

**UNITED KINGDOM ATOMIC ENERGY AUTHORITY,
UKAEA(2002)5TH MEETING**

DATE: 1 OCTOBER 2002

LOCATION: HARWELL

Members present: Denis Tunncliffe Chairman
Colin Bayliss
James Bretherton
Rosemary Day
Stan Gordelier
Helen Leiser
John Macpherson
John McKeown
Barbara Thomas
Ken Vowles
Paul White
Colette Hunt Minutes Secretary

Others present John Crofts
Stephen White Attended up to and including item 3
Beth Taylor

Apologies Peter Welsh
Alan Young

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1 INTRODUCTORY REMARKS

- 1.1 The Chairman welcomed Barbara Thomas to the Board and noted apologies from Alan Young and Peter Welsh. The Board noted that Helen Leiser would attend the Board meetings while she remained in her present post (which she expected to be until the end of the year).

2 MINUTES OF PREVIOUS MEETING

- 2.1 The minutes were agreed as presented.

3 BECOMING THE SUPPLIER OF CHOICE BUSINESS IMPROVEMENT PROGRAMME

- 3.1 The Board meeting agreed that UKAEA should position itself as the Supplier of Choice to the LMA and that an analysis of the work required to achieve this objective should be presented to a future meeting.
- 3.2 The paper and supporting presentation responded to this recommendation and described an analysis process which included assessing UKAEA's core processes against the LMA's likely expectations.
- 3.3 The Board noted that the analysis was based on UKAEA's current understanding of LMA requirements and that the outcomes would be reviewed to ensure this basis remained valid into the future.
- 3.4 A recent discussion with the LMU had placed a greater emphasis than expected on openness and honesty in public interactions. The outcome of UKAEA's analysis would be reviewed to ensure consistency with this requirement.
- 3.5 The required delivery standard was expected to increase significantly and UKAEA would need to review its processes to ascertain how best to meet this challenge.
- 3.6 Planning and procurement processes were identified as strong, but in need of further development to meet the LMA requirements. The planning process would need to introduce more comprehensive Work Breakdown Structures, which would tie the site programme to resourced tasks throughout the decommissioning process, provide more robust use of change control processes, and would be aligned to revised management accounting systems.
- 3.7 The Board was pleased to note the Executive support for the introduction of more detailed Work Break Down Structures, noting that this change, while primarily driven by LMU requirements, offered internal business benefits to UKAEA.

- 3.8 In addition, further clarification of the LMA's requirements, reward and recognition systems and management behaviours focused on encouraging a delivery culture; and early involvement of key stakeholders in UKAEA's site programmes were identified as areas for management attention.
- 3.9 The formation of the Major Projects Division was identified as a major contributor to encouraging a delivery culture.
- 3.10 UKAEA's cash control and responsiveness to LMU requirements were identified as strengths.
- 3.11 Work in some of the areas identified for action was ongoing and would be reviewed to ensure the focus was consistent with future challenges.
- 3.12 A business improvement programme was proposed, which would be managed as a project and have the purpose of co-ordinating UKAEA's improvement work toward a common goal i.e. becoming the Supplier of Choice.
- 3.13 Significant resource may be required to enable additional work to proceed without diversion from ongoing decommissioning programmes. A more clear understanding of the scale and nature of the resource requirement would result from the preparation of a detailed improvement programme.
- 3.14 The Board noted that additional funding from DTI to implement the proposed improvement programme, may be difficult to attain. The possibility of funding from the LMU was raised.
- 3.15 The Board welcomed the analysis and agreed that a business improvement programme should be developed. The programme should avoid:
 - 3.15.1 Reducing innovation in the organisation by over centralising the responsibility and authority for creating and implementing improvement ideas.
 - 3.15.2 Any wording that suggested a lack of commitment to the improvement process
 - 3.15.3 Staff perception that the programme was "just another initiative" i.e. staff must buy-in to the need to change UKAEA's culture
- 3.16 The Board recommended considering whether the programme should be branded to assist in the process of aligning staff toward a common goal. Staff should be as proactively involved as possible in the development of the programme, and opportunities for reward based on the degree of success of the programme should be considered.
- 3.17 The Board offered to visibly support the programme to key stakeholders.

4 UKAEA'S RESPONSE TO THE WHITE PAPER - MANAGING THE NUCLEAR LEGACY

- 4.1 The Board was invited to comment on the White Paper to allow their views to be incorporated into UKAEA's response.
- 4.2 In general:
 - 4.2.1 The submission should reflect the wording of the White Paper as far as practicable
 - 4.2.2 UKAEA should not take a position on the nature of funding from the LMA i.e. segregated, on vote account etc but to say that there must be a commitment to long term funding
 - 4.2.3 Reference to models or analogies that lead to ambiguity should be avoided i.e. golden triangle, Cinderella etc
 - 4.2.4 The submission should reflect UKAEA's support of the LMA
- 4.3 It was recommended that UKAEA increase its involvement and/or exposure to the LMA legislation development process within DTI.
- 4.4 The Chairman would consider the formal submission on behalf of the Board.
- 4.5 The principle of submitting outline documents to the Board meeting was commended as it allowed sufficient opportunity for constructive comment before the final document was prepared.

