only' option which provides steam to the Sellafield site and does not include electricity generation. The Board discussed the SPBC in detail including the consideration of alternative options and risk transfer to the Supply Chain. The Board approved the SPBC but requested that a number of additional considerations are clarified in the final paper.
- ACTION**
- A3:** The Board requested that further information be provided regarding the optioneering which has been carried out, including the economic analysis and a net present value comparison which reflects the relative benefits of the proposed 'Boilers Only' option. The Board also requested that the Programme should not foreclose other supply chain options, such as the procurement of steam, as a service provision, from the market. The Board requested that the revised paper be brought back to a future Board for noting.
- 9.6 The Board Sanction Forward Look was reviewed and noted by the Board. Particular attention was given to PFCS and TSSP (Technical Services Strategic Partnership with NNL). The potential for a re-sanction requirement for Evaporator D and SAV was raised by the Sellafield Programme Director.
- 9.7 The register of Sanction Decisions was reviewed and noted.

Item 10 Forward Agenda

- 10.1 The Board reviewed the forward agenda. It was noted that there were further Sanction proposals to consider at the November Board meeting which will also include a visit to the Wylfa site ahead of the historic end of generation at that facility. It was proposed that significant Board time will be required to review and discuss the developing position in relation to the Sellafield Model Change.

Item 11 Any Other Business

- 11.1 There being no other Business, the meeting was closed at 14:55.

Stephen Henwood
Chairman

Date