



Office for
Nuclear Regulation

Annual Report and Accounts 2020/21

HC 463





Office for
Nuclear Regulation

Annual Report and Accounts 2020/21

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Contents

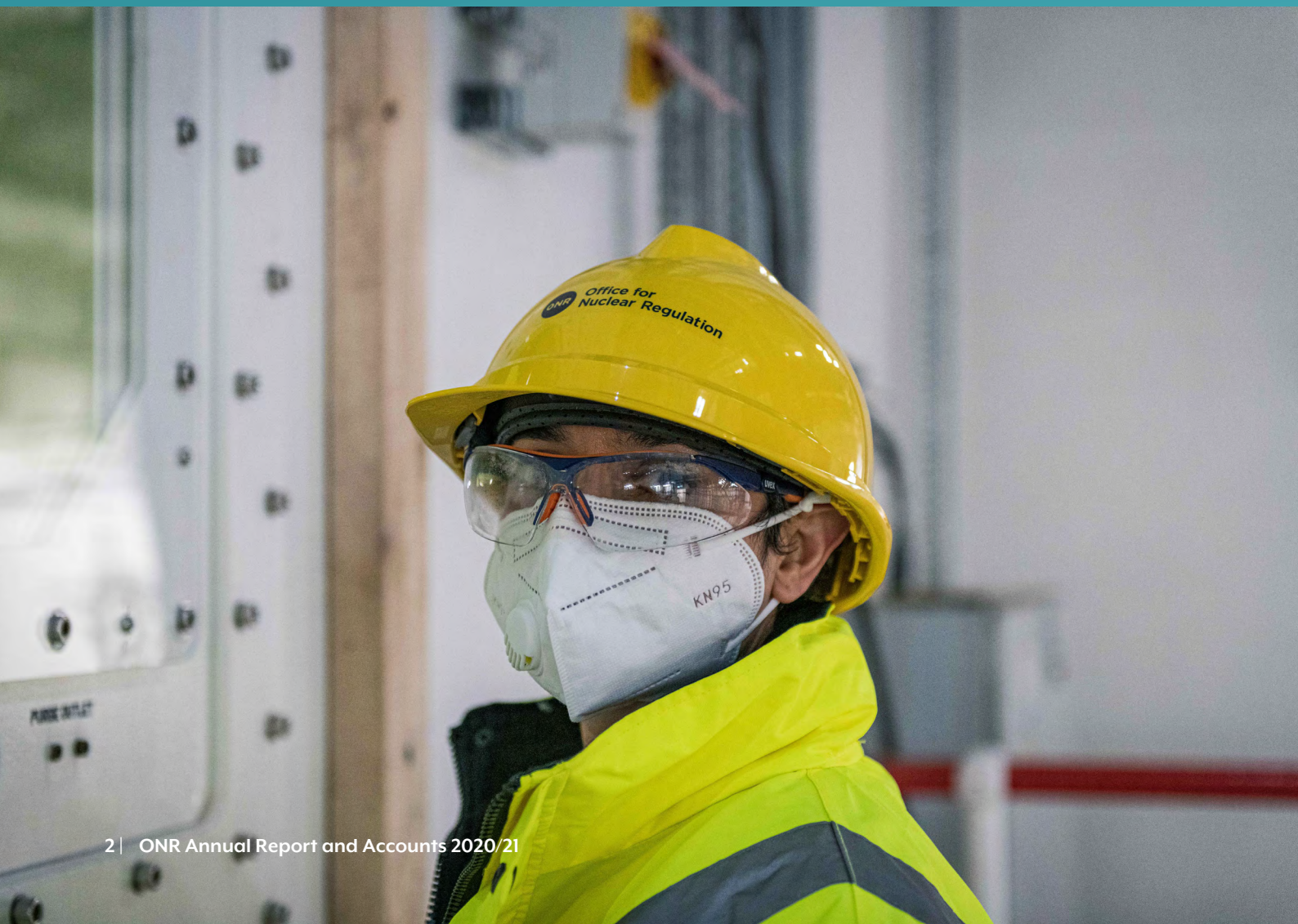
Performance report	2
Chair's foreword	3
Chief Executive and Chief Nuclear Inspector's foreword	5
Performance overview	7
ONR in numbers – 2020/21	8
Our strategic themes	11
Key issues and risks	13
Going concern	15
Forward look 2021/22	16
Performance analysis	17
Our financial performance	33
Environmental and sustainability matters	34

Accountability report 36

Corporate governance report	37
Directors' report	37
Statement of Chief Executive's responsibilities	41
Governance statement	42
Remuneration and staff report	61
Parliamentary accountability and audit report	79
The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament	81

Financial statements 86

1 Performance report



Chair's foreword



Mark McAllister
Chair

I am pleased to report that we have delivered our mission to protect society by securing safe nuclear operations and made important steps to achieve our five-year vision to be a modern, transparent regulator delivering trusted outcomes and value. And of course, all this in the midst of a global pandemic.

We maintained delivery of our core regulatory work, as well as focussing on specific projects and priorities, targeting the most significant hazards and risks on licensed sites.

During the year, we became the safeguards regulator, operating a domestic safeguards regime following the transition period. This was a major project and a key priority for us, setting up a whole new team, new processes and new systems, including a bespoke IT system. We met all our reporting obligations under the new nuclear safeguards regulations and delivered our first full submission to the International Atomic Energy Agency early in 2021, while continuing to facilitate international inspections under international agreements.

If that wasn't significant enough in itself, this is the year that will always be remembered as the time we've seen our people and our organisation face the significant challenge of COVID-19. Overseeing our response to the global pandemic has been my Board's key priority and challenge as we – and the industry we regulate – adapted to new ways of working.

We've continued to listen to, learn from and collaborate with a wide range of stakeholders across the UK and internationally, quickly adopting virtual and remote ways of engaging. This enabled us to share good practice and learning and continue to influence improvements in nuclear safety, security and safeguards, as well as our response to the pandemic.

Internally, I was reassured that an independent effectiveness review of our Board and Audit and Risk Assurance Committee (ARAC), conducted by external consultants, concluded that ONR, our Board and ARAC displayed high levels of governance and that both were well run and well chaired.

In May and September 2020, we said goodbye, with gratitude, to Bronwyn Hill and Oona Muirhead after admirable service to the Board. We welcomed Janet Wilson, Tracey Matthews and Jean Llewellyn as our new non-Executive Directors.

I announced in December that we would be restructuring our leadership team to align with other regulators across the world, with a new combined post of Chief Executive and Chief Nuclear Inspector, filled by Mark Foy.

I would like to thank Adrienne Kelbie CBE, who was Chief Executive for the period of this report, and stood down on 31 May 2021. During her time at ONR, Adrienne transformed the organisation into a mature, high performing regulator.

I have every confidence that our Board and new senior leadership team will go from strength to strength building on the work in setting the organisation's strategic direction to 2025 and beyond, and will continue to inspire trust and confidence in our regulation.



Chief Executive and Chief Nuclear Inspector's foreword



Mark Foy
Chief Executive
and Chief Nuclear
Inspector

I am delighted to have been appointed as Chief Executive and Chief Nuclear Inspector in our new leadership structure. I would like to recognise Adrienne's important contribution to the work and successes outlined in this report, as Chief Executive during 2020/21, and acknowledge the support I have received from her during the year.

Of course, the focus for me and our team was the considerable challenge that was posed by COVID-19 during the whole year. Our focus had to be on staff wellbeing and ensuring our staff could work at home, by supplying equipment, implementing special leave arrangements and providing the tools and guidance necessary for our people to work effectively and collaboratively from remote locations across the UK, responding to the dynamic changes in guidance and public health advice.

We quickly established an Incident Management Team to direct our response, supported by our Recovery Working Group to shape and implement arrangements. I'm proud of the work our leadership team did in response to the pandemic and the resilience and the commitment shown by our staff to ensure we continued to deliver our mission, demonstrating ONR can regulate effectively in times of crisis.

We focused on the critical and essential activities that enabled us to regulate effectively, seeking assurance that dutyholders could maintain their operations safely and securely. We engaged across the industry and with other regulators, in the UK and internationally, to learn, share best practice and improve resilience now and for the future.

While COVID-19 naturally dominated our work and strategy, I'm proud we delivered successfully against our five priorities that were laid out in our Corporate Plan 2020/21. We continued our targeted oversight at sites that I considered needed 'Enhanced Attention', we focused on fully implementing our Security Assessment Principles, and we began shaping how we can further improve our transparency with our stakeholders and the public, while ensuring we engaged and communicated effectively during the pandemic.

In autumn 2020, I published my second CNI Annual Report on the safety, security and safeguards performance of Great Britain's nuclear industry. This provided an insight into the industry's performance, as well as our regulatory interventions.

I am pleased that we successfully separated our IT system from the Health and Safety Executive, giving us our independent infrastructure to drive forward our IT modernisation plans over the coming years. I am delighted that we have continued to make progress towards delivering our Well Informed Regulatory Decisions (WIRed) project too.

As the Chair has noted, we also became the domestic safeguards regulator this year, a significant addition to our role, as part of our Civil Nuclear Security and Safeguards division. You can read about this – and all our other work – in more detail in this report.

This has been a difficult year for us all, and I must end by thanking our staff for the incredible resilience, commitment and capability they have shown. I am proud to be leading them.

I look forward to working with my new team and the Board to ensure the continued protection of the public.

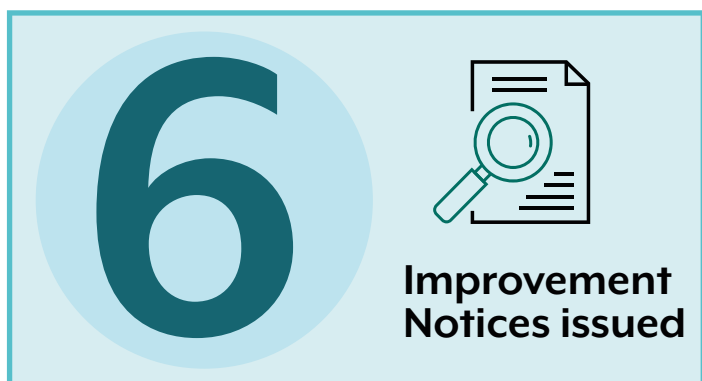


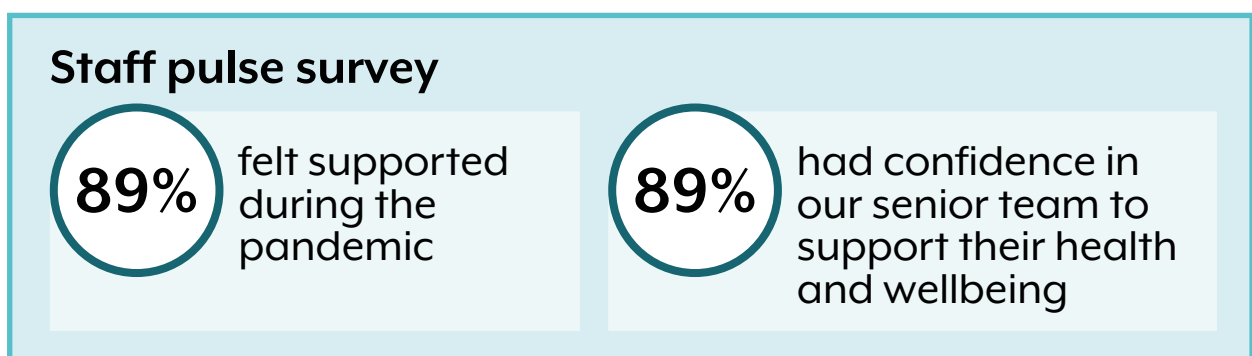
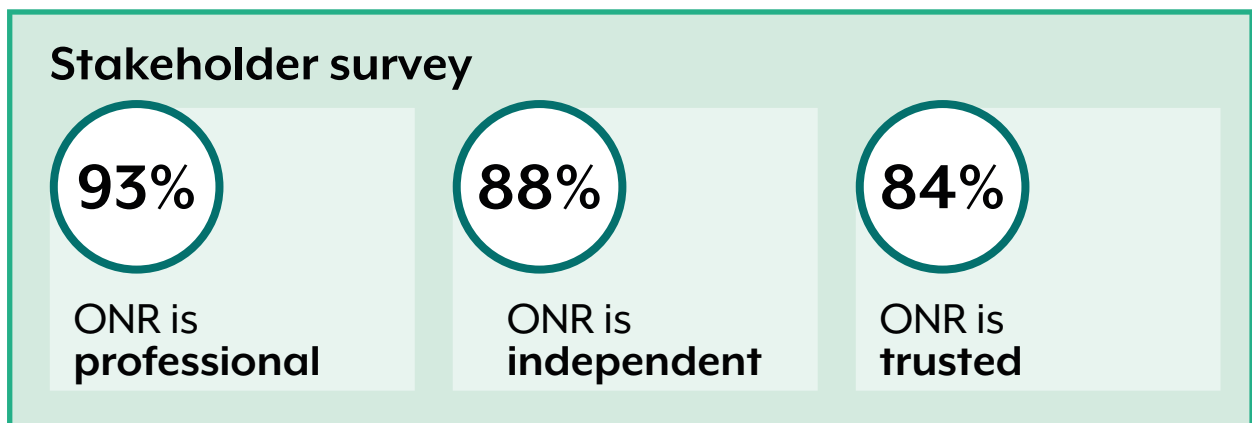
Performance overview

The overview section provides a summary of ONR's role, our purpose, the key risks to the achievement of our objectives and how we have performed in the year.



ONR in numbers – 2020/21





* As at 31 March 2021

About ONR

We are the UK's independent nuclear regulator for safety, security and safeguards.

We have the legal authority to regulate nuclear safety, nuclear security and conventional health and safety at the 36 licensed nuclear sites in Great Britain (GB). This includes the existing fleet of operating reactors, fuel cycle facilities, waste management and decommissioning sites, as well as licensed and, in part*, authorised defence sites, together with the regulation of the design and construction of new nuclear facilities, including the supply chain.

Our nuclear security regulation ensures the adequacy of security arrangements for dealing with special nuclear material and special nuclear information within the civil nuclear industry and we also regulate the safety and security of the transport of civil nuclear and radioactive materials by road, rail and inland waterway, extending our regulation across a large number of dutyholders.

On 1 January 2021, we became the UK nuclear safeguards regulator for the domestic standards regime and began to operate the UK State System of Accountancy for and Control of Nuclear Materials (SSAC).

We are governed by a ten-strong unitary Board, comprising a Chair, five independent Non-Executive Directors from a range of backgrounds, and four Executive Directors. In 2020/21, the four Executive Directors were Adrienne Kelbie, our Chief Executive (CE), Mark Foy, our Chief Nuclear Inspector (CNI), Sarah High, our Deputy Chief Executive and Finance Director and David Caton, our HR Director. During this year, we announced a new leadership structure for 2021/22. More detail of our new structure can be found in the Directors' report.

The Board is responsible for our strategy, provides strategic leadership and monitors resources and performance, and supports the work of over 600 staff, normally based in Bootle, Cheltenham and London. The Board also ensures that effective arrangements are in place within our organisation to provide assurance on governance, risk management and internal control.

The Chief Executive is accountable for ensuring that all ONR funds are spent in accordance with HM Treasury's '**Managing Public Money**', and other relevant governing guidance and instructions. The Chief Nuclear Inspector is accountable for ensuring that our regulatory activities are targeted effectively and discharged properly, and that regulatory decisions are proportionate, consistent and are made within the legal requirements of the Energy Act 2013 and other appropriate legislation. This became a dual role on 1 June 2021.