5 PROGRESS REPORT ON 2003 CORPORATE PLAN

- 5.1 The Corporate Plan serves two purposes:
 - 5.1.1 It describes how UKAEA intends to manage the delivery of the decommissioning programme to a standard sufficient to meet the challenge of becoming the LMA's Supplier of Choice, and
 - 5.1.2 It is how the minister assesses UKAEA's performance.
- 5.2 The strategic goals that drive the organisation remained appropriate in the changing external environment. They would be reworded with the aim of improving stakeholder understanding, awareness and support.
- 5.3 The Board noted that work on the Corporate Plan would be taken forward in consultation with the DTI, and a further progress report would be presented to the November Board meeting. A final draft would be issued to Members for comment in correspondence before the end of December. The final document would be submitted for approval to the Board meeting in February 2003.
- 5.4 The Board requested that the November report include
 - 5.4.1 resource issues raised by the "bottom-up" planning process
 - 5.4.2 an explanation of the trade-offs between optimising the lifetime decommissioning programme and working within in-year resource

availability

5.4.3 identification of any resource issues raised in the NII's recent QQR report of UKAEA

6 DTI AND UKAEA: TRANSFORMING THE RELATIONSHIP

- 6.1 The Board was advised to read the voluminous attachments to the paper if they had not done so already, as they outlined in detail the relationship between UKAEA and DTI and the role of the Board in this relationship. Particular attention was drawn to the annexes describing the process and timetable for DTI and UKAEA discussions on planning; and what should be covered in financial cases to the DTI.
- 6.2 Under the new arrangements, UKAEA would move from Grant to Grant-in-Aid funding, which would streamline the financial approval process for projects. The Board noted that increases in the financial limit above which projects needed DTI approval were conditional upon UKAEA assuring DTI that its project sanction process was robust and consistent with wider ministerial objectives.
- 6.3 The arrangements would be in place by the end of this financial year (end March 2003)
- 6.4 The Board supported the revised arrangements and thanked both DTI and Executive for their efforts.
- 6.5 James Bretherton drew the attention of the Board to a 1997 Board paper that identified the Code of Practice for Board members, and the Code of Conduct for staff. This should prove useful given that a number of Board members were relatively recent appointees. He passed a copy to the Chairman for consideration.
- 6.6 The Chairman requested that a list of documents describing Non-Executive Board members' duties be prepared.

7 MPED - PROGRESS REPORT PRESENTATION BY COLIN BAYLISS

- 7.1 The presentation was a progress report on the formation of MPED, and described the projects that would be managed by the Division, and how the Division's performance would be monitored.
- 7.2 The methods employed by the Division to further improve UKAEA's delivery were identified as:
 - 7.2.1 Introducing an internal customer supplier interface, with Service Level Agreement documents and customer specification requirements
 - 7.2.2 Establishing clear allocation of resource to projects
 - 7.2.3 Publishing procedures, tools and service descriptions on the Intranet
 - 7.2.4 Re-enforcing accurate and reliable reporting and change control

- systems. The Board noted that UKAEA applied risk management techniques within project sanction limits and applied change control methods for risks realised outside those envisaged at sanction.
- 7.2.5 Improving UKAEA's engineering systems, which had been seriously depleted with the divestment of AEAT
 - 7.2.6 Introducing stretching but achievable performance targets for the Division, which included customer satisfaction measures.
 - 7.2.7 Emphasising the link between individual projects and the site programme
 - 7.2.8 Selecting projects for inclusion in MPED based on a clear set of business drivers i.e. cost, site programme critical path impact, stakeholder importance etc
- 7.3 Ten projects had been identified as most significant against the set of business drivers. Management of these projects would be transferred to MPED on approval by the NII, and reported to the Board on a quarterly basis.
 - 7.4 The most significant three projects were identified as the new Waste facility required at Dounreay, the Vault Store at Harwell, which will enter active commissioning by the end of the year, and the Dounreay Shaft.
 - 7.5 The formation of MPED had required NII approval under Licence Condition 36. The approval process had started in May with UKAEA submitting the LC36 document for MPED. This was followed by similar submissions for the Operational Divisions affected by the formation of MPED. NII informal approval was advised in late September and the formal approval documentation is expected in early October.
 - 7.6 The Board welcomed the establishing of the Major Projects and Engineering Division recognising that this would contribute to becoming the LMA's Supplier of Choice.

8 FREEDOM OF INFORMATION

- 8.1 The paper was supplemented with a presentation that provided a progress report on internal actions identified in a previous Board presentation.
- 8.2 Key points were:
 - 8.2.1 UKAEA already complied with the Open Government Code of Practice, which was the precursor to the Freedom of Information Act
 - 8.2.2 The implementation of the Act would be staged, with full implementation scheduled for 2005.
 - 8.2.3 Richard Thomas had been named as the successor to Elizabeth France, Information Commissioner, and would be in post by the end of the calendar year.
 - 8.2.4 Individual requests for information could be refused on the grounds of absolute or "public interest" exemptions.

