

**UNITED KINGDOM ATOMIC ENERGY AUTHORITY,
Minutes of the 2nd UKAEA Board Meeting 2005**

Date: 7 March 2005

Location: Harwell

Members present:

Barbara Thomas Judge, Chairman
Colin Bayliss
Rosemary Day
Norman Harrison
John Macpherson
Dipesh Shah
Ken Vowles
Paul White
Alan Young

Secretariat:

Maya Riddle, Minutes Secretary
Stephen White, Authority Secretary

Others present

Steve Beackon
James Bretherton (Item 7)
John Crofts
Stephen Foyle (Item 7)
Beth Taylor

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1 Chairman's Opening Remarks

- 1.1 Barbara Thomas Judge informed Members that, subject to the outcomes of the Shareholder Executive peer review, the Business Plan would shortly be submitted for Ministerial approval.
- 1.2 Candidates for the non-executive posts had been selected and were awaiting Ministerial approval. Candidates were being interviewed for a Chief Financial Officer replace to Paul White on his retirement.

2 March 2005 CEO's Report

- 2.1 Dipesh Shah said that workstreams had been set up to implement the Business Plan in anticipation of Ministerial approval.
- 2.2 UKAEA had won a contract to administer RWE Nukem's pension scheme.
- 2.3 In line with maintaining a hard edge on performance, the Executive had agreed actions to improve management of poor performers.
- 2.4 Colin Bayliss updated members on work that he was leading to develop UKAEA's consultancy and services business.
- 2.5 The Board noted the report.

3 2005 Corporate Plan.

- 3.1 Stephen White said that the 2005 Corporate Plan was more succinct than in previous years due to the detail that was provided in the Business Plan and the Near Term Work Plan.
- 3.2 It was intended that the company bonus scheme would be driven by delivery of the performance-based incentives (PBIs) and key fusion milestones agreed with UKAEA's customers. The bonus would be moderated by enabling performance measures to ensure that the work was delivered in a way that was safe, environmentally responsible and publicly acceptable.
- 3.3 The Board agreed that it was the best Corporate Plan so far and approved it, subject to a number of points of detail and presentation.

4 2005/6 Budget

- 4.1 Paul White said that the budget presented a co-ordinated set of figures, consistent with the Business Plan and near term work plan.
- 4.2 The budget had been prepared in accordance with the governance requirements of the DTI (as per the UKAEA Shareholder Programme Agreement) and NDA requirements.
- 4.3 The total resource cost for 2005/6 was £285.7m. This was less than the 2004/5 budget, mainly due to the exclusion of BNFL payments and the cost of running the Constabulary, which would become a standalone force from 1 April 2005.
- 4.4 Members asked a number of questions and noted that:
 - The DTI's contribution to corporate costs was based on an allocation basis in line with the Shareholder agreement.
 - Service charges for the fusion programme were allowed for in the contract agreed with the customer. It was agreed that the allocations should be

reviewed to ensure that under recoveries were avoided.

4.5 The Board approved the budget for 2005/6.

5 UKAEA Business Performance Report for Period 9, 2004/5

5.1 Paul White said that the total resource cost for UKAEA was forecast to out-turn on budget.

5.2 Stephen White said that performance against the company performance measures was as follows:

- Delivery – 90% of the PBIs and key fusion milestones had been met.
- Safety – as discussed at the previous meeting the number of events in the first three quarters was higher than targeted. Management action was being taken to improve safety performance, as highlighted in the report.
- Environment – 100% of the environmental milestones had been met.
- Media – performance was higher than targeted, but recent adverse publicity at Dounreay was likely to have an impact.

5.3 The bonus to staff was forecast to be 3.5% out of 5%, based on current levels of performance.

5.4 In addition to monitoring performance against the PBIs, earned value was being tracked. Schedule performance across the programme was expected to out-turn at 95%.

5.5 Members asked if UKAEA's performance could be benchmarked.

5.6 John Crofts informed members that concern had been raised at the Nuclear Regulatory Forum that the effort now devoted to planning could divert attention from safe delivery.

5.7 The Board noted the paper.

6 Project Challenge – 20TH Progress Report

6.1 Stephen White said that this would be his penultimate report on Project Challenge.

6.2 UKAEA remained on schedule to submit Near Term Work Plan 2 to the NDA. The Executive had recently reviewed the site summaries and set some actions to improve the documents and there was discussion with the NDA over the appropriate level of detail.

6.3 The change control system was being improved. Further training on programme control was also being planned.

- 6.4 Progress was being made on the management system development, focused on the seven priority processes. Priority would also be given to development of the commercial process.
- 6.5 Some issues remained that were still to be resolved in the contract negotiations with the NDA.
- 6.6 The Board noted the report.

7 Police Separation Transfer Scheme

- 7.1 James Bretherton said that the UKAEA Constabulary was on schedule to become the Civil Nuclear Constabulary (CNC). The Secretary for State would approve the transfer scheme under the 2004 Energy Act. The vesting day was 1 April 2005.
- 7.2 The main aspect of the scheme was the transfer of 620 police officers and 40 support staff and associated assets and property. The buildings and land would remain with UKAEA.
- 7.3 Barbara Thomas Judge commended the work and reputation of the Constabulary, and thanked James Bretherton and his team for their role in ensuring a smooth separation of the Constabulary.
- 7.4 The Board noted the report.

8 Any Other Business

- 8.1 Stephen White said that NDA's CEO had complimented UKAEA on its socio-economic plans and the work that UKAEA was already doing to support local communities.
- 8.2 Members discussed the recent Sunday Times' article about safety at Dounreay and the questions raised about particles in the House of Commons.

9 Minutes of February 2005 Board Meeting

- 9.1 The Board approved the minutes of the previous meeting.

Maya Riddle, Minutes Secretary

Approved by:

Barbara Thomas Judge, Chairman