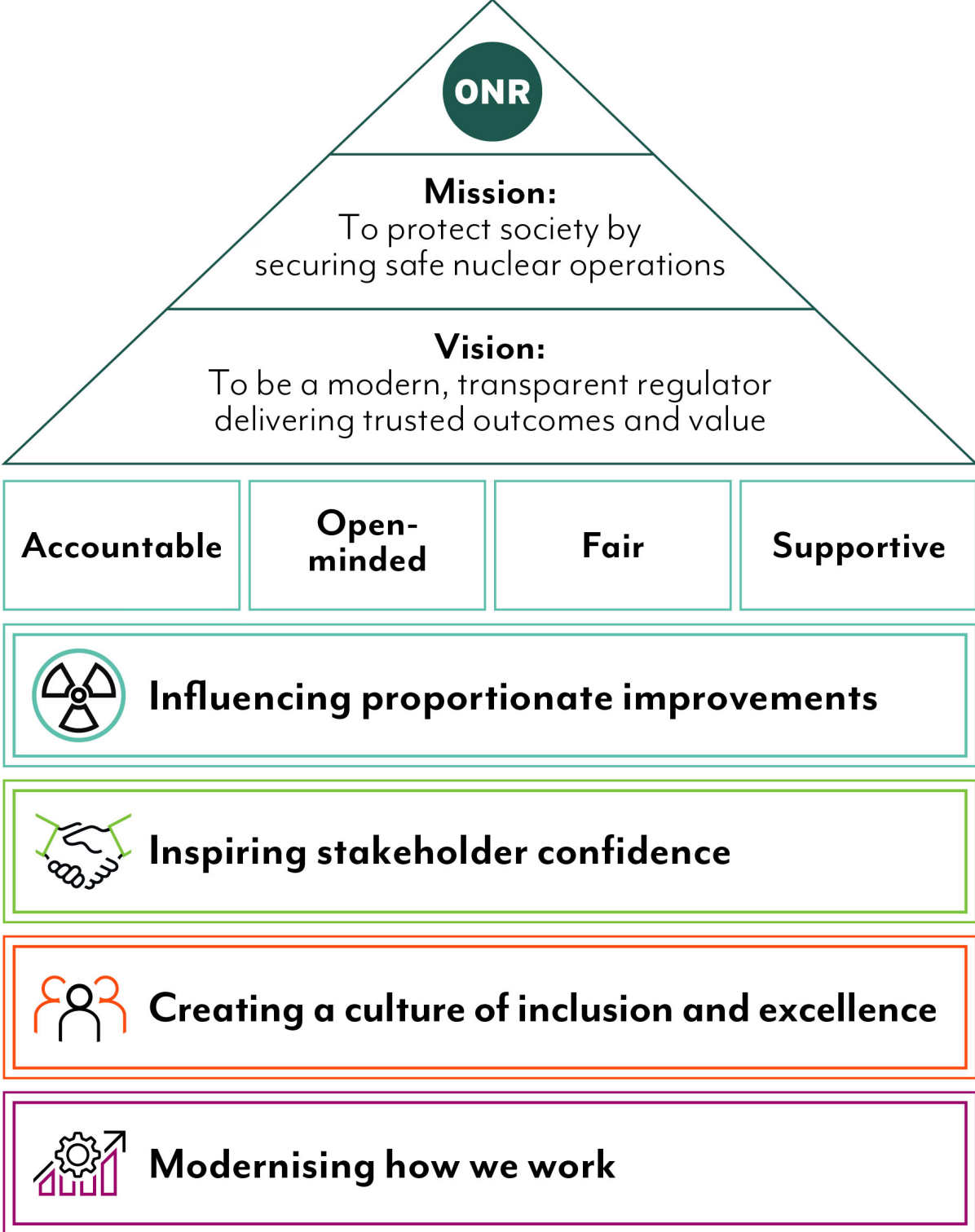
Our Senior Leadership Team (SLT) is responsible for leading ONR in delivering its mission, vision and strategic outcomes. During 2020/21, the SLT comprised five deputy chief inspectors leading our regulatory divisions, and our directors of finance, HR and policy and communications, as well as our CE and CNI.

Transparency about our work is essential to build and maintain public confidence in our regulation. We provide a significant amount of information on our regulatory activities on our website and through our stakeholder engagement. We always seek to be more open and transparent by sharing information on our activities, answering questions, exploring concerns and explaining our regulatory decisions.

You can find out more about us on our [website](#).

* On authorised defence sites we regulate the Health and Safety at Work Act 1974, including Radiation (Emergency Preparedness and Public Information) Regulations 2019 and Ionising Radiation Regulations 2017.

Our strategic themes



The ONR Corporate Plan 2020/21, our first to deliver our **Strategy 2020-25**, set out five top priorities, taking account of the actual and projected impact of COVID-19 on our regulation, staff wellbeing and internal operations. We pared back our approach to organisational development and change projects, to ensure we protected capacity and capability for essential and time critical activities to deliver our mission to protect society by securing safe nuclear operations.

Top five priorities 2020/21

Strategic Theme 1: *Influencing proportionate improvements*

- 1** Maintain delivery of our core regulatory functions, holding dutyholders to account on behalf of the public. This will include targeted regulatory oversight of progress at 'Enhanced Attention' sites and assurance on safety and security in light of the COVID-19 pandemic.
 - 2** Deliver an effective UK State System of Accountancy for, and Control of, Nuclear Material (SSAC) and implementation of Security Assessment Principles (SyAPs) across all dutyholders.
-

Strategic Theme 2: *Inspiring stakeholder confidence*

- 3** Enhance transparency through our stakeholder engagement, in line with the aspirations of our Strategy 2020-25, to enable effective two-way communications, particularly as we respond to COVID-19.
-

Strategic Theme 3: *Creating a culture of inclusion and excellence*

- 4** Promote the sustained health and wellbeing of our staff through effective and inclusive leadership and management, as we respond to the COVID-19 pandemic.
-

Strategic Theme 4: *Modernising how we work*

- 5** Deliver our two strategic change projects – separating our IT infrastructure from the Health and Safety Executive (HSE) and commencing a pilot of our Well Informed Regulatory Decisions (WIReD) project.
-

Key issues and risks

Our Risk Management Framework is structured around the principles outlined in the government publication '[The Orange Book](#)'.

During the past year, our risk management processes have continued to develop and improve, with the introduction of an integrated Performance and Risk Information System for Management (PRISM), including an audit and assurance module, which has delivered improvements in the quality, consistency and timeliness of our data management and information reporting in these areas. We have reviewed and refreshed our Risk Management Framework, scheduled to be finalised during quarter one of 2021/22.

The COVID-19 response has presented significant challenges, which have, and continue to be, effectively managed. Further details are provided below.

Like many organisations, cyber security and information management continue to be areas of focus, particularly due to the prevailing threat landscape. However, these risks are being managed by building on our new independent IT network infrastructure. The overall direction in our management of risk throughout 2020/21 has been one of stability and improving trends.

In summary, the strategic risks we have managed effectively through the year, endorsed by our Audit and Risk Assurance Committee (ARAC) and Board, are:

- delivering efficient and effective regulation;
- information management practices and protective security systems;
- cyber security and infrastructure and the need to establish our own independent network infrastructure;
- enhancing our organisational capability;
- change and/or uncertainty in policies that relate to our operating environment;
- commercial oversight and delivery;
- ability to manage a portfolio of change;
- incident management;
- financial strategy – funding and charging;
- onerous and complex export controls; and
- responding to the COVID-19 pandemic.

Our response to COVID-19

Our existing formal incident management arrangements, already embedded to enable us to manage events safely and effectively, were quickly initiated and our Incident Management Team (IMT) met regularly to monitor the emerging situation and respond to government guidance. Organisational priorities were reviewed and re-focused where needed to ensure we provided effective focus and support for our people to deliver our core regulatory purposes, keeping workers and the public safe.

The IMT has met throughout the pandemic to manage our continued response, ensure staff health and wellbeing to deliver our mission and lead business continuity arrangements.

We established arrangements to enable every member of staff to work effectively from home, including providing the necessary equipment and support to balance work and personal responsibilities. We also delivered training, tools and guidance to our managers, enabling them to help staff work effectively and collaboratively in a remote environment, while supporting their health and wellbeing.

We undertook significant reprioritisation of our planned regulatory work, to ensure we maintained effective regulatory oversight of the nuclear industry while protecting staff, dutyholders and other stakeholders in line with government restrictions and guidance. Our regulation continued on a virtual and remote basis initially.

During periods of peak transmission, we only attended site if there were matters of immediate public or worker safety, security concerns or where an urgent interaction could not be undertaken remotely. We also attended site where it was critical that we gained assurance on the safety or security of a specific undertaking, which justified the deployment of an inspector, including public reassurance.

We adopted a balanced approach to inspections, mixing both remote, desk-based and onsite inspections, while also making use of operators' own internal assurance functions where appropriate. This approach has been invaluable in enabling us to gain assurance of the ongoing safety and security of licensee and other dutyholder activities, to inform our regulatory decisions and permission appropriately.

Following the completion of the necessary risk assessments, we began to increase our on-site presence. While staff have worked predominately from home, our offices were made COVID-19-secure and some limited office working for essential business or personal reasons has been possible throughout the pandemic. We now have plans in place for staff to return to our offices as government restrictions allow.

Regular reporting from industry on the impact of the pandemic on its sites, covering operational resilience, emergency preparedness and response and security and supply chain resilience, gave us assurance from the outset. It also informed our regulatory assurance to government, the public and international stakeholders on the continued safety and security of the industry.

An important component of our work through the year has been confirming the adequacy of health protection measures implemented by licensees and other dutyholders to ensure the health and wellbeing of their workers and the local communities.

We shared our operational experience domestically and internationally during the year, to help improve planning and to support response efforts of fellow UK regulators and international colleagues.

Our ability to respond to COVID-19 was demonstrably effective, with no detrimental impact on regulatory activity and business performance. A Government Internal Audit and Regulatory Assurance (GIAA) review of our response awarded us a 'substantial' assurance rating, giving confidence that our framework of governance, risk management and control was adequate and effective, and mitigates our strategic risk around organisational resilience and pandemic response.

As a consequence of the effectiveness of our response, we took the opportunity to engage collaboratively and creatively with a large proportion of our staff and dutyholders about how we could work in the future. Our 'New Ways of Working' (NWoW) project undertook extensive research and engagement to identify ways of harnessing the benefits of working at home and remotely, to inform how we work better in the future. The resulting recommendations are being assessed to take account of feasibility, prioritisation, benefit and value adding outcomes. We will be considering implementation plans, in line with our 2025 strategic intent, during 2021/22.

The UK's exit from the EU

The UK's exit from the EU did not adversely impact on the delivery of ONR's priorities during 2020/21. Other than expenditure relating to UK SSAC (Note 4 to the financial statements), no specific EU exit-related expenditure was incurred during 2020/21.

Going concern

We are funded primarily by charges to the nuclear industry through cost recovery from dutyholders and charges to government for specific commissioned activities, together with grant funding from our sponsoring body, the Department for Work and Pensions (DWP), which is around 2% of our budget. The latter covers activities we are not permitted to recover from industry. The income generated from cost recovery funds the regulation of the industry.

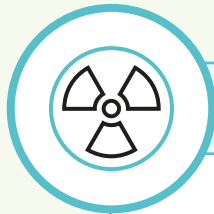
We do not make any profit or surplus, and nuclear site licensees are charged only for the work undertaken in regulating them. The grant is agreed for the current Spending Review period and confirmed annually. For 2020/21, net assets totalling £11.4m were recorded at the end of the financial year. We have no outstanding liabilities that threaten our ability to continue.

COVID-19 does not impact on our capacity to undertake regulatory activities and consequently our ability to recover associated costs is not adversely affected. Similarly, we are still able to recover any costs for work undertaken on behalf of the Department for Business, Energy and Industrial Strategy (BEIS), where appropriate to do so. DWP and BEIS have committed to funding operational costs of the UK State System of Accountancy for and Control of Nuclear Materials (SSAC) for 2021/22.

Consequently, the going concern basis has been adopted for the preparation of the financial statements in this Annual Report and Accounts.

Forward look 2021/22

Our Corporate Plan 2021/22 was published in June 2021, which sets out the following top five priorities.



Strategic Theme 1: *Influencing proportionate improvements*

- 1** Maintain delivery of our core regulatory functions, including targeted oversight of enhanced attention sites, holding dutyholders to account on behalf of the public.
- 2** Begin to enhance collaboration and integration across our purposes through better co-ordination of inspections and regulatory guidance across safety and security.



Strategic Theme 2: *Inspiring stakeholder confidence*

- 3** Publish our framework to enhance transparency with our stakeholders.



Strategic Theme 3: *Creating a culture of inclusion and excellence*

- 4** Continue to build a positive and inclusive organisational culture, embedding our values into our policies and performance management, and ensuring the sustained health and wellbeing of our staff.



Strategic Theme 4: *Modernising how we work*

- 5** Commence organisational effectiveness improvements utilising our new, modern IT system infrastructure, including delivery of our Well Informed Regulatory Decisions (WIReD) project and putting in place the capability to enable new ways of working.

Performance analysis

Our **Strategy 2020-25** was launched in summer 2020, after extensive consultation with our staff and stakeholders, setting out our direction and priorities for the next five years. This report covers the performance against our Corporate Plan 2020/21, which is the first year of that five-year strategy.

Overall, we have made good progress across each of our four strategic themes, and delivered our 2020/21 top five priorities, as well as respond to the pandemic. Our progress and performance is set out here, including case studies to demonstrate our work in practice.

To measure our progress and capture our impact, we have developed our Organisational Effective Indicator (OEI) framework, which is based on the Organisation for Economic Co-operation and Development's Nuclear Energy Agency's '**Ten Characteristics of an Effective Nuclear Regulator**.' This shows how we operate and regulate in a manner that delivers effective outcomes for safety, security and safeguards.

The OEIs are aligned to our four strategic themes and provide a broad evidence base for us to assure our Board, the government and the public of the effectiveness of our regulation and wider organisational impact. The ten OEIs are underpinned by sub-indicators, each with outputs and outcome-based measures. The consolidation of the outputs and outcomes indicate the extent that our Strategy 2020-25 intent has been achieved, evidenced through our management information.

During 2020/21, we worked to refine the framework so that the ten OEIs fully align with the priorities in our Strategy 2020-25 and present clear outcomes against each. We will be reporting against this new suite of OEIs during 2021/22.



Strategic Theme 1 – Influencing proportionate improvements

Priority 1: Maintain delivery of our core regulatory functions, holding dutyholders to account on behalf of the public. This will include targeted regulatory oversight of progress at 'Enhanced Attention' sites and assurance on safety and security in light of COVID-19.

We continued to deliver an extensive programme across our regulatory purposes of nuclear safety, nuclear site conventional health and safety, nuclear security, transport and safeguards, as defined with the Energy Act 2013 and Nuclear Safeguards Act 2018. This included particular emphasis on support to – and targeted oversight of – sites in enhanced and significantly enhanced attention.

Where shortfalls in standards have been identified by our inspectors, we have taken action where necessary, in line with our Enforcement Policy Statement, to ensure dutyholders return promptly to compliance. Such action reflects the significance of the shortfalls and may include formal enforcement notices and, for the most significant matter, prosecution.