- 8.2.5 "Public interest" exemptions were based on value judgements, which the Information Commissioner could challenge. Ultimately the Secretary of State could override a demand by the Information Commissioner that information be released, but this appeal process would be likely to generate negative publicity
- 8.2.6 Commercial confidentiality was subject to a public interest test and case law would develop over time to increase clarity on what exemptions would be acceptable
- 8.2.7 Initial stages of implementation required the introduction of a Publication Scheme
- 8.2.8 Schemes required the approval of the Information Commissioner
- 8.2.9 UKAEA was required to publish its approved Scheme by the end of November 2002.
- 8.2.10 A draft Scheme had been submitted to the Information Commissioner, who was content subject to minor changes.
- 8.3 The Board recognised that the introduction of the FOI Act implied a significant change in the attitude to openness than previous exhibited by the public sector.
- 8.4 UKAEA's Scheme had been based on the Health and Safety Executive's pilot Publication Scheme. The Board requested clarification whether the Health and Safety Executive published its Board minutes and requested that this be confirmed. In addition, the Board suggested that the publication options for the Board minutes be outlined for further consideration.

9 CEO'S REPORT

- 9.1 John McKeown summarised the highlights of the report.
- 9.2 Major items were:
 - 9.2.1 The positive outcome of the NII's QQR report of UKAEA
 - 9.2.2 The improved relations between UKAEA and its regulators, specifically NII and SEPA
 - 9.2.3 NII had issued UKAEA with an enforcement notice with regard to the source exposure at Dounreay. Members noted that the incident was a result of working outside the original risk assessment
 - 9.2.4 The change to nuclear security legislation was not expected to have a significant impact on UKAEA
 - 9.2.5 The Board congratulated the Chief Constable on the secure return of BNFL's reactor fuel from Japan.
 - 9.2.6 The Board welcomed the SEPA project update and noted the current QQR of SEPA.
 - 9.2.7 UKAEA's certification against ISO9001:2000 was presented during the meeting
 - 9.2.8 The Chairman requested involvement in any future decision to

proceed with the Harwell Chilton Field development proposal. DTI was aware of that the housing development proposal conflicted with the CLRC's aspirations to develop its Diamond facility, and had advised relevant government Departments that UKAEA's funding submission had assumed income from the housing development agreement in 2003/04. The Board noted that the two DTI Ministers concerned, Brian Wilson and Lord Sainsbury, have jointly requested that UKAEA and CLRC discuss and agree a proposed way forward.

9.2.9 The Board congratulated the Executive on the successful conclusion of the Pile 1 settlement agreement.

9.2.10 UKAEA had achieved limited success in raising the issue of the need for a new waste category for high volume, very low level contaminated material. The Board recognised this as a significant opportunity to save money for the UK taxpayer. International precedents existed for introducing a new category for such material. Application of current waste classifications would be costly with arguably no safety benefit. The Board requested that it be kept informed of progress in this area.

9.2.11 COMARE's conclusion that there was no link between the nuclear industry and childhood cancer rates was welcomed as an opportunity to reduce local community concerns. The Chairman requested a copy of the report's summary.

9.2.12 Frank Briscoe had been appointed as acting Director Culham Division.

9.2.13 The Board recommended that the secondees requested by the LMU be provided, acknowledging that this would place additional strain on critical resources required to meet the challenge of becoming the LMA's Supplier of Choice. An update on progress would be provided to the November Board meeting.

9.2.14 The Board requested details of the programme for the Dounreay Sodium Disposal Plant becoming fully operational

10 MAPPING OF BOARD SCHEDULE

10.1 The paper was designed to ensure that the Board meeting business adequately addressed the Chairman's objectives.

10.2 The relationship between the Board business and the Chairman's objectives for the current meeting identified in the paper was accepted as a fair reflection of the discussion during the meeting. The detailed schedule for the November meeting was reviewed and the schedule for the coming year was considered to reflect the Chairman's objectives adequately.

11 ANY OTHER BUSINESS

- 11.1 The Board noted that a Communications Issue Review Group Board sub-committee meeting had been held on the 11 September and that discussion had centred on UKAEA's ability to both respond to negative press reports and proactively influence future reporting.
- 11.2 A forward programme of proactive issues was distributed during the meeting.
- 11.3 The Media Performance measure outcome was encouraging, reflecting positive media coverage that had been reduced in impact by negative reporting on largely historic incidents.
- 11.4 The Board thanked Colette Hunt for her very positive contributions to the effective working of the Board and wished her well in her MBA exams and in her new post in Stephen White's Strategic Development Group.
- 11.5 The Board noted that Maya Stevenson would succeed Colette as minutes secretary.

Colette Hunt, Minutes Secretary

Date: 13 November 2002

Approved and signed

Denis Tunnicliffe, Chairman