

**UNITED KINGDOM ATOMIC ENERGY AUTHORITY,
Minutes of the 2nd UKAEA Board Meeting 2008**

Date: 7 February 2008

Location: Zeta Meeting Room, Culham

Members present:

Barbara Thomas Judge, Chairman

Ken Vowles

Arnold Wagner

Mark Slaughter

John Kennedy

Norman Harrison

Andrew Jackson

Colin Bayliss

Secretariat:

Stephen White, Authority Secretary

Bim Adesanya, Minutes Secretary

Others:

Mike Potts

Chris Llewellyn-Smith (Items 7 & 8)

Frank Briscoe (Items 7 & 8)

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1 Chairman's Opening Remarks

- 1.1 The Chairman welcomed the Members to the meeting and said that this would be the Board's last visit to Culham prior to Frank Briscoe – Culham Operations Director - and Chris Llewellyn-Smith – Fusion Director - retiring in the spring and autumn respectively.

2 Approval of the Board Minutes

- 2.1 The Board approved the minutes of the 1st meeting in 2008.

3 Implications of the new Corporate Manslaughter and Homicide Act 2008

- 3.1 Mike Potts briefed the Board on the Corporate Manslaughter and Homicide Act that was scheduled to come into force in April 2008. The key points were as follows:

- The Act makes it possible for companies, corporate bodies, partnerships, trade unions and employers' associations, operating in the UK, in the private, public or third sectors to be convicted for failures, relating to the management or organisation of its activities, which result in the death of a person and amount to a gross breach of a duty of care to the deceased. Prosecutions would take into account the management systems, processes and practices for managing safety across the organisation.
- The Act states that a substantial part of the failure within the organisation must be at a senior level and this included the Board and Executive Members amongst others. However, it would be the organisation and not individuals that would be prosecuted. Individuals could already be prosecuted for gross negligence and for health and safety offences under existing legislation.
- The Act does not stipulate new regulatory standards which organisations must follow; instead it states that organisations should ensure that they have taken the appropriate steps to meet current legal duties. Further, it states that failures by senior managers to manage health and safety adequately, including the inappropriate delegation of such matters would leave organisations vulnerable. With this in mind, new guidance for Directors and Board Members was being

drafted jointly by the Institute of Directors (IoD) and Health & Safety Commission (HSC).

- UKAEA is reviewing the safety management systems and processes for all future entities to ensure that they were adequate and that effective controls were in place. Also, the Sustained Excellence safety programme would be used to develop the desired corporate safety culture across the business.
- 3.2 The Board discussed the issues and requested that assurances provided to them by the Board Assurance Committee on the robustness of our safety management arrangements be further strengthened; there was a clear duty on the Board not just the Board Assurance Committee. Further, Arnold Wagner said that we needed to ensure that there were clear lines of accountability and that the relevant employees were suitably qualified and experienced to carry out all operations within their remit. Also, we needed to regularly review the processes that were used to monitor our safety systems and performance to ensure they were appropriate and relevant. Ken Vowles reiterated that the Board Assurance Committee was already discussing these points and was in the process of preparing a recommendation to the Board. It would develop the arrangements to satisfy the Board that UKAEA's systems, processes and practices for managing health and safety were adequate.
- 3.3 The Board thanked Mike Potts for his presentation and requested that the new guidance be distributed to Members as soon as it was published.

4 February 2008 CEO Report

- 4.1 Norman Harrison briefed the Board on the operational performance up to Period 9 considered in more detail under item 6.
- 4.2 Our safety performance had continued to improve and three out of our four sites in the NDA portfolio had a Total Recordable Incident Rate (TRIR) that was in the green zone (< 0.75). Harwell was also continuing to improve and approaching the green zone. The recent electrical near misses at Culham had been positively addressed and there was a current focus across the sites on the safe handling of electrical equipment and traffic safety, to ensure that we

achieved our goal of moving all our sites in the NDA portfolio into the top half of the league table.

- 4.3 The negotiations on the Windscale Resource Enhancement Contract (REC) had continued with Sellafield Ltd.
- 4.4 The Pentland Alliance, which comprises UKAEA, CH2MHill and AMEC, had sponsored a conference on Marine Energy and the future of Caithness in Edinburgh on Wednesday 6th February as part of its commitment to Socio-Economic development in the Caithness area. The keynote address at the conference was given by Alex Salmond - First Minister for Scotland.
- 4.5 We had submitted our response to the NDA's draft 3-year business plan and this had been issued to Board Members separately. As far as the NDA competition was concerned, Government had asked the NDA to review their competition strategy by the end of March 2008.
- 4.6 The 2nd phase of the early retirement exercise at Harwell and Winfrith was continuing and would be completed as soon as the revised Harwell-Winfrith organisation structure was approved by the NII.
- 4.7 The NII had continued to monitor the adequacy of our arrangements at Dounreay and Windscale as they operated in shadow mode ahead of the creation of Dounreay Site Restoration Ltd (DSRL) and the transfer of Windscale to Sellafield Ltd on 1st April 2008. Our current planning assumption was that the relicensing of Harwell-Winfrith would take place by no later than 1st October 2008.
- 4.8 The NII had recently issued two "Specifications" in relation to the Harwell and Winfrith decommissioning programmes. They stated that UKAEA – as licensee - had changed the plans which were agreed during 2006-07 without first demonstrating that the new plans were compliant with Licence Condition 35, which requires the sites to be progressively decommissioned, taking all factors into account. UKAEA was now required to prepare justifications for the changes which arose from the cuts in funding provided by the NDA.