Site safety

Our inspections have continued to be targeted on hazard and risk reduction, informed through intelligence gathered, taking account of both domestic and international operating experience and incidents, as well as the level of regulatory attention we have assigned to each site.

Our regulatory strategies for those sites receiving enhanced levels of regulatory attention have continued to secure tangible improvements, notably at Atomic Weapons Establishment (AWE) sites (Aldermaston and Burghfield), and Devonport Royal Dockyard, driven by improvements in safety performance and culture.

We supported AWE as it sought to make sustainable safety improvements at its Aldermaston and Burghfield sites and observed some progress. In addition, we provided advice to the Ministry of Defence (MoD) as it worked to transition AWE into a wholly-owned subsidiary. We sought assurances on the robustness of the process and the adequacy of the management of change.

We have also established enabling frameworks in support of major MoD projects including its submarine acquisition and construction programme.

Two successful prosecutions were pursued during the year, relating to electrical safety shortfalls at AWE Aldermaston and at Sellafield Ltd.

At the start of the pandemic, we oversaw the safe shutdown of non-essential activities across the Sellafield site, and subsequent safe restart as the first wave subsided. Throughout the year, we continued to enable and permission key legacy remediation work in preparation for the start of retrievals from high hazard, high risk facilities on site. This included the successful and safe commencement of Sellafield's early waste retrieval programme for the Magnox Swarf Storage Silo.

We continued to assess EDF Energy Nuclear Generation Limited's safety cases, supporting safe operation across the Advanced Gas-cooled Reactors (AGR) fleet. Particular emphasis was given to the consideration of the safe return to service of the reactors at Hunterston B and Hinkley Point B, where graphite core degradation is more advanced. Permission was granted for a limited duration of operation at both sites this year.

After nearly a decade of construction, we issued permission to allow Urenco UK Ltd to commence active commissioning of the Tails Deconversion Plant in the new Tails Management Facility at its Capenhurst site.

At Hinkley Point C, we maintained regulatory oversight of the safety of construction, the quality of supply chain manufacture and NNB GenCo's readiness to commence complex installation of mechanical, electrical and heating, ventilation and air conditioning equipment.

A nuclear site licence application from NNB GenCo SZC Ltd to construct and operate two European Pressurised Reactors (EPR) at Sizewell C in Suffolk was received this year. We began our assessment of the application, which will continue into next year.

Despite the challenges posed by the pandemic, we made good progress with the Generic Design Assessment (GDA) of the HPR1000 reactor design and we anticipate our review of the design to be completed in the next year. Our interventions require extensive evidence to be examined to support the complex technical decision needed to issue a Design Acceptance Certificate or not. We employed innovative solutions with the requesting party to adapt substantially how we delivered remote interventions, and still acquired all the required evidence. This will have a long-lasting benefit to the way we plan and execute regulatory interventions across international boundaries.

We also worked with the prospective licensee for the proposed Bradwell B site, overseeing the development of its capability and readiness to submit a nuclear site licence application in the future.

Civil Nuclear Security

Our focus remained on the assessment of licensee and dutyholder site security plans against our outcome-focused Security Assessment Principles (SyAPs), with significant enabling activity undertaken to support dutyholders in the development of their plans. The majority of plans have been formally approved. Eight plans remain outstanding and the programme is on track to be completed in 2021/22. Following approvals, we began compliance activity to provide assurance that the plans were implemented effectively and are being properly maintained.

A total of 52 temporary security plans and arrangements were reviewed and approved across the civil nuclear estate as a direct result of the pandemic. This allowed for COVID-19 related restrictions to be implemented while remaining compliant with statutory legislation and without compromising overall security arrangements.

We assessed the impact of a significant number of globally-identified cyber vulnerabilities, which affected systems across numerous sectors and gave us valuable intelligence about the nuclear industry's ability to detect, respond to, and recover from such incidents.

We supported BEIS by benchmarking dutyholder arrangements ahead of the next sector-wide Civil Nuclear Cyber Security Strategy and continued our three-year benchmarking exercise targeting holders of sensitive nuclear information across the sector's supply chain.

Our interventions at Dounreay have secured sufficient assurance for the site to return to a routine level of regulatory attention from a security perspective.

Transport

In 2020/21, we approved 18 radioactive material package designs and shipments, while completing 51 inspections, providing us with confidence in transport safety.

The **Carriage of Dangerous Goods and Use of Transportable Pressure Equipment Amendment Regulations** came fully into effect on 21 April 2020. The amended regulations require consignors and carriers to consider having an emergency plan in place before transporting radioactive materials. The aim is to restrict the radiation exposure to public and workers as a result of an emergency during transport. We published guidance explaining this legal duty to help dutyholders comply with the regulations.

Cross cutting activities

Over the last 12 months, we have worked hard to improve clarity relating to the costs of our regulatory decisions and ensure they are proportionate, balanced and unbiased. We have made significant progress towards developing processes and training to enable inspectors to consider cost implications more explicitly in their interactions with dutyholders. Meanwhile, we have sought feedback about proportionality and consistency of our regulation in our annual stakeholder survey. While this feedback signals our direction of travel is positive, further action is needed to improve proportionality and consistency across all our regulatory purposes.

This year has also seen us continue to embrace innovation, with the publication of our '**Approach to regulating innovation**' and of new technical guidance for regulating Small Modular Reactor/Advanced Modular Reactor (SMR/AMR) technologies. Our modernised Generic Design Assessment process and accompanying guidance has proven to be sufficiently flexible to accommodate our assessment of SMR and AMR technologies.

As we work towards our ambition to use knowledge and experience routinely to inform more strategic and intelligence informed risk-based interventions, we have established renewed focus on sharing good practice across ONR, exemplified by a new safety alert and advice note process to share regulatory learning. We have also continued to enhance the effectiveness of collaboration across our regulatory purposes, principally through greater alignment of intervention strategies. In this capacity, we have initiated projects to further equip our inspectors with the tools and frameworks to regulate the industry in a better integrated and more coherent manner.

Priority 2: Deliver an effective UK State System of Accountancy for and Control of Nuclear Material (SSAC) and implementation of Security Assessment Principles (SyAPs) across all dutyholders

We became responsible for the UK's new domestic safeguards regime, delivering the UK SSAC on 1 January 2021, when new associated legislation came into force.

Throughout this year we continued to develop and test our material accounting system and safeguards capability, providing confidence in our readiness to assume safeguards regulatory responsibility.

This meant establishing a new set of organisational arrangements that achieved the national objective to account for and control nuclear material in the UK, and an international objective to provide the basis for the application of International Atomic Energy Agency (IAEA) safeguards under a new voluntary offer safeguards and Additional Protocol agreement between the UK and the IAEA, and to meet international safeguards commitments under Nuclear Co-operation Agreements (NCAs).

We met all of the UK's qualifying nuclear material accountancy reporting obligations, including the initial reporting required as part of the introduction of the new regime, as well as regular monthly reporting. Our first full submission was successfully delivered to the IAEA in February.

We worked with operators to ensure that Accountancy and Control Plans (ACPs) for each site were submitted to us in line with statutory requirements. We also worked with DWP and BEIS to establish appropriate funding arrangements for safeguards and the UK SSAC.

We continued to facilitate IAEA inspections and IAEA equipment installation successfully during the year.

Case study – Approach to regulating safeguards explained

Before becoming the safeguards regulator in January 2021, our approach to safeguards was developed, complementing the approach we take for regulating nuclear safety and security.

We employ compliance and system-based inspections, assessment and enforcement as the main regulatory tools to seek and achieve compliance with the Nuclear Safeguards (EU Exit) Regulations 2019. This is in addition to the specific methodologies needed for the provision of accounting reports to the IAEA, Nuclear Cooperation Agreements and Additional Protocol reporting.

Working in this way gives us the opportunity to utilise a fuller range of evidence captured through our regulatory activities for safeguards as well as safety and security, thereby achieving effective regulatory outcomes across all purposes.

Under the new regulations, operators must submit Accountancy and Control Plans (ACPs) to us, which is a new and powerful additional tool for our regulation of safeguards. The plans set out the operators' systems, processes and arrangements for accountancy and control of nuclear material, including safety and security measures that contribute to demonstrating effective nuclear material control. The assessment of these plans will reinforce our outcome-focused approach and provide evidence on operators' leadership and management and organisational culture.

Safeguards system-based inspections are focused on the systems and components key to ensuring nuclear material is well-controlled and accounted for, and enables us to obtain evidence that the systems are suitably maintained, adequately backed-up and operated by staff who are suitably qualified and experienced. The inspections aim to provide assurance that these systems are proportionate and appropriate and deliver the function(s) that operators claim within their arrangements. Our system-based inspections are therefore targeted at sites/facilities where effective nuclear materials accountancy and control is most dependent on systems and components: for example facilities where nuclear material may be mobile and can change in its chemical or physical form.

Although system-based inspections in safeguards are new, they are a well-established part of our safety inspection regime. Adopting this approach to safeguards and aligning these with system-based inspections already conducted across our safety and security purposes promotes better coordination, and once matured, will enhance both the synergy between, and the effectiveness of, our interventions on site.



Strategic Theme 2 – Inspiring stakeholder confidence

Priority 3: Enhance transparency through our stakeholder engagement, in line with the aspirations of our Strategy 2020-25, to enable effective two-way communications, particularly as we respond to COVID-19.

Inspiring stakeholder confidence and our public service ethos underpin how we work. COVID-19 meant that, for 2020/21, our stakeholder and public engagement took place remotely, via various online platforms, but our focus was maintained on stakeholder and public confidence. Although different from face-to-face engagement, new ways of engaging did provide opportunities to reach others who cannot necessarily travel easily, as well as giving us an opportunity to have shorter, more direct meetings and sometimes outside of office hours. This made them more manageable for many regular and new stakeholders, giving us the opportunity to speak to a wider, more diverse audience.

Despite these new, unplanned ways of working, our flexible approach to engagement this year has been received positively: our external stakeholder survey, conducted in January 2021, was encouraging. We continue to be viewed as professional (93%), trusted (85%) and independent (89%). In addition, 76% of our stakeholders believed we listened to them, with 73% agreeing that we ask for feedback proactively, and 88% confident we are delivering our mission. Specifically, on our response to COVID-19, 72% of those who responded said our regulation had been effective.

The areas where we – and our stakeholders – would like to see improvement, such as enabling innovation, efficiency and engagement on plans and priorities, align with our commitment in our stakeholder engagement strategy published in October 2020 to retain public trust by seeking to be an exemplar of transparency. Our new '**Stakeholder Engagement Strategy 2020-25**' also sets out how we intend to collaborate and learn from our UK and international stakeholders to improve our effectiveness, help inform UK nuclear policy, engage with industry more widely to explain our enabling approach and strengthen our relationships with academia.

Collaborating with and learning from UK and international stakeholders

We continue to learn from UK and international stakeholders, while ensuring we use our influence positively. The unique circumstances of 2020/21 meant that although we undertook no international travel and only urgent and/or necessary domestic travel this year, we continued to collaborate across borders – and within them – to secure safe nuclear operations and in the interests of global nuclear safety and security.

UK Health & Safety Regulators' Network

Our CNI chairs this influential network composed of chief regulators representing – principally – health and safety regulatory bodies. His leadership has been pivotal in allowing effective approaches to the unique challenges posed by COVID-19 during the year. Although the focus of the network has been on resilience and response, it also collaborates on common themes and shares insight on major incidents in relevant industries, allowing us to reflect and apply learning, where appropriate.

Safety Directors' Forum

We work closely with the Safety Directors' Forum and its associated subgroups which brings together senior representatives for licensed sites, requesting parties and supply chain on key topics for the nuclear industry. This is an important group to set direction and provide leadership on cross cutting matters across the industry, including security.

As well as concentrating on COVID-19 response and resilience, we engaged with the Forum on issues such as better regulation, innovation in the industry, proportionality and consistency of decision-making. We have also played a key facilitation role to support the insight and gathering of intelligence for the industry to produce a good practice guide for the site stakeholder groups and local liaison committees at all nuclear sites in the country, and look forward to seeing the outcomes in 2021.

Strategic Framework for International Engagement

Taking account of the Strategy 2020-25, as well as our evolving operating environment, we updated our '**Strategic Framework for International Engagement**', which also strengthens our governance arrangements, to better measure the success and impact of our international engagement.

Final report on the IRRS mission to UK

The government published its response to the IAEA's Integrated Regulatory Review Service mission to the UK, which we hosted in 2019. This consisted of peer review of the UK's regulatory infrastructure against international safety standards. Overall, we were viewed as a robust and effective regulator, and we are working to implement the recommendations relevant for ONR by the time of the follow-up mission, likely to be in 2024.

Other international activity

In April, we issued a comprehensive statement to the IAEA, conveying assurances on the criteria by which we considered the industry to be demonstrably resilient to the COVID-19 pandemic. We worked with our global regulatory leaders to benchmark responses to the pandemic through the International Nuclear Regulators' Association. This enabled cross-fertilisation of perspective, and further assurance that the UK's approach has been measured and effective.

We provided advice to the Western European Nuclear Regulators' Association (WENRA) on how its Safety Reference Levels should apply to new nuclear technologies, ensuring they align with the UK's ambitions and needs.

We are supporting the Nuclear Energy Agency's development of its new strategy for its Committee on Nuclear Regulatory Activities, ensuring it aligns with the UK's expectations, and have been prominent in trilateral discussions on the potential harmonisation of standards for SMRs, facilitated by the Agency. We are also playing an active role in its Working Group on Public Communications, co-leading its task to define the characteristics of a trusted nuclear safety regulator, including working with the group to design a survey seeking views on this topic from the interested and wider public. The insight gathered from the responses will inform guidance to support and enhance public trust in the future.

As part of the seventh review cycle for the IAEA's Joint Convention on Radioactive Waste and Spent Fuel Management, we prepared the UK national report on behalf of BEIS and the UK coordinating organisations, submitted to the IAEA after ministerial approval in October 2020. In light of the challenge posed by COVID-19, the seventh review meeting was deferred to 2022.

Our relationship with the US Nuclear Regulatory Commission was strengthened by our participation at its Regulators' Information Conference, where we took part in panel sessions on cyber security and innovation.

Post-EU Exit, we have worked closely with government on arrangements to ensure continued co-operation on nuclear safety matters now the UK has exited Euratom.

Seeking to be an exemplar of transparency

We began our work this year on our openness and transparency framework, which will set out our ambitions and intentions. We expect to publish this next year and have undertaken some early engagement with other regulators and public bodies to gather insight and good practice that will inform our future ambitions.

CNI report published

We published the '[second CNI Annual Report on Great Britain's nuclear industry](#)', which gives the CNI's authoritative view on the industry's safety, security and safeguards performance. It provides detailed insight on our regulatory interventions and decisions, and explains where regulatory shortfalls have occurred and our associated corrective and preventative actions. It offers a more comprehensive overview of our regulatory activities, in addition to what is provided in this report.

Our regulatory programme continues to be underpinned by the key themes identified in the CNI report, which include sustainable programmes for the management of ageing facilities, improvement in conventional health and safety performance, and delivering a holistic approach to security through the benefits of SyAPs. Responding to the pandemic and ongoing resilience of the industry has also been prioritised in this second report to maintain focus and efforts on learning and future preparedness.

NGO engagement programme

We continued to liaise closely with Non-government organisations (NGO) representatives and local site stakeholders and responded to their questions and concerns via our NGO forum, specific site and issue-based engagement, and individual meetings where appropriate. We have sought feedback and views from the NGO community on our work to improve openness and transparency, new nuclear reactor design and licensing, and other issues concerning the impact of the nuclear industry on the public.

