

**UNITED KINGDOM ATOMIC ENERGY AUTHORITY,
Minutes of the 2nd UKAEA Board Meeting 2006**

Date: 15 March 2006

Location: Millennium Hotel, Mayfair, London

Members present:

Barbara Thomas Judge, Chairman
Colin Bayliss
Rosemary Day
Norman Harrison
Andrew Jackson
John Kennedy
Dipesh Shah
Ken Vowles
Alan Young

Secretariat:

Bim Adesanya, Minutes Secretary
Stephen White, Authority Secretary

Others present

Steve Beackon
Beth Taylor
Martin Wenban

Apologies

Mark Slaughter
John Crofts

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1 Chairman's Opening Remarks

- 1.1 Barbara Thomas Judge welcomed Rosemary Day and Alan Young to their last UKAEA Board meeting and thanked them for their services over the past 7 years.
- 1.2 She informed the meeting that the feedback on the partnership formation from within and outside the government was good. UKAEA had been commended for achieving this milestone.
- 1.3 The Energy Minister, Malcolm Wicks, had accepted the invitation to attend the Stakeholders' Cocktail Reception at Dounreay on 2 July 06.

2 March 2006 CEO's Report

- 2.1 Dipesh Shah briefed the Board on the operational performance for the period considered in more detail under item 6.
- 2.2 Environmental performance within the company had improved during the last period and was now expected to achieve the target range for the year.
- 2.3 The NDA was awaiting views from UKAEA about how Windscale should be managed post-UKAEA restructuring. We were developing our position but did not believe the absorption of Windscale into Sellafield was the right approach.
- 2.4 The timescale for restructuring UKAEA into NewCo, Licensee Companies and the remaining NDPB was 31 March 2007. This was extremely tight and was dependent on achieving relicensing, on agreeing a satisfactory approach to Windscale and on achieving a sensible balance between NewCo and the Licensee Companies. Dipesh Shah also made it clear that nothing would distract UKAEA from safe delivery of the programmes. Discussions with the NDA on transfer schemes were underway.
- 2.5 The first major milestone of the restructuring would be the launch of the new commercial business arm during the 1st quarter of 2006/7.
- 2.6 The Board noted the report.

3 Economics of Non-NDA Bids

- 3.1 Colin Bayliss presented the progress against the 2005/6 budget and our expectations beyond 2006/7 in terms of cost and profitability. A financial model had been developed.
- 3.2 The Board commended Colin Bayliss on his achievements to date.

4 Draft 2006 Corporate Plan

- 4.1 Stephen White said it was a requirement of government for UKAEA to produce an annual Corporate Plan.
- 4.2 The Corporate Plan presented an update on the transformation of UKAEA following the agreement of the Business Plan in 2005, together with the ongoing work in Fusion, Property, Pensions and NDA site programmes.
- 4.3 It detailed the strategic direction of UKAEA over the next three years starting April 2006 and provided the strategic context for the programme activities, objectives, associated budget (see item 5) and funding arrangements for the next 3 years.
- 4.4 Members' comments were sought, on the content and structure of the 2006 Corporate Plan.
- 4.5 The Board commended the overall shape and clarity of the plan but asked for it to place even more emphasis on health, safety and the environment, to highlight the progress in accelerating programmes and to focus on the recovery plan and lessons learned in relation to the Dounreay DCP incident.

5 2006/7 Budget Submission

- 5.1 Andrew Jackson presented the budget covering the NDA decommissioning (Lifetime Plans) programme, DTI programme, Restructuring costs and the NewCo/UKAEA Ltd costs.
- 5.2 The budget had been prepared reflecting the current structure of UKAEA and the delivery of the NDA programme within a contractual framework.
- 5.3 The Lifetime Plan submissions had been submitted to the NDA on time but had not yet been approved. The NDA had also proposed a radical new fee structure, which was still under negotiation, which meant that elements in the budget submission were provisional.
- 5.4 The Board noted the draft budget submission and asked for the budget to be resubmitted once the uncertainties about the Lifetime Plans and NDA fee proposals had been resolved.

6 Period 10 Business Performance Report

- 6.1 Andrew Jackson said that £182m of value had been delivered against a plan of £173m in the Near Term Work Plan (NTWP).
- 6.2 The schedule performance slippage against the original programme has been more than offset by ca. £20m work accelerated into the current year's programme from later years. As a result more work has been completed at a lower cost.

- 6.3 The cost performance continues to exceed our expectations with a £23.6m saving against programme.
- 6.4 The Board noted the paper.

7 D3900 Immobilisation and Encapsulation Plant & Store Business Case

- 7.1 Norman Harrison said the D3900 project had a total value of ca. £109m and was a flagship 'new build' for UKAEA. He said the NDA had undertaken an engineering and commercial evaluation of the project and regarded both systems as 'Best in Class' and had approved the full project 'in principle'.
- 7.2 The tender process for the project had been independently audited by EC Harris.
- 7.3 The Board approved the scheme design of the plant and the award of a contract to AMEC. They endorsed the business case for submission to the NDA for sanctioning.

8 Any Other Business

- 8.1 Norman Harrison informed the Board that the final phase of the Dounreay Re-organisation had been completed. The senior team includes the partners (2 each). The overall aim was to improve safety, environment and commercial performances.
- 8.2 The Board approved the minutes of the 1st meeting in 2006.

Bim Adesanya, Minutes Secretary.

Approved by:

Barbara Thomas Judge, Chairman