- 4.9 We had continued to press Government to source the funds required for the de-licensing and release of the Harwell eastern area land required for the HSIC JV.
- 4.10 Ms Fiona Digby-Grant – Head of Contracts Group at Culham - had been appointed as Head of Procurement for ITER.
- 4.11 The Board noted the CEO's report.

5 Period 9 Business Performance Report

- 5.1 Andrew Jackson briefed the Board on business performance up to the end of period 9.
- 5.2 We had delivered 95% of the planned work to date in the NDA programme and made cost savings of ca. 7%.
- 5.3 There had been 3 safety events during the third quarter which brings the total number of safety events in the year up to the end of December 2007 to 10. If this performance was maintained, the year end target would be better than the lower end of the target set for the year and UKAEA would achieve a significantly better performance compared to last year which was itself our best performance ever. We had also achieved 100% of the environmental milestones due so far.
- 5.4 Ken Vowles asked for the consultancy work to be separately reported in future reports.
- 5.5 The Board noted business performance up to the end of December 2007.

6 Biannual Review of Top Corporate Risks

- 6.1 Andrew Jackson said that since the last report to the Board in July 2007, we had developed a new risk management process for implementation across the business. This process was currently being rolled out in conjunction with a new in-house designed database system which would be linked to the Programme Management Reporting System (PMRS).

6.2 The status of the key business risks, particularly the ranking, likelihood and mitigating actions that had been put into place to reduce the probability of the risks occurring, was highlighted.

6.3 The Board noted the report.

7 UKAEA NDPB – Review of Options

7.1 Chris Llewellyn-Smith said that the Shareholder Executive at BERR had asked UKAEA to review the options for Culham, in particular Fusion, following the current restructuring of UKAEA. As part of this review, UKAEA would also review the options for the others part of UKAEA which would remain in the public sector following the restructuring. These included Harwell Property, Records Management, Information Systems and Technology (ISaT) and a number of financial legacies.

7.2 Chris Llewellyn-Smith covered the options for Culham Division particularly Fusion and Frank Briscoe covered the options for the others part of UKAEA which would remain in the public sector following the restructuring. The key points were as follows:

- All stakeholders have stated that they do not expect any change of ownership to take place before 1 April 2009.
- It was paramount that the review identified the best solution for all stakeholders taking into account a number of issues including the source of funding, protection of links with universities and the integration and coherence of the Fusion programme.
- There could be advantages in combining ownership with funding but there was no immediate need to make any changes and there would be benefits in stability while substantial changes was taking place in the Fusion programme internationally.
- In the short term, Harwell Property, Records Management, Information Systems and Technology (ISaT) and Legacy Management would be kept together with

Fusion. However, in the longer term a change of ownership of Fusion would require changes in these areas.

7.3 The Board discussed the issues and saw no immediate need to change the current arrangements with the Fusion programme remaining as part of UKAEA as an NDPB reporting to BERR and funded by EPSRC and EURATOM. This had worked well for the Fusion programme which continued to punch above its weight worldwide. Nevertheless, the Board would work with the Culham team to ensure that the best possible outcome was achieved for all concerned and requested that a note should be prepared, by Chris Llewellyn-Smith, describing the options and making a recommendation prior to making a submission to BERR.

8 Culham Presentation

8.1 Chris Llewellyn-Smith presented an update on Fusion activities and Culham operational performance as well as the opportunities/areas that could be developed for the future. The key points were as follows:

- Professor Steve Cowley would take up his appointment as Fusion Programme Director in June to allow sufficient time for handover of duties. In anticipation of the senior management changes that would take place over the next few months, following Frank Briscoe and Chris Llewellyn-Smith's retirements in April and September respectively, Martin Cox and Derek Stork have been appointed as Assistant Director for Operations and Assistant Director for Technology respectively to support Steve Cowley in his role as Fusion Director.
- The first demonstrator Fusion reactor should be available to feed power to the National grid in about 30 years. UKAEA had carried out a gap analysis to identify areas that needed further development and resolution in order to achieve the 30 year milestone. Further, there was an increased recognition that a number of enabling technologies needed to be addressed and a Component Test Facility (CTF) built for this purpose. UKAEA was therefore proposing that the upgrade for MAST should be designed to support a CTF for the world programme.

- In view of the crucial importance of the Culham facilities in developing Fusion technology, UKAEA submitted a 2008 – 2014 funding proposal to EPSRC in November 2007 taking into account the work that was required to support the International Tokamak Experimental Reactor (ITER) Systems and in the longer term the technology programme.
 - EPSRC had confirmed that they would maintain the current level of funding for Fusion activities for the next 2 years. Further, they had provided an indicative level of funding for a further 4 years beyond April 2010 and had also requested a 10-year plan. This funding level would allow UKAEA to carry out ca. 65% of the work required to upgrade MAST and stands us in good stead amongst our colleagues in Europe and world-wide.
 - The MAST upgrade would substantially enhance the role UKAEA plays in supporting the ITER development and hence achieving the European Fusion Development Agency's (EFDA) ten year milestone. In addition, it would allow the UK to play a leading role in the ITER experiments and build a much broader based Fusion technology programme.
- 8.2 The Board thanked Chris Llewellyn-Smith and Frank Briscoe for their presentation and contributions to the Fusion programme. They said their excellent leadership skills and teamwork would be missed when they retired in April and September respectively. However, they were confident that the excellent work carried out, by the UKAEA staff and contractors at Culham would continue under the new leadership of Professor Steven Cowley.

9 Any Other Business

Next meeting

- 9.1 The next Board meeting will be held in London on Thursday 6th March 2008.

With no further issues the meeting was closed at 12:40pm.

Bim Adesanya, Minutes Secretary

Approved by:

Barbara Thomas Judge, Chairman