Consultation on bulk quantities

We undertook a public consultation on our revised interpretation of 'bulk quantities' in storage and disposal of radioactive matter in the context of licensing any future Geological Disposal Facility. We received responses from devolved administrations, operators, the nuclear supply chain, NGO forum members and members of the public, all of whom supported separate interpretations for storage and disposal. We will be publishing the formal consultation response and clarifying our position in 2021/22.

Wider stakeholder engagement

The year was, of course, influenced by the pandemic, and subsequent changes to how we worked as a team, how we engaged and how we prioritised our work.

We ensured we were clear and open about how COVID-19 affected our approach to inspection, assessment and the ways in which we worked, updating our public position regularly and responding to public concerns over social distancing, infection rates and the robustness of our regulation. It also meant we had to work flexibly and re-assess engagement priorities throughout the year.

We continued to work positively with the media and stakeholders, responding to numerous enquiries from media, interested groups, NGO forum members and the public on matters about our regulation, including the restart of reactors at Hunterston B and Hinkley Point B and our enforcement action. We also published reports about our work, and kept stakeholders updated on our leadership structure changes, as well as introducing our Board members and helping to build better understanding of our Board, its role and priorities.

We have improved the content of our social media channels this year, ensuring they take their place as key information channels for a diverse range of stakeholders, and to encourage better two-way communication. We have increased our use of infographics, animation and video content on our channels to improve accessibility and widen coverage with a direct and clear approach.

The CNI's Independent Advisory Panel met twice this year. Topics ranged from our COVID-19 regulatory response and recovery, to our approach to innovation and our work on climate change in assessment and inspection. The panel comprises of a range of experts from academia, industry and relevant professional institutions as well as representatives from our NGO forum. The panel's insights and expertise help to inform our capability, research and decision making.

Our research strategy continues to be a source of advice and expertise to inform us too. Graphite dominates our research portfolio, providing us with robust independent advice in support of our regulatory decisions regarding the ongoing operation of AGRs.

On cyber security, we worked with the National Cyber Security Centre (NCSC) to gain independent, authoritative advice on specific aspects of good practice. This has enabled us to gain valuable insights into how the assurance and functional qualities of systems and components should be assessed for cyber security purposes.

In other areas, various research projects have improved our understanding of the strengths and weaknesses of modelling tools (including fire, combustible gases and fission products) used to support nuclear safety cases for existing and new build facilities.

Promote awareness and understanding of our enabling approach and regulatory innovation

Our '**Approach to regulating innovation**' sets out how we will be responsive and open to facilitating the implementation of innovative solutions, in line with our strategic commitment to embrace innovation and new approaches and technologies. We engaged with industry and technical groups, NGOs and supply chain representatives at meetings, seminars and conferences to share this new publication and explain how we will be adaptable and flexible in our regulatory approach as a modern, transparent regulator.

Inform nuclear policy with UK government from the earliest stages

We have continued ongoing engagement with UK government (as well as devolved administrations, and regional and local government as appropriate) to inform the regulatory framework for safety, security and safeguards.

This engagement and effective working relationship delivered the new safeguards regime and enabled the development of new guidance for reporting requirements under Nuclear Co-operations Agreements.

We have been engaged in the government's work on ANTs and associated regulatory framework development, as well as the future regulation of fusion. We have more recently begun preparations for the Post Implementation Review of Part Three of the Energy Act 2013, which is a legal requirement and will be led by BEIS and DWP in 2021/22.

Also, to mark the end of our previous five-year strategy period, we published our '**Regulators' Code Self-Assessment 2020**', which shows how we meet the requirements of the Code, in how we regulate and engage with those we regulate. To complete alignment with the Code, we have developed a set of service standards to explain what dutyholders can expect from us, and these will be published in 2021/22.

Case study – Hunterston B re-start decision

The management of ageing facilities is a key regulatory priority for ONR, and a key issue for many of our stakeholders. Graphite core ageing has been of particular public interest at Hunterston B in Ayrshire. The reactors at Hunterston had been offline for more than two years (since 2018), and there had been high interest and high concern from a diverse range of stakeholders about any decision we would make on the future safety of the two reactors. Supporting the huge effort behind the scenes by our specialists, we built and maintained important relationships with local stakeholders including: campaign groups, media, NGOs, local authorities and regional and national government on this issue.

Before permissioning a limited return to service in August 2020, we met many of the representatives to ensure we explained our decision in a way that could be understood to be in the best interests of public safety. By maintaining a proactive approach over the year, actively liaising at the time of the announcement with those who were taking a close interest in the issue, and publishing all associated reports covering many of the key concerns and questions, we had been able to anticipate stakeholder's opinions and thoughts and were able to respond accordingly, dramatically reducing the number of enquiries from the public we received. This approach has shown the value of proactively seeking stakeholder views and feedback and will become a model for how we communicate novel, contentious and/or important regulatory decisions in the future.



Strategic Theme 3 – Creating a culture of inclusion and excellence

Priority 4: Promote the sustained health and wellbeing of our staff through effective and inclusive leadership and management, as we respond to the COVID-19 pandemic.

In 2020/21 our focus under this strategic theme was realigned to ensure our staff's wellbeing during the pandemic and support them to manage the unplanned, different ways of working it brought.

Mental health and wellbeing

This year, we introduced our new Mental Health and Wellbeing Strategy, along with a Stress Management Policy, to help our leaders create a safer environment for our staff to share and discuss mental health matters and concerns, as well as support those suffering from stress. We enhanced the role and support available from our mental health ambassadors and delivered a programme of learning, support seminars and coaching events to managers and staff that reflected the impact on wellbeing as a consequence of COVID-19. This ranged from how to work and manage teams remotely through to sessions on maintaining personal resilience and wellbeing.

While our focus on mental health and wellbeing was particularly key this year, it is a long-standing commitment and we were able to reprioritise and bring forward activity and support to meet the significant need that arose. This has been acknowledged by staff as a key factor in enabling the right balance between personal wellbeing and maintaining capability to deliver.

Our latest staff survey, conducted in February 2021, provided a wealth of evidence from staff of the impact this has had. This included 89% of staff stating that the support provided enabled them to balance work demands with personal/family responsibilities and 89% had trust in the SLT to support the health, safety and wellbeing of all. In addition, 87% were positive that ONR had adapted well to supporting their wellbeing during the pandemic. These results, based on an 83% response rate and in the midst of the post-Christmas national lockdown, compare extremely favourably to the published benchmarking across public and private sector organisations.

Embedding our values

Given the impact of COVID-19, we amended our planned approach for further embedding our values through a range of face-to-face engagements and activities. Instead we have made them a feature of our training and regular staff engagement. For example, we have introduced a "value moment" at the start of meetings to explore how the values are being used on a daily basis to help us create an inclusive culture.

Our foundation programme for managers now has the values embedded throughout each of the five separate modules and we have launched our new values-based coaching programme. This provides managers with the opportunity to build their skills and expertise in a way that fully embraces our values and enables them to provide the support and direction to staff in a way that will promote the inclusive and continuous performance improvement culture that we seek.

Our new leadership programme has now been launched and has been designed around establishing a values-based leadership culture that will reinforce the personal accountability of our leaders at all levels, and the importance of role modelling the values in creating and maintaining our cultural change in support of that.

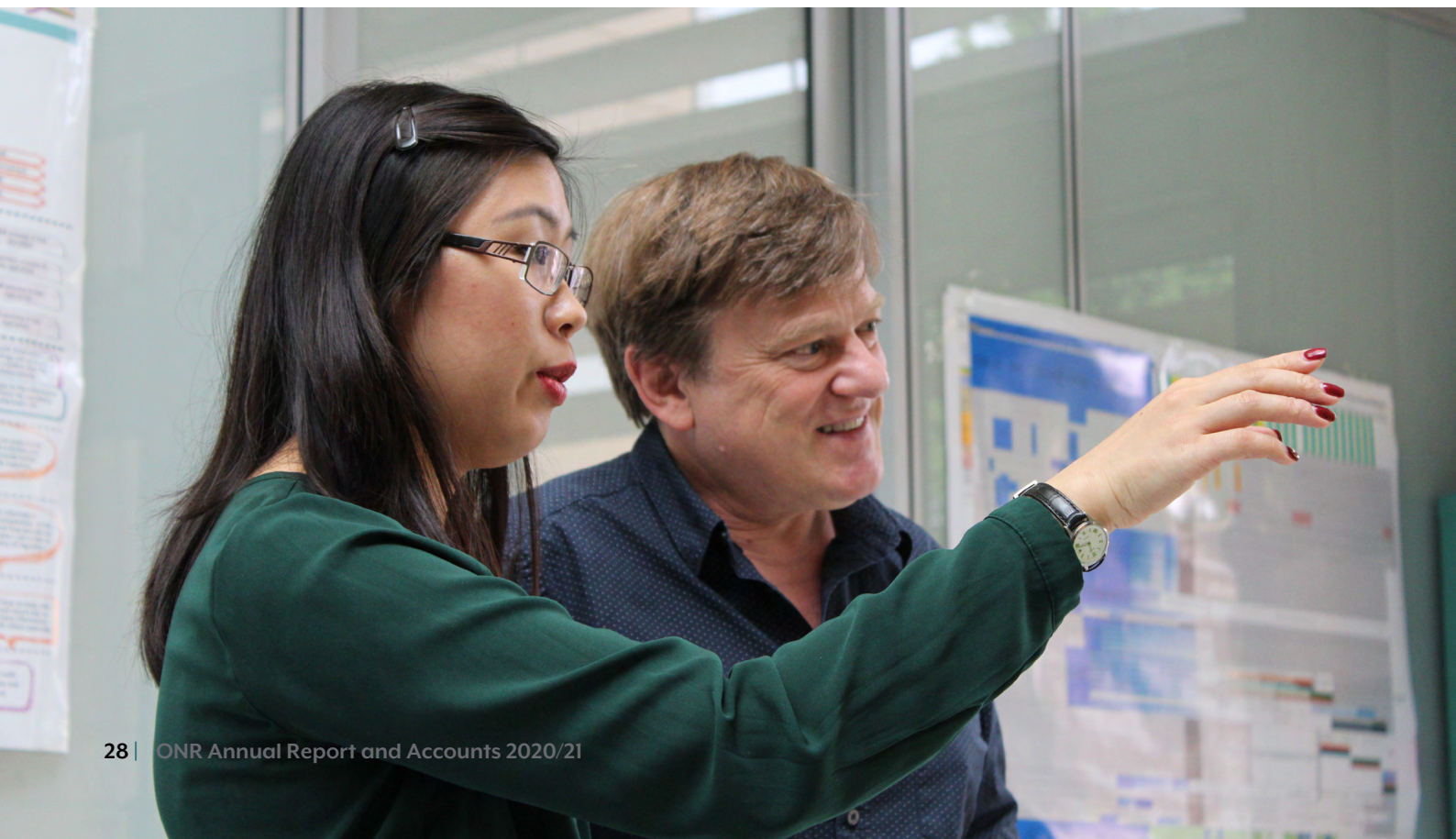
We have continued our rolling programme of embedding the values into all our processes, but on a longer timescale than envisaged given the re-prioritisation to support staff wellbeing. We have fully embedded the values into several of our key processes, including, bullying and harassment and managing poor performance policies. This programme will continue into 2021/22.

Diversity and inclusion

Embracing diversity and inclusion has remained a key priority and we are proud to continue to be accredited through the National Equality Standard and as a DWP Disability Confident Leader champion. During the past year, we have accessed support from a range of networks and external organisations to benchmark and adopt best practice. This has led to initiatives such as a reverse mentoring scheme and the delivery of events, campaigns and training throughout the year to ensure better understanding and awareness of issues around gender, ethnicity, disability, mental health and neurodiversity.

We know we need to do more to support and empower Black, Asian and Minority Ethnic (BAME) staff in particular and to increase representation at all levels. We have begun to develop an outreach programme and have revised our Science, Technology, Engineering and Mathematics (STEM) work within local communities to provide practical steps in encouraging greater diversity in both our workforce and the wider sector.

We have also adopted the disability confident approach in all aspects of our recruitment and are currently working with a charity that supports young disabled people aged 16 to 24, helping them become self-assured and independent adults.



Having technical competence at our core

It is vital that we have the right level and degree of technical nuclear capacity and capability available across our regulatory staff and specialisms to be able to meet the regulatory demand and respond to fluctuating needs. We have enhanced our approach to developing and implementing capability maps across all of our core purposes to inform our resourcing, recruitment and learning plans and priorities.

We introduced a revised Technical Support Framework this year, to provide resilience and more flexible access to niche technical skills and competence for time-limited periods, to mitigate any short-term or unexpected capability requirements.

We adapted the approach for delivering our suite of core training remotely, and revised associated processes for warranting and re-warranting, and were able to ensure we maintained an appropriate level (87%) of full warrant inspector resource (above the targeted 80%). We continue to update our workforce planning and capability development plans.

We adapted our external and internal recruitment processes to enable remote recruitment and developed remote onboarding processes for new staff. Feedback has been extremely positive; capacity targets have been met in full, and pre-COVID-19 levels of satisfaction and timescales have been maintained or improved.

We have successfully embedded an Initial Professional Development Programme (IPDP), providing a framework for developing new inspectors through their first years and towards full warrant status. The IPDP encompasses around 10% of our inspector cadre and brings together the development and career pathways including those on our new degree apprenticeship programme and our post-graduate nuclear development programme.

This provides comprehensive development support, including mentoring, job shadowing and skills development. Our nuclear degree apprenticeship programme, designed and delivered with strategic partners including Blackpool and the Fylde College, was shortlisted for a prestigious National Skills Academy for Nuclear (NSAN) award. We were delighted to subsequently win the award.

Developing our managers

We have focused on ensuring our managers are supported by introducing mandatory training and coaching programmes to strengthen leadership and management skills, which are available for online and remote delivery. Over two-thirds of our management cohort have completed the training, with the remaining on target to complete by the end of this year. Feedback has been excellent, and the impact reflected in recent survey results with positive views from staff on how they are being managed and well-led, with 94% saying they continue to feel connected to their team, despite remote working.

Case study – Developing our people managers

Our Career and Development Managers (CDMs) – line managers – are vital to the work we do to create a culture of inclusion and excellence. We have focused on better engagement with them and providing them with the right level of leadership and management capability.

This year we have undertaken two staff surveys that have helped us identify priority areas to meet support and development needs, to test the confidence of the wider staff in our CDMs and measure any progress. These results were positive and evidenced that 89% of staff felt supported, well-led and well-managed, a significant increase compared with the 2018/19 levels (55%).

Our CDMs are at the forefront of everything ONR does. Providing them with the right level of leadership and management capability has brought a noticeable cultural improvement, with staff reporting that they feel better led and well managed, but also have significant trust and confidence in the SLT to support them and their wellbeing at a time of great uncertainty and concern during the pandemic.

We have used several different tools to ensure we are equipped to provide inclusive and strong leadership, and that our management teams are capable and trusted. We have used our in-house Academy to develop and deliver a mix of mandatory training programmes and tailored courses, together with a range of coaching and leadership tools. This has been supplemented by bespoke sessions for managers for more in-depth learning in specific areas such as managing performance, attendance and supporting resilience, health and wellbeing of teams and individuals.

We have also equipped our managers with the tools to develop understanding and awareness of diversity and inclusion issues, together with practical tools and approaches to be able to provide support. This has included bespoke training courses, staff drop-in events and access to a wide range of resources and material, so they can not only promote but take positive and meaningful action to improve inclusivity in the workplace.

