

**UNITED KINGDOM ATOMIC ENERGY AUTHORITY,
Minutes of the 1st UKAEA Board Meeting 2006**

Date: 8 February 2006

Location: Eversheds' London

Members present:

Barbara Thomas Judge, Chairman

Colin Bayliss

Rosemary Day

Norman Harrison

Andrew Jackson

John Kennedy

Dipesh Shah

Mark Slaughter

Ken Vowles

Alan Young

Secretariat:

Bim Adesanya, Minutes Secretary

Stephen White, Authority Secretary

Others present

Steve Beackon

John Crofts

Beth Taylor

Martin Wenban

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1 Chairman's Opening Remarks

- 1.1 Barbara Thomas Judge said that the partnership announcement had been well received within the government and media. She thanked everyone involved in the negotiations and said the UKAEA was on its way to a bright new future.
- 1.2 A dinner had been held with members of the House of Lords and the House of Commons where UKAEA explained how it was preparing for the NDA competition. Representatives of AMEC and CH2M Hill also attended the dinner.
- 1.3 The Energy Minister, Malcolm Wicks, would be attending the Stakeholders' Cocktail Reception at Dounreay in July.

2 February 2006 CEO's Report

- 2.1 Dipesh Shah briefed the Board on the operational performance for the period. Current priorities were to maintain a sharp focus on safety, achieve the remaining performance targets for 2005/06 and negotiate the fee incentive arrangements for 2006/07.
- 2.2 Activities on a number of significant projects had been accelerated from later years and were being completed at a lower cost.
- 2.3 Good progress was being made in bidding for non-NDA work. The Business Plan target for the first year had already been exceeded.
- 2.4 The economics of the non-NDA bids, in terms of costs and profitability, would be presented to the Board in March 2006.
- 2.5 UKAEA was in the process of restructuring into three business entities – a new commercial company (NewCo), Site Licence Companies and the remaining Non-Departmental Public Body (NDPB) covering Fusion and Property Regeneration.
- 2.6 The Board noted the report.

3 Board Assurance Committee (BAC) Update

- 3.1 Alan Young informed the Board of key points raised at the BAC meeting held on 7th February, which included:
 - The safety performance had improved significantly during the last quarter. However, the focus should be maintained.
 - It was noted, following an audits review, that there had been no operational audit carried out recently and there had been no Fuel Management System audit for at least 2 years. Such audits would now be carried out.
 - It was noted, following the sickness absence profile review, that UKAEA's present average of 6 days per annum was below that of both the public

sector average of 10.7 days and the private sector average of 7.8 days but was still well above the 3 days per annum recorded by some private sector companies. The UKAEA sickness absence should continue to be monitored and all steps should be taken to improve it

- The Dounreay Cementation Plant (DCP) spill and Pulse Column Laboratory contamination incidents had been reviewed. It was concluded that staff needed to be aware there would be consequences if they did not comply with procedures and a campaign was planned to ensure that staff were in no doubt about the company's expectations.

4 UKAEA Business Performance Report for Period 9, 2005/6

- 4.1 Andrew Jackson said that revenue and expenditure remained below budget, as predicted. Costs savings had been used to accelerate work from 2006/7 into the current year.
- 4.2 A meeting with the NDA had identified and demonstrated how the 7% savings target was being achieved. There had been improvements in staff productivity, waste through-puts and innovation.
- 4.3 A revised forecast of profit was currently being made as there were a number of potential calls on fee.
- 4.4 While schedule performance against the Near Term Work Plan (NTWP) continued to show some slippage, this had been more than offset by work accelerated into the programme from later years, with the result that overall, more work had been delivered for the same cost.
- 4.5 Discussions were taking place with the NDA to negotiate milestones and fee earning incentives for next year.
- 4.6 Stephen White said that delivery of the NDA's Performance Based Incentives was slightly below the maximum at Period 9 and was forecast to remain at this level for the year as a whole. However, there was potential for fee to be eroded by the NDA, based on their evaluation of performance overall. 10 out of 12 fusion milestones were expected to be met, subject to agreement on some change control proposals.
- 4.7 Safety performance had improved and now fell within the target range. The safety culture workshops and continuing management attention to behavioural safety seemed to be paying dividends.
- 4.8 Environmental performance remained below the target range, due to a small number of milestones being missed. The target was exceedingly demanding, but the position was expected to recover by the end of the year.
- 4.9 Media performance was above the target range.
- 4.10 The Board noted the paper.

5 Any Other Business

- 5.1 Norman Harrison informed the Board that the 1st phase of the Dounreay restructuring, covering the top level management posts, had been completed.
- 5.2 The Board recognised Colin Bayliss's achievement in successfully launching the non-NDA work virtually from scratch.
- 5.3 The Board approved the minutes of the 8th and 9th meetings in 2005.

Bim Adesanya, Minutes Secretary.

Approved by: Barbara Thomas Judge, Chairman