The improved capability levels of our CDMs, as evidenced in our survey results, has been a key factor in enabling us to better support our staff through the pandemic, maintain delivery of our work programme, and retain high levels of staff engagement and motivation.



Strategic Theme 4 – Modernising how we work

Priority 5: Deliver our two strategic change projects – separating our IT infrastructure from Health and Safety Executive (HSE) and commencing a pilot of our Well Informed Regulatory Decisions (WIReD) project

IT Separation project

Our IT Separation project (separating our IT infrastructure from that of HSE) was successfully delivered remotely in October 2020; the project was formally closed in January 2021. This was a significant achievement, demonstrating our ability to deliver change seamlessly, despite challenging external circumstances. It has resulted in a modern, efficient, and resilient infrastructure and established autonomy and control of our own IT strategy by providing a foundation for our IT modernisation and improved cyber resilience, which is now underway, led by our new Chief Information Officer and our Chief Information Security Officer respectively.

Well Informed Regulatory Decisions project

Our WIReD project will modernise our regulation by providing our inspectors and dutyholders with the tools to be better informed and better connected to improve the consistency of our regulatory decision making. Phase 2 of WIReD began in November 2020.

The project is being delivered in an agile way, released to staff and dutyholders in phases to ensure user feedback and experience informs the final product. We have configured three out of eight of our processes and commenced user acceptance testing, ready for initial roll out in 2021/22, supported by a blended training approach.

Improving programme management office effectiveness

We have established a 'roadmap' to give us a clearer view of our projects across the organisation and enable better planning and prioritisation, to ensure we deliver our 2025 strategic intent. As we continue to mature our planning functions, we also launched a new Integrated Strategic Governance Framework to align all our annual planning activity and ensure a clear line of sight between strategic priority setting, budgets, resource and strategic workforce planning.

Case study – Creating our own IT infrastructure

The successful delivery of this complex project would be a major achievement in any year, but having to deliver it remotely as a consequence of COVID-19 meant substantial additional challenges had to be overcome.

Before 'go live', we undertook rigorous testing of the software and hardware, including resilience and data migration testing, and received external cyber security assurance that the new network was secure.

This change project exemplified successful delivery of a modernisation initiative with minimal business disruption and high levels of engagement. It was achieved through engendering and promoting a collaborative working environment of transparency and trust across a multi-disciplinary, multi-supplier team, to focus on delivering a mutually beneficial outcome. In the challenging environment of COVID-19 and remote working, the virtual team demonstrated exceptional commitment, resilience, flexibility, dedication and a collaborative team spirit over a sustained period of time, with the right ethos to bring about significant change in very challenging circumstances. As a result, IT Separation was delivered safely, securely and successfully.

Accessibility was a key work-strand for the project, to ensure we made adequate provision of devices and technology for all current and future staff, through engagement, piloting and clear assessments. Staff immediately benefitted from modernised equipment as a result of the IT Separation project, to support working at home (which added another level of complexity for the team). New software was also introduced to all staff, which enhanced the quality and accessibility of our IT provision. Mobile telephones were issued to all staff, supporting business continuity, increasing connectivity and boosting remote working arrangements.

The introduction of new software meant we could offer a step-change improvement in videoconferencing services, workspace chat, file storage and application integration via Microsoft 365. This was key for our staff to adapt to remote working and allowed us to stay connected with each other and key stakeholders.

As part of the government's 'Cloud First' policy, which requires public sector bodies to consider and fully evaluate potential cloud solutions before any other option, we now have secure cloud services.

In the most recent staff survey, 80% of staff agreed that the project had equipped them better with tools to do their job.

Our financial performance

Financial review

For 2020/21, our final budgetary outturn was £96.5m (2019/20: £92.3m), including capital spend of £3.2m (2019/20: £5.4m). This was an overspend of £4.6m (2019/20: underspend of £5.8m) compared to an initial budget of £91.9m (2019/20: £98.1m). Expenditure of £93.3m (2019/20: £86.9m) shown in the accounts (page 87) excludes capital spend.

The Board has received regular updates on financial developments during the year to understand the impact of COVID-19 on outcomes and costs. The main reasons for the overspend and underspends – which are primarily a result of COVID-19 impact – are set out below.

Overspends

- £2.7m Cabinet Office security vetting charges (pass-through costs) that we could not reasonably estimate when the budget was set;
- £2.4m in IT mainly relating to IT Separation, principally due to the impact of COVID-19 and the requirement to deliver remotely, which required a five-month extension of the project delivery timescale from May to October 2020. This was compounded by costs to address the need to source IT and cyber capability and capacity and the requirement to commission adequate technical and assurance activity prior to cutover. Despite this in-year overspend, the project delivered within £75k of its approved business case financial envelope, covering the period August 2016 to January 2021;
- £1.6m on Technical Support Contracts relating to the UK HPRI000. This was, in part, due to the Requesting Parties' delivery timescales exceeding expectations and providing information sooner than anticipated to ONR; and
- £1.6m increase in the accrued annual leave provision due to a build-up of leave during COVID-19. We actively encouraged staff throughout the year to utilise their annual leave entitlement to prioritise wellbeing and monitored compliance with our policy closely. However, due to the exceptional nature of the past year, and the additional burden that COVID-19 placed on resourcing, there has inevitably been a build-up of annual leave balances across the organisation.

Underspends

- £2.2m in travel and subsistence and training/conferences directly as a result of COVID-19;
- £0.4m re-structuring fund not required;
- £0.3m from a pause to the Bootle workspace project;
- £0.4m research (reduced price/demand);
- £0.3m WIReD slippage; and
- £0.1m miscellaneous.

We drew down the remaining £1.8m of the capital loan facility from DWP during the year. We have now drawn down the full £9.8m facility. The loan provides working capital to support the capital expenditure requirements for WIReD, IT Separation and other modernisation activities to develop and enhance our infrastructure (including improvements to IT, furniture and estate upgrades). The loan enables us to operate on a self-sufficient basis whilst protecting cash flow. We started repaying the loan in December 2020.

Environmental and sustainability matters

We acknowledge and accept the responsibility we have to manage and reduce the impact that our activities as a public corporation and as a regulator have on the environment. By reducing our consumption of resources, using those we must consume more efficiently, and where possible, balancing unavoidable emissions, we aim to minimise the environmental impacts of our operations. We will also bear in mind the need to seek fit for purpose sustainable solutions as we undertake our regulatory activities.

Our Strategy 2020-25 specifically references the need to consider how we can reduce our environmental and carbon impact in line with broader government objectives for net zero. Our staff have a role to play in helping us ensure these aims and objectives are met, and we will continue to engage with our external stakeholders regarding our aspirations. We are committed to meeting our obligations under the Greening Government Commitments as a minimum and will commence reporting against government targets during 2021/22.

We support the government's aspirations regarding green transport by encouraging the use of public transport where possible for business travel (appropriate adjustments have been implemented in line with COVID-19 health measures), making advance of salary provision (on an interest free loan basis) for staff to purchase bicycles to travel from home to work, and we are making increasing use of the digital communication methods made available to us by the introduction of improved IT hardware.

We are not the majority occupier at any of our office locations but we continue to work with our respective landlords in the collation and reporting of data relating to matters such as energy emissions, carbon footprint, and waste and utilities management. In addition, we proactively engage with landlords to ensure they have, and maintain, a responsible corporate sustainability policy. We support local office environmental policies and commitments, an example of which is the 'nil to landfill' policy operated at our Bootle office, and the recycling of waste into seven waste streams (plastic, glass, metal, paper, electrical, fluorescent bulbs and miscellaneous), plus food, which goes to make biofuels.

In addition, since IT Separation and the modernisation of our IT estate, we now have greater capacity and take-up of video conferencing, reducing the need for travel to meetings and associated emissions.

When tendering contracts, we seek to engage with suppliers that adopt a positive approach to environmental and sustainability matters; for example, our furniture supplier has a very robust recycling policy, which we take active advantage of when the opportunity presents itself.

We are preparing a statement of intent in respect of our environmental policy credentials and expect to publish it later in 2021. This will signal our commitment to developing an environmental strategy by 2025 and reflect the Greening Government Commitments as appropriate.

We will be submitting a quarterly return covering transport, utilities usage and waste via our sponsor department, DWP. The statement will set out our ambitions for the next few years of our Strategy 2020-25; for example to:

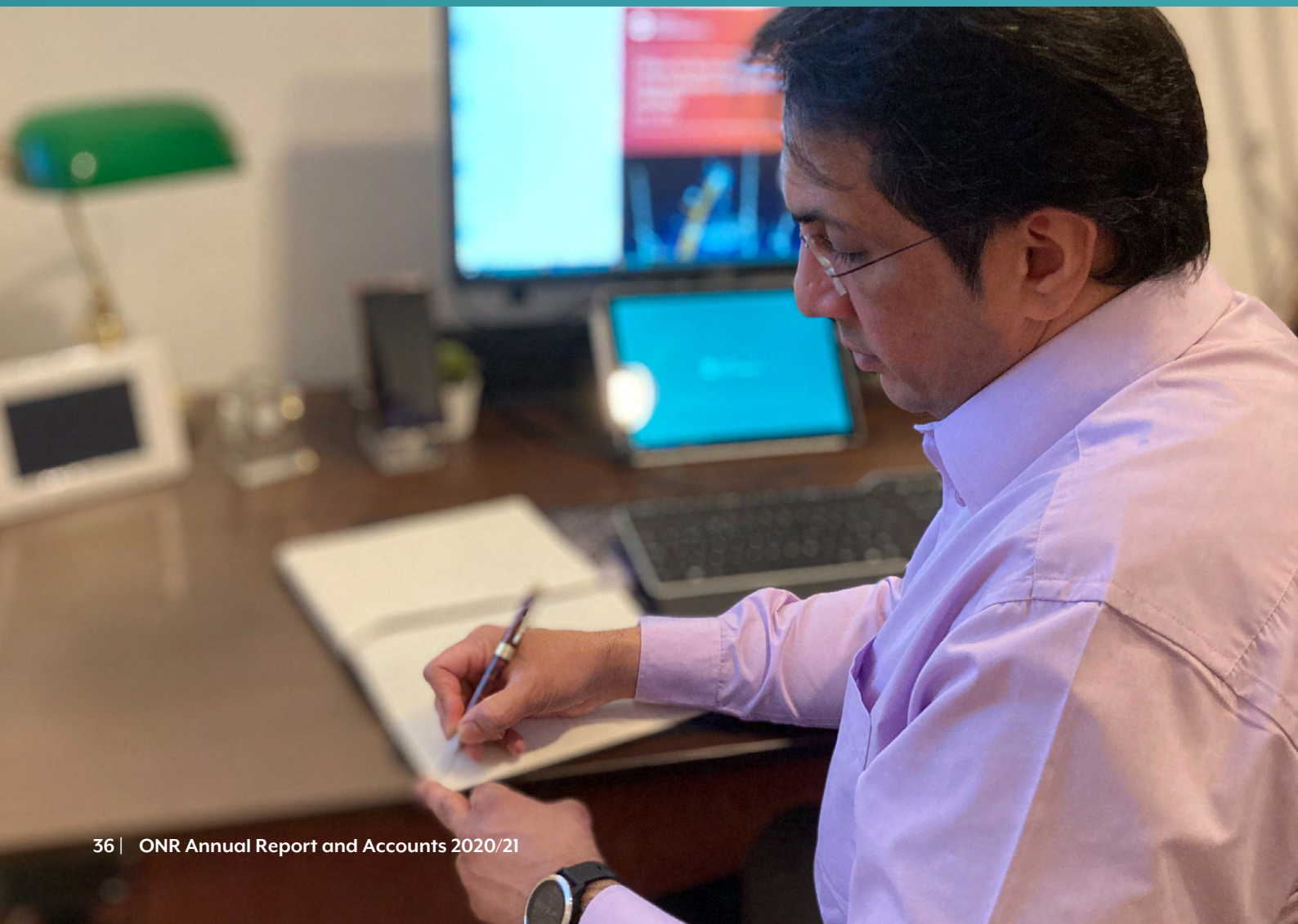
- continuously improve our environmental performance and integrate recognised environmental management best practice into our operations in accordance with the principles of the waste hierarchy;
- limit our carbon emissions by driving energy efficiency, minimise our travel footprint where necessary, and use resources responsibly;
- ensure the consideration of environmental issues and energy performance with our landlords in the acquisition, design, refurbishment and use of our premises; and
- include sustainability criteria when procuring goods and services.

Mark Foy

Chief Executive and Chief Nuclear Inspector
Office for Nuclear Regulation

12th July 2021

2 Accountability report



Corporate governance report

This report provides information on our governance structures and how they support the achievement of our objectives. It includes the 'Director's report', the 'Statement of Chief Executive's responsibilities' and the 'Governance statement'.

Directors' report

Board membership at 31 March 2021



Mark McAllister
Chair



Jean Llewellyn OBE
Non-Executive



Dr Janet Wilson
Non-Executive



Sir Simon Lister
Non-Executive



Sarika Patel
Non-Executive



Tracey Matthews
Non-Executive



Adrienne Kelbie
Chief Executive



Mark Foy
Chief Nuclear Inspector



Sarah High
Finance Director



Dave Caton
HR Director

Senior Leadership Team at 31 March 2021



* Donald Urquhart became Executive Director for Operations on 1 March 2021.

NOTE: In December 2020, we announced changes to our senior leadership structure for 2021/22.

With effect from 1 April 2021:

- Sarah High's role changed to Deputy Chief Executive;
- Donald Urquhart became a Board member in his new role as Executive Director of Operations;
- Mike Finnerty replaced Donald Urquhart as Director of Operating Facilities; and
- Jane Bowie became New Reactors Director.

With effect from 10 May 2021:

- Simon Coldham was appointed Chief Information Officer.

With effect from 1 June 2021:

- Adrienne Kelbie ceased to be Chief Executive;
- Mark Foy's role changed from Chief Nuclear Inspector to Chief Executive and Chief Nuclear Inspector;
- Paul Dicks was appointed as Sellafield, Decommissioning, Fuel and Waste Director as a result of Mina Golshan leaving ONR; and
- Steve Vinton was appointed as Technical Director as a result of Anthony Hart's retirement.

A new Finance Director is due to join ONR in July 2021; Sarah High continues to act in a Finance Director capacity in the meantime.

Further details can be seen at: [Office for Nuclear Regulation – ONR Board & Executive structure](#).

Appointment and resignation of Board members during 2020/21

During the reporting period, the Board comprised six Non-Executive Directors (including the Chair) (NEDS) and four Executive Directors. The changes to Board membership are shown in the following table:

Table 1 – Changes to Board membership

Name	Date	Event	Role
Janet Wilson	1 April 2020	Term of office commenced	Board member
Bronwyn Hill	31 May 2020	Term of office ended	Board member
Tracey Matthews	1 June 2020	Term of office commenced	Board member
Oona Muirhead	30 September 2020	Term of office ended	Board member
Jean Llewellyn	1 October 2020	Term of office commenced	Board member
David Caton	31 March 2021	Role changed from Executive Director to Observer	HR Director

NOTE: Some changes were also made to Board membership during early 2021/22 due to changes to the senior leadership team structure announced in December 2020.

With effect from 1 April 2021:

- Sarah High's role changed to Deputy Chief Executive;
- Donald Urquhart became a Board member in his new role as Executive Director of Operations; and
- David Caton's role changed from Executive Director to Observer.

With effect from 1 June 2021:

- Adrienne Kelbie ceased to be Chief Executive; and
- Mark Foy's role changed from Chief Nuclear Inspector to Chief Executive and Chief Nuclear Inspector.

Managing conflicts of interest

Details of the management of conflicts of interest can be found within the governance statement.

Personal data related incidents

Details of personal data related incidents can be found within the governance statement.

Statement of Chief Executive's responsibilities

Under paragraph 21(1) b of Schedule 7 of the Energy Act 2013, ONR is required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State for Work and Pensions, with the consent of HM Treasury. The accounts are prepared on an accruals basis and give a true and fair view of ONR's state of affairs at the year-end and of its net income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing its accounts, ONR is required to comply with, and has complied with the requirements of the 'Government financial reporting manual' (FReM), and in particular to:

- observe the Accounts Directions issued by DWP, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the FReM, have been followed and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis, unless it is inappropriate to presume that ONR will continue in operation.

The Chief Executive of ONR has responsibilities for the propriety and regularity of the public finances for which the Chief Executive is answerable, for keeping proper records and for safeguarding assets as set out in 'Managing Public Money' published by HM Treasury.

Chief Executive's statement

As the Chief Executive for ONR, I am responsible for maintaining a sound system of internal control while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in HM Treasury's 'Managing Public Money'.

I confirm that there is no relevant audit information that the National Audit Office has not been made aware of and that I have taken all necessary steps to ensure access to relevant information has been given.

I confirm that this Annual Report and Accounts as a whole, and the judgement required in preparing it, is fair, balanced and understandable and that I take personal responsibility for this being so.

Governance statement

This statement sets out the ONR system of governance, internal control and risk management designed to manage rather than eliminate the risk of failure to achieve policies' aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. Adrienne Kelbie discharged the role of Chief Executive during 2020/21 and up until 31 May 2021. I took over the role of Chief Executive/Chief Nuclear Inspector from 1 June 2021 and sought written assurances from Adrienne to inform my approval of this governance statement.

Although ONR is not bound by the 'Corporate governance in central government departments: code of good practice', I am satisfied that its principles have been complied with where practical and appropriate.

ONR is governed through three complementary routes:

- the Principal Accounting Officer for DWP, who is responsible for ensuring the financial and management controls applied by the Department are appropriate and sufficient to safeguard public funds and that those applied by Arm's Length Bodies, such as ONR, conform to the requirements of both propriety and good financial management;
- the Board, created by the Energy Act 2013 when establishing ONR as an independent Public Corporation; and
- the Chief Executive's responsibilities, designated by the Principal Accounting Officer for ONR's management and expenditure in accordance with the principles set out in HM Treasury's 'Managing Public Money'.

Our corporate governance structure reflects the principles of the 'Corporate governance in central government departments: code of good practice' and reflects the particular requirements for effective independent nuclear regulation.

What the Board does

The Board is specifically responsible for:

- establishing and delivering our strategic aims and objectives consistent with our overall strategic direction and within the agreed government policy;
- our regulatory strategy and regulatory assurance. The Board has delegated all individual regulatory decisions to our Chief Nuclear Inspector, who is accountable for ensuring that our regulatory activities are targeted effectively, properly discharged and that our regulatory decisions are proportionate and consistent. He assures the Board that regulatory decisions are being made appropriately within the legal requirements of the Energy Act 2013;
- scrutiny of regulatory strategy and key regulatory change programmes/major work streams;
- ensuring that the responsible Minister is kept informed of any changes that are likely to impact on our strategic direction or on the attainability of our targets, and determining the steps needed to deal with such changes;
- ensuring that any statutory or administrative requirements for the use of public funds are complied with;
- ensuring that the Board receives and reviews regular financial information concerning the management of ONR; that its decisions take into account all relevant financial considerations; that it is informed in a timely manner about any concerns about the activities of ONR; and that it provides positive assurance to DWP that appropriate action has been taken on such concerns;
- demonstrating and ensuring high standards of corporate governance and probity at all times;
- appointing the Chief Executive and the Chief Nuclear Inspector, subject to Ministerial approval and setting performance objectives for the Chief Executive (NB: Chief Executive/Chief Nuclear Inspector from 1 June 2021); and
- proposing the Chief Executive's and Chief Nuclear Inspector's remuneration (NB: Chief Executive/Chief Nuclear Inspector from 1 June 2021), which must be agreed by the responsible Minister, after consulting the Chief Secretary to the Treasury where required.

During 2020/21, the Board was supported by three committees: an Audit and Risk Assurance Committee, a Remuneration and Nominations Committee, and a Security Committee.

Table 2 – Board member attendance at meetings 1 April 2020 to 31 March 2021

Non-Executive Members	Board (8)	ARAC (4)	Remuneration and Nominations (3)	Security (1)
Mark McAllister (ONR Chair)	8	1*	3	1
Oona Muirhead	4 (left 30 Sept)	3 (left 30 Sept)	N/A	1
Bronwyn Hill	1 (left 31 May)	N/A	1 (left 31 May)	1
Sarika Patel	7	4	N/A	N/A
Simon Lister	7	N/A	N/A	N/A
Janet Wilson	7	4	3	1
Tracey Matthews	7 (joined 1 June)	N/A	3 (joined 1 June – observer May)	N/A
Jean Llewellyn	5 (joined 1 Oct – observer Sept)	1 (joined 1 Oct)	N/A	N/A
Executive Members				
Adrienne Kelbie	8	4	3	N/A
Mark Foy	8	4	N/A	1
Sarah High	8	4	N/A	N/A
David Caton	8	N/A	3	N/A

* The Chair of the Board attended one meeting in line with the ARAC terms of reference.

Accountability to Parliament

ONR is directly accountable to DWP as our sponsor department. The Secretary of State for Work and Pensions has the principal responsibility to Parliament for ONR governance, finance and performance in relation to conventional health and safety.

These responsibilities are delegated to the responsible Minister, who will account for these matters in Parliament.

Details of our governance arrangements are provided in the [ONR/DWP framework document](#).

The ONR/DWP framework document sets out the roles and responsibilities of DWP, the ONR Board and the ONR Chair, and the ONR Chief Executive and their personal responsibilities for running ONR in accordance with the principles set out in HM Treasury's 'Managing Public Money'. As DWP does not have government responsibility for civil or defence nuclear policy, the framework outlines our relationship to BEIS and MoD.

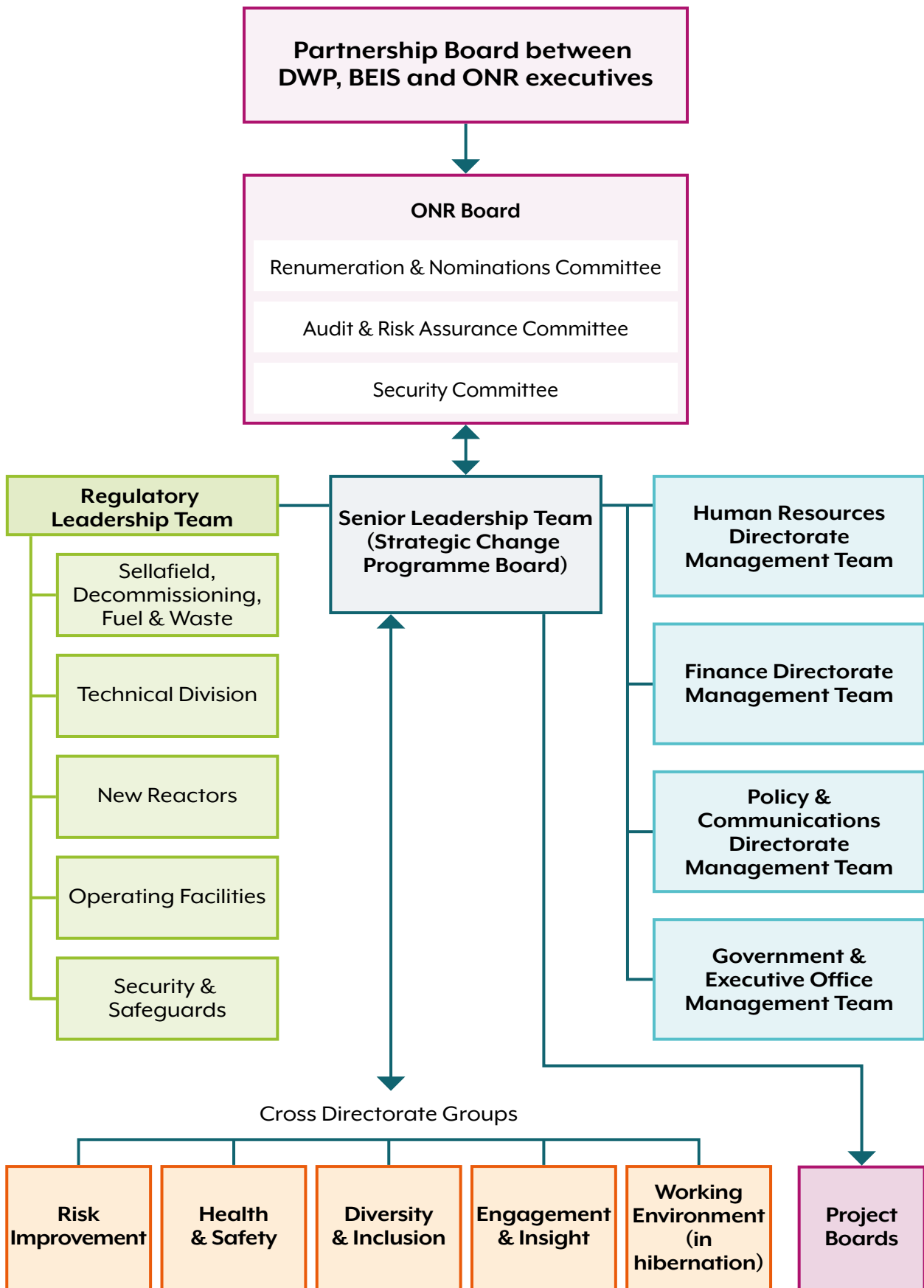
The Secretary of State for Business, Energy and Industrial Strategy is accountable to Parliament for the UK civil nuclear regulatory framework and policies. This covers civil nuclear safety and security, new build and decommissioning programmes, emergency preparedness and response, nuclear safeguards and the transport of radioactive material by road, rail and inland waterway.

The Secretary of State for Defence is accountable to Parliament for nuclear safety and security at nuclear sites operated wholly or mainly for defence purposes. While ONR works closely with the MoD, ONR acts as a wholly independent regulator within its statutory vires as defined by Parliament in the Energy Act 2013.

ONR provided assurance to ministers on our regulatory effectiveness and performance in nuclear safety and security relevant to their respective portfolio.

The sponsorship role was formally discharged through the ONR Partnership Board quarterly accountability review meetings, attended by senior officials from DWP, BEIS and ONR. The ONR Partnership Board reviewed our performance, operational and financial performance, policy requirements from BEIS, key risks and emerging issues. ONR provided reports to DWP on financial forecasts and use of resources and quarterly reporting on operational performance. The day-to-day sponsorship role continued to be discharged by the Head of DWP Arm's Length Bodies Partnership Division.

Figure 1 – Corporate governance framework 2020/21



NOTE: Changes during early 2021/22 include the establishment of the Information Technology and Delivery Directorate Management Team, the creation of a Support Directorate Leadership Team (including all non-regulatory directorates) with effect from 1 April 2021, and the Executive Support Office Management Team with effect from 1 June 2021. You can find further details in our Corporate Plan 2021/22.

Work of the Board

In June 2020, revised Board meeting arrangements were introduced in response to a shift in focus towards delivering our Strategy 2020-25. They supported a more strategic focus, to bring greater consideration of regulatory matters and less of organisational matters, and to promote closer working arrangements with more SLT members.

The Chief Executive and Chief Nuclear Inspector submitted reports to each Board meeting, while HR, Finance, and Policy and Communications directors submitted quarterly reports regarding their area of work. These standing reports provide assurance to the Board (a) that the organisation is being properly managed to deliver our strategic intent and to consider corporate risk mitigation, (b) that we are meeting our statutory regulatory obligations and (c) on financial management, people matters and policy and communications activity.

Senior Responsible Officers also provided reports on strategic projects by exception (where delivery confidence was rated amber or red) to provide assurance that risks are being effectively anticipated and managed, with significant focus in year on IT Separation, WIReD, UK SSAC and ONR's Management System Integration.

Key areas of focus for the Board in 2020/21 included:

- 'ONR Strategy 2020-25' and accompanying strategic plans;
- Organisational Effectiveness Indicator (OEI) framework;
- 'Corporate plan 2021/22' and budget;
- 2019/20 Annual report and accounts;
- Our response to COVID-19;
- SLT succession planning;
- 'CNI annual report on Great Britain's nuclear industry';
- ONR approach to improving regulatory consistency and proportionality;
- 'ONR approach to regulating innovation';
- 2021/22 regulatory planning assumptions;
- Regulatory strategy effectiveness on sites receiving enhanced attention;
- ONR 'Stakeholder Engagement Strategy 2020-25'; and
- ONR 'People Strategy 2020-25'.

External speakers contributed to Board discussion during the year on matters including new nuclear technologies, the Nuclear Sector Deal, and research and innovation. For the first time, the DWP Minister spoke to a dedicated item at one of our Board meetings. As is customary, officials from DWP and BEIS attended our annual Board strategy session in October 2020.

Audit and Risk Assurance Committee

ARAC (the 'Committee') is responsible for ensuring the maintenance of appropriate and adequate audit processes, and for the governance of the internal and external audit programmes. On behalf of the ONR Board, the Committee has oversight of our risk management processes.

ARAC membership comprises three Non-Executive Directors (one of whom chairs the Committee) and an independent member. The Committee met four times during the year.

Due to the appointment of new Non-Executive Directors in-year, the membership has changed. At each meeting representatives are invited from ONR's Finance Directorate and Regulatory Assurance function to attend and contribute along with colleagues from GIAA, National Audit Office and DWP. The Chair of the Board attended one meeting in line with the Committee's Terms of Reference.

Areas of focus during 2020/21 included:

- quarterly reviews of the Strategic risk register in order to gain assurance that risks are being managed and effective mitigations are in place;
- a series of deep dives into areas of greatest risks and/or where other sources of assurance were requested (cyber security and HR processes in 2020/21) to gain an understanding of the underlying causes, the current position and how ONR intends to mitigate the risk;
- Internal audit and regulatory assurance to gain independent assurance on our control environment in line with the three lines of defence model including approving plans, progress against delivery, the results of any reviews and progress made implementing recommendations;
- regular updates on strategic projects (IT Separation and WIReD) to give assurance to the Committee on progress against delivery milestones and risks identified;
- the Annual Reports and Accounts including the Governance Statement; and
- the Policy Compliance Report, which details the levels of compliance in respect of organisational obligations, for example, 'Managing Public Money' and internal policies such as business expenses and information security incidents.

ARAC submitted an annual report to Board in June 2021 detailing its work in the previous year, concluding that the Committee had received the necessary assurances that ONR is a compliant organisation striving to achieve improvements in the management of resources, performance and process.

Remuneration and Nominations Committee

The Committee has oversight over all matters relating to the remuneration and performance of Executive Board Members and the framework for Senior Civil Servant (SCS) equivalent staff. It is responsible for making recommendations to the Board and the DWP Sponsorship Team (for Ministerial decision) on the appointment of the Chief Executive and Chief Nuclear Inspector and for succession planning strategy.

Membership comprises three Non-Executive Directors (one of whom chairs the Committee). The HR Director had lead executive accountability, and along with the Chief Executive, attends all meetings. Tracey Matthews was appointed as Chair of the Committee on 1 June 2020, following Bronwyn Hill's term of office ending on 31 May 2020.

The Committee met three times during the year. Areas of focus included:

- all matters relating to the remuneration and performance of Executive Board Directors and the framework for remuneration and performance of ONR Directors (SCS equivalent staff), in keeping with HM Treasury's 'Corporate Governance Code';
- approval of a performance framework, which requires ONR Directors to demonstrate corporate leadership and alignment to the ONR Behaviour Framework. Full-year performance pay award decisions for 2019/20, taken in May 2020, were considered in this context. Assurance was also taken at the mid-year point to ensure that the process applied for 2020/21 was robust and consistent; and
- baseline salaries for ONR Directors for 2020/21 – remuneration decisions were made within the pay flexibilities afforded to ONR and based on evidence of widened responsibilities, public sector pay policy and the agreed pay award for colleagues on ONR's main grade system.

The Committee, to support its remuneration considerations, commissioned and reviewed a broad range of information and material including: Cabinet Office guidance; existing levels of remuneration; market intelligence on pay levels via benchmarking; comparators across the public and private sector; and economic factors.

The Committee has also considered: a strategic approach to pay and reward, the Chief Executive's Pivotal Role Allowance, a proposed approach for a flexible benefits scheme, people development and succession planning, and SLT succession planning. It also received updates on the Security NED recruitment, the NEDs' Skills Self-Assessment, HR activities and ONR's People Strategy.

Security Committee

The Security Committee is responsible for examining the ONR annual review of security report to provide assurance to the Board that ONR is providing efficient and effective security regulation of the nuclear industry, holding it to account on behalf of the public.

Membership comprises four Non-Executive Directors (one of whom chairs the Committee and is ONR's Security NED). Jean Llewellyn was appointed as Chair of the Committee on 1 October 2020, following Oona Muirhead's term of office ending on 30 September 2020.

The Chief Nuclear Inspector and Deputy Chief Inspector for Civil Nuclear Security and Safeguards attend, as do colleagues from BEIS, Civil Nuclear Constabulary, National Cyber Security Centre, Ministry of Defence, and Centre for the Protection of National Infrastructure who contribute perspectives on agenda issues.

The annual meeting of the Security Committee was held on 8 April 2020 when it considered the ONR annual review of security report and provided comments and recommendations to support later consideration by the Board.

Monitoring performance of the Board and its committees

The Board routinely receives a written update from committee chairs after each meeting, followed by circulation of formal minutes.

ARAC and the Remuneration and Nominations Committee provided annual reports to the Board, providing assurance that each had acted in accordance with the powers delegated to it by the Board. The ONR annual review of security report will be provided to Board in September 2021 following its review by the Security Committee in July 2021.

An independent, external effectiveness review of Board and ARAC was commissioned by ONR and carried out in quarter 3 of 2020/21. Findings were presented to the Board in February 2021, summarising a clean bill of health, and good governance, with a small number of potential enhancements to support excellence.

In response, we will focus on improving the integration of strategic risk oversight between ARAC and the Board, continue to increase visibility of Board activities with staff and stakeholders, and build on the collaborative working relationship between the Board, the Executive and the SLT.

Our Non-Executive Directors completed self-assessment skills declarations following a review and agreed update of the assessment criteria used and a benchmarking discussion. The results will be used to inform future recruitment and assignment to Board Committees, aid discussion on individual and collective development needs, and inform a broader Board development structured programme.

The Chair completed a self-assessment of his own performance, as well as his priorities for the next reporting year, to inform his annual performance review with ONR's sponsor minister at DWP. The Chair also carried out mid- and end-year appraisals with each Non-Executive Director and the Chief Executive against the criteria set out on appointment. The review process included a short self-assessment and priorities for the next year. An agreed written record of the end of year discussion was completed and confirmation that all appraisals had taken place was sent to DWP as our sponsor department. The Chief Executive addressed Executive Director appraisals in consultation with the Chair.

Managing conflicts of interest

All Board members were required to record outside interests and maintain an up-to-date [register of interests](#).

Our 'Code of corporate governance' sets out the process to be followed should a Board member identify a potential conflict of interest. All members were asked to declare potential conflicts of interests at each Board and Committee meeting. Nine conflicts of interest were raised by Executive Members (in relation to own performance or remuneration) during which time they did not take part in the meeting, as recorded in the minutes of the Remuneration and Nominations Committee.

Transparency

The Board's strategy promotes openness and transparency in nuclear regulation based on a presumption of disclosure. We published our Board minutes on ONR's website.

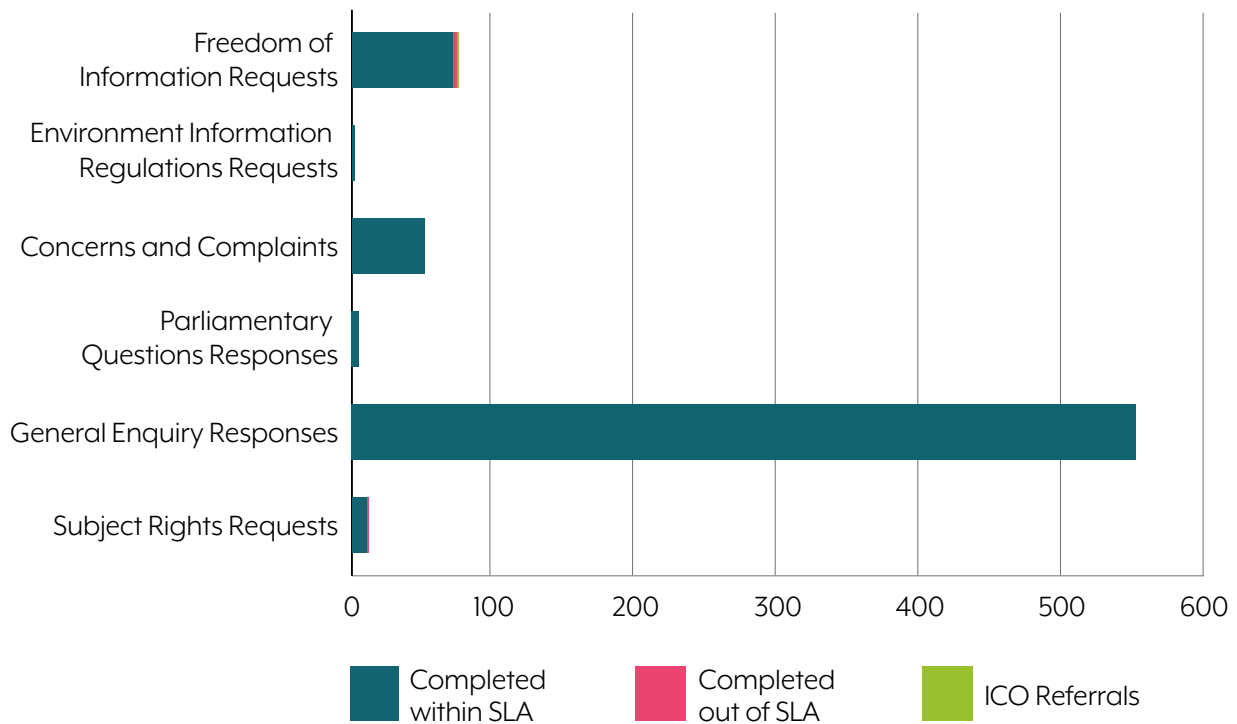
We received 74 requests under the Freedom of Information Act 2000 (FOIA) and two under the Environment Information Regulations 2004 (EIR). All but three requests were completed within the required timescale. Four requests were subject to an internal review, which identified a small amount of additional information for release for two of the requests. One request was referred to the Information Commissioner's Office (ICO). A thorough review was undertaken resulting in a change in our original position, allowing the release of further information. The complainant withdrew their complaint against ONR.

Three complaints (originating externally in relation to an ONR work activity) and 48 concerns (from members of the public or employees relating to a wrongdoing in a workplace in relation to a matter that ONR regulates) were received. All complaints and concerns were completed to the third parties' satisfaction.

We have responded to five Parliamentary questions and 552 general enquiries.

We received 13 Subject Rights Requests relating to the General Data Protection Regulations (GDPR)/ Data Protection (DPA) Act 2018. These were primarily Subject Access Requests, with data subjects asking for details of their own personal data. Each had different levels of complexity with one resulting in a referral to the Information Commissioner’s Office. Ten of the 13 requests were resolved within the required timescales. We required an extension for three due to complexity or COVID-19 related delays. These extensions were communicated clearly to the data subject in line with requirements.

Transparency – requests and complaints figures



Whistleblowing

Internal

No internal cases were raised.

External

We considered nine protected disclosures regarding sites we regulate. Five cases were carried forward from 2019/20 (one further case did not meet the protected disclosure criteria and was treated as a concern) and four new cases were received in relation to sites we regulate. We closed five cases and will carry forward the remaining four to 2021/22 as we continue our enquiries. Where we found evidence that the matters reported might affect safety, we took appropriate action to ensure these were addressed.

Whistleblowers continue to provide ONR with valuable regulatory intelligence in specific areas of work within our regulatory remit, in some cases confirmatory. Of the five closed cases, two led to interventions that resulted in enforcement action (including one investigation and one enforcement letter), and three led to actions and recommendations that will be embedded into our routine regulation and also enabled ongoing engagements with licensees around good practice. Whether or not reports led to formal enforcement action, all were used as an important source of regulatory intelligence.

In line with our document review policy, we published a revised whistleblowing procedure and instructions on 18 March 2021.

Senior Leadership Team (SLT)

The SLT is responsible for delivery of our strategy and corporate plan. It is the strategic executive decision-making body, supporting the Board to carry out the legislative, policy, operational and administrative functions and requirements. As role models, SLT members are accountable for providing exemplary leadership and delegating work to engage and develop sustainable improvements, staff development, and a positive culture.

These executive governance arrangements ensure that there is accountability, openness and transparency in our decision-making processes, and they support delivery of all our operations. The SLT acts as the Strategic Change Programme Board, reflecting shared accountability to support delivery of our infrastructure and resilience change agenda.

The Regulatory Leadership Team provides Regulatory Directorate operational and business leadership and performance management. This ensures that the Chief Nuclear Inspector statutory role and related delegated regulatory authorities retain visibility and independence.

Each Director has a Directorate Management Team to discharge its own operational responsibilities, milestone planning and reporting.

The Senior Leadership Team spent time together virtually in September 2020 and February 2021. The focus has been on effective strategic leadership, progressive culture change and succession planning.

Setting objectives and operational performance management

Our 'Corporate plan 2020/21' set out our priorities, milestones and organisational effectiveness indicators to monitor our progress and was agreed by the Board and approved by the Secretary of State for Work and Pensions.

Performance has been closely monitored by the SLT and Board, with all exceptions and the reason for those exceptions reported.

Risk management, compliance and internal control

The Board is responsible for our systems of risk management and internal control. It considers the key risks and reviews risk appetite as part of its annual strategy session. Our updated 'Risk appetite statement' is then included as part of the corporate plan, which is published annually, and is separate to the Annual Report and Accounts.

The management of risk is delegated through clear lines of executive accountability. Regular review and challenge of strategic risks is undertaken by the Risk Improvement Group (RIG), which is chaired by the Finance Director. The group considers and makes recommendations to ARAC on the escalation and de-escalation of risks and the effectiveness of mitigations. ARAC reviews the 'Strategic risk register' on a quarterly basis to provide assurance to Board.

Through individual Letters of Assurance, Directors describe the governance and control arrangements that they have put in place for their Directorate or project. Internal audits are also used to test elements of the control environment. Both activities are detailed elsewhere in the Accountability Report.

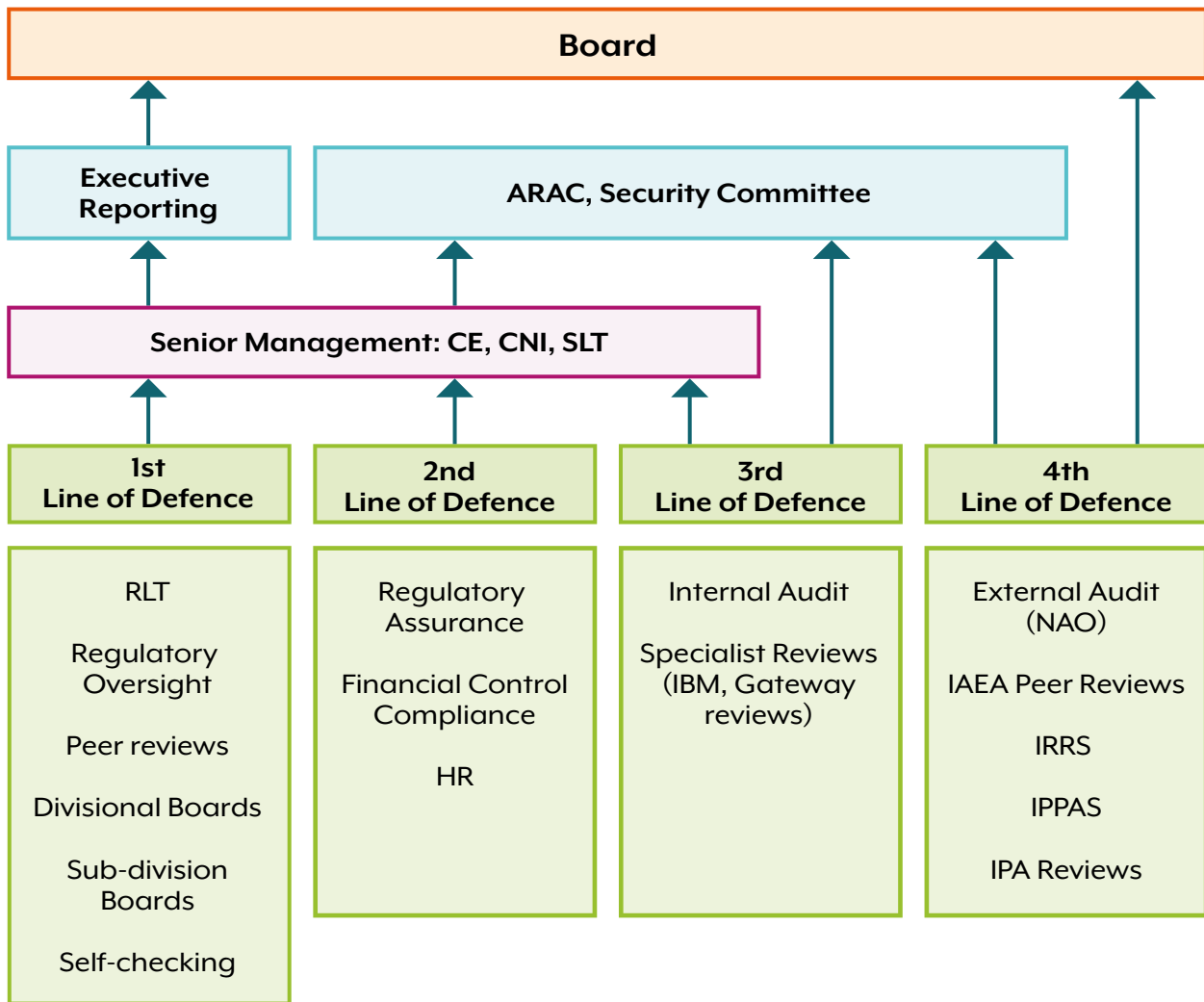
It is important to note that internal control systems are designed to manage the risk of failure to business objectives but cannot be expected to wholly eliminate them. Along the same lines, the most that an internal audit service can provide to ONR is reasonable assurance that there are no major weaknesses in those systems/processes audited.

Strategic risks are set out and described on page 13.

Integrated audit and assurance framework

Our integrated audit and assurance framework is based on HM Treasury's assurance frameworks guidance, which uses a 'Three Lines of Defence' approach to provide a complete, coherent and integrated audit and assurance framework for the organisation. Reporting within this framework is aligned with corporate and executive governance arrangements.

Figure 2 – ONR integrated audit and assurance framework 2020/21



Chief Executive provides assurance to the Board in respect of the quality and integrity of organisational processes and controls.

Chief Nuclear Inspector provides assurance to the Board in respect of the quality and integrity of regulatory decision-making.

National Audit Office is independent of ONR with a statutory responsibility for certification audit of the financial statements.

The annual integrated audit and assurance plan was agreed by ARAC with the flexibility in-year to respond to changes in priorities, including the impact of COVID-19.

A Government Internal Audit Agency (GIAA)

In 2020/21, GIAA completed 10 audits (including the WIReD review referenced in commentary below table 3). The topics and assurance levels are detailed below.

Table 3 – Internal audit reviews 2020/21

Audit topic	Assurance level
Incident Management – COVID-19	Substantial
Cyber Security Governance	Limited
Programme Management Office (PMO)	Limited
Contract Management of Consultants, Interims and Specialists	Substantial
Information Governance	Limited
Whistleblowing Policy and Procedures	No opinion – management letter
Diversity and Inclusion	Moderate
Budgeting and Forecasting	Substantial
Commercials (IT Contract Management and Supplier Delivery)	Limited

For the PMO Audit, GIAA reflected the emerging maturity of a relatively new function and recognised largely self-identified gaps and areas for improvement.

IT Contract Management was issued with a 'limited' assurance rating but it recognised that we are working to address the known challenges in this area to mature our controls and strengthen commercial management.

The Cyber Security audit recognised that we are continuing to develop our organisational IT and cyber security capabilities and our new CIO and Chief Information Security Officer (CISO) are leading the necessary improvements.

Similarly, the Information Governance audit noted that our CIO and CISO functions are evolving, with action plans in place to further strengthen the control environment.

The GIAA was also commissioned to undertake a gated readiness review of the WIReD project, which reported an 'amber' rating.

The Operational Deployment and Forecasting audit was started in 2019/20 and completed in 2020/21. The audit received 'limited' assurance because it identified that planning assumptions used for forecasting needed a more robust process to inform their development. Improvements have since been made.

ARAC was assured that good progress was being made in addressing all recommendations identified through the audits, despite the current working environment. Reporting audit and assurance recommendation status to ARAC is part of standard reporting to ensure improvements are being made promptly and effectively.

Based on the audits undertaken, GIAA provided 'moderate' assurance in respect of the adequacy and effectiveness of the framework for governance, risk management and control.

In addition to the GIAA audit programme, additional external sources of assurance have been utilised strategically throughout the year:

- Shared Services Connected Limited (SSCL) assurances and the HSE Service Management Agreement (SMA) assurance letter;
- DWP Arm's-Length Bodies (ALB) Annual Assurance Assessment 2020 – DWP's annual process for establishing the level of risk that each ALB's activities pose to the Department. ONR was rated as a low/medium risk ALB; and
- The Infrastructure and Projects Authority (IPA) Gate 4 Review of our SSAC Project, undertaken August 2020, provide an 'amber/green' delivery confidence assessment that the project was on track to deliver, as planned, an appropriate 'Euratom equivalent' SSAC by end of December 2020. This conclusion was founded on a strong evidential basis in the form of robust project documentation, that the initial version of the SSAC was ready to go by the 1st March 2019 no-deal EU exit date and proven end-to-end parallel running of ONR's safeguards reporting alongside Euratom's for two months.

B Regulatory assurance

Our internal regulatory assurance function completed 11 reviews to provide the CNI and Board with assurance on compliance, quality and effectiveness of our core regulatory activities, including decision-making processes and assurance that front line regulatory activities are undertaken in a manner that is compliant with ONR processes. Reviews delivered included:

Table 4 – Regulatory assurance reviews 2020/21

Review topic	Assurance level
Regulation of sites entering, and in decommissioning	Moderate
Security attention levels	Substantial
Transport assessment consistency	Substantial
Development and succession planning consistency	Substantial
Divisional level planning and resourcing	Limited
Redgrave Court Incident Suite (RCIS) capability and functionality	Substantial
Regulation of ageing facilities	Substantial
Regulation of conventional health and safety on nuclear sites	Moderate
Investigation and enforcement decision consistency	Moderate
Implementation of changes to REPPIR and ACOP	Moderate
Governance of the Technical Division	Moderate

A 'limited' rating was assigned to the review of divisional level planning and resourcing. Although we have a positive reputation for delivering on the regulatory requirements of dutyholders, there remain opportunities to improve some aspects and strengthen our communications.

The Head of Regulatory Assurance provided an overall 'moderate' assurance rating for 2020/21, concluding that the reviews did not identify any significant matters that challenge confidence in the robustness of our regulatory decision making, providing assurance that we are regulating the industry in accordance with our purposes, as required by the Energy Act 2013.

Letters of assurance

Letters of assurance were provided by members of our SLT and Senior Responsible Owners, outlining the effectiveness of systems of governance, risk management and internal control within their areas of responsibility. This year the letters were enhanced to place accountability on SLT members, as information asset owners, for ensuring the appropriate processing of personal data within their areas of responsibility and also compliant with ONR's data protection policy, procedures and guidance.

The responses to all letters of assurance, including the reported areas of exception, have been taken into account to inform this governance statement.

Assurance provided in respect of financial, HR and procurement transactional services provided by SSCL

SSCL continues to operate employee-related HR, payroll and expenses administration, financial accounting, procurement and relevant IT processes to ONR as part of a wider service to government. The letter of assurance from the Delivery Director of Government Business Services (GBS), in respect of SSCL's performance has been received and considered.

The assurance opinion provided by PwC rates the 2020/21 audit year as 'major improvement required', which represents a lower assessment than 2019/20. PwC has highlighted significant weaknesses in SSCL's framework of governance, risk management and control, which require improvements to address the adequacy and effectiveness in this area.

We will be monitoring progress closely and seeking assurances from GBS that effective remedial action is being undertaken and delivered accordingly. Additionally, we will be reviewing the complementary controls within ONR to identify any areas that need strengthening to compensate for the prevailing control weaknesses that have been identified by SSCL's audit and assurance reviews.

Assurance provided in respect of services provided through a Service Management Agreement

The Service Management Agreement (SMA) outlines the responsibilities to ensure that HSE (as the service provider):

- carries out its duties and obligations under the agreement in accordance with its terms and that it has exercised, and continues to exercise, reasonable skill, care and diligence in the performance of those duties and obligations;
- monitors compliance with obligations under the agreement and notifies ONR of any issues that may have an adverse material impact on delivery; and
- has sufficient, appropriately skilled and experienced resources to enable HSE to comply with its obligations under the agreement.

HSE's Finance and Corporate Services Director has considered the areas covered by the SMA, and having reviewed the controls that have been put in place, has determined that the arrangements provide a reasonable level of assurance and there are no significant issues arising that need to be brought to our attention.

The SMA has been managed by the HSE Service Manager, who engaged proactively with their ONR counterparts and provided updates in respect of the service received (in terms of volume and quality) together with HSE's performance against any agreed targets.

2020/21 was a period of transition, with us successfully completing our separation from HSE's IT estate in October 2020. Additionally, we served notice to terminate support for procurement and travel management services. ONR's and HSE's procurement teams worked closely to ensure that the necessary training and support was provided to transfer these activities to ONR from April 2021.

Other sources of assurance and cyber security

As part of the IT Separation project we obtained external assurance on the secure design, configuration, and implementation of our new IT systems.

Data protection/GDPR compliance

We continued to strengthen compliance with data protection legislation and the GDPR. We have made significant improvements in building the basic elements of data protection compliance while recognising there is still work to do to integrate data protection into all our processing activities and business practices at an organisational level.

Data protection compliance is reported annually to the Board. DWP introduced a 'DWP Data Protection Health Check' and completion indicates we are fully meeting DWP expectations in most of the ten categories (leadership and oversight, record of information assets, information risks and data protection impact assessments and records management and security). It also highlights two areas to focus on (education and contract compliance), which are informing our plans into 2021/22. We have introduced our first 'data protection dashboard', which will also support this focus.

Data security breaches relating to personal data

Ten data breaches occurred during 2020/21. We have investigated all of them, and they have been assessed as minimal risk/non reportable to the supervisory authority. We have used the learning from the incidents to deliver process enhancements, training, and awareness, where appropriate.

Gifts and hospitality

A gifts and hospitality register has been maintained during the financial year for review by our Finance Director. The register records any gifts or hospitality offered to staff and confirms whether any offers were accepted. It also records any offers that our staff make to external stakeholders or contacts and similarly records whether these offers were accepted. Compliance is good and staff are regularly completing and submitting the appropriate returns with evidence of approval by their managers.

Fraud, anti-bribery and corruption

Staff were required to comply with established policies relating to fraud, anti-bribery and corruption, which are included in the 'Compliance policy framework' and our 'Staff handbook'.

No incidents of fraud or bribery (actual or suspected) were reported.

Health and safety

We continued to work closely with our trade unions (Prospect and PCS) colleagues through our Health and Safety Group (HSG) to promote the health, safety and wellbeing of staff while continuing to adopt a proportionate approach.

To support the government in reducing the transmission of COVID-19 over the past twelve months, our Incident Management Team (IMT) has led our approach to the pandemic. It provided direction to our Recovery Working Group (RWG) and Business Continuity Team to develop and implement temporary risk assessments and guidance to ensure that our staff continued to work healthily and safely from their homes, at sites, or in one of our secure offices.

We launched our Mental Health and Wellbeing Strategy, 'Supporting you; supporting each other', which links to our organisational values, creating a culture focused on inclusion, awareness, and support. Our SLT has championed the approach, which has been underpinned with communications, training, and the introduction of a Mental Health First Aiders network.

During the latter half of the year we recruited a Health, Safety and Wellbeing Lead, to strengthen our team and refresh our approach to health, safety and wellbeing in 2021/22.

Conclusion

While the Board considers the overall control environment to be adequate, with no significant issues reported, some minor exceptions required appropriate consideration, control and response. These are reflected in our strategic risks, as set out above, and will continue to be managed in line with planned mitigations.

Significant work has been undertaken by SLT over the last financial year, reflecting many improvements to the control environment and, where necessary, actions continue to be progressed.

Remuneration and staff report

This report sets out our remuneration policy for directors, reports on how that policy has been implemented and amounts awarded to Board members. We provide additional information on remuneration and staff that Parliament and other users see as key to accountability.

Service contracts

ONR applies the principle that appointments should be made on merit on the basis of open and fair competition as set out in the Civil Service Commissioners' Recruitment Code.

Unless otherwise stated below, the officials covered by this report hold appointments that are open-ended. Early termination by ONR, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Remuneration policy

Recommendations on SCS pay are provided by the Senior Salaries Review Body in an annual report to the Prime Minister to inform policy and guidance on senior staff pay in the public sector.

In line with Cabinet Office guidance, pay and non-consolidated awards for the Board and other senior staff (SCS equivalent) are then decided by the ONR Remuneration and Nominations Committee.

Table 5 – Remuneration (including salary) and pension entitlements (subject to audit)

The following section provides details of the remuneration and pension interests of the Board Members.

	Salary (£'000)		Bonus payments (£'000)	
	2020/21	2019/20	2020/21	2019/20
Non-Executives				
Mark McAllister	50-55	50-55	–	–
Penny Boys (b)	–	10-15	–	–
Bronwyn Hill (c)	0-5	10-15	–	–
Oona Muirhead (d)	5-10	10-15	–	–
Sarika Patel	10-15	10-15	–	–
Janet Wilson (e)	10-15	–	–	–
Tracey Matthews (f)	10-15	–	–	–
Jean Llewellyn (g)	5-10	–	–	–
Simon Lister (h)	–	–	–	–
Executives				
Chief Executive Adrienne Kelbie (i)	160-165	155-160	35-40	10-15
Deputy Chief Executive and Finance Director Sarah High (j)	120-125	115-120	10-15	5-10
Chief Nuclear Inspector Mark Foy (k)	170-175	155-160	10-15	10-15
HR Director David Caton	95-100	90-95	5-10	5-10

Benefits in Kind (to nearest £100)		Pension Benefits (£'000) (a)		Total (£'000)	
2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
100	100	–	–	50-55	50-55
–	1,000	–	–	–	15-20
–	–	–	–	0-5	10-15
–	–	–	–	5-10	10-15
–	1,000	–	–	10-15	15-20
–	–	–	–	10-15	–
–	–	–	–	10-15	–
–	–	–	–	5-10	–
–	–	–	–	–	–
–	–	64	61	260-265	230-235
–	–	64	70	195-200	195-200
–	–	54	9	235-240	175-180
–	–	51	38	150-155	135-140

Notes:

- (a) The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increases or decreases due to a transfer of pension rights.
- (b) The term of office for Penny Boys ended on 31 March 2020.
- (c) The term of office for Bronwyn Hill ended on 31 May 2020. Full-year equivalent salary was £15k.
- (d) The term of office for Oona Muirhead ended on 30 September 2020. Full-year equivalent salary was £15k.
- (e) The term of office for Janet Wilson commenced on 1 April 2020.
- (f) The term of office for Tracey Matthews commenced on 1 June 2020. Full-year equivalent salary was £15k.
- (g) The term of office for Jean Llewellyn commenced on 1 October 2020. Full-year equivalent salary was £15k.
- (h) Simon Lister was appointed as a Non-Executive of the Board on 5 March 2018 and was remunerated by BAE Systems Plc during 2020/21.
- (i) The £160k-£165k salary comprises; £160k-£165k annual salary and £0-£5k payment in lieu of annual leave made in 2020/21. The £35k-£40k bonus payment is made up of; £15k-£20k bonus payment in relation to performance in 2020/21 and £15k-£20k paid in relation to an HM Government-agreed pivotal role allowance.
- (j) The £120k-£125k salary comprises; £110k-£115k annual salary, £0-£5k payment in lieu of annual leave made in 2020/21 and £5k-£10k payment of additional responsibility allowance, as agreed by ONR's Remuneration and Nominations Committee, upon appointment as Senior Responsible Owner for ONR's IT Separation Programme.
- (k) The £170k-£175k salary comprises; £145k-£150k annual salary and £20k-£25k payment of additional responsibility allowance, as agreed by ONR's Remuneration and Nominations committee, upon appointment as Senior Responsible Owner for ONR's WIReD project.

Remuneration shown is for periods of Board appointment only.

Salary

For executives, 'salary' includes gross salary, which may include allowances, subject to UK taxation. This report is based on accrued payments made by ONR and thus recorded in the annual accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by ONR and treated by HM Revenue and Customs as a taxable emolument. These benefits for Board members include travel and subsistence payments as appropriate. Any ensuing tax liability is met by ONR.

Bonuses

Bonuses are based on performance levels attained and behaviours demonstrated and are made as part of the appraisal process. For executives, this is agreed by the Remuneration and Nominations Committee. For other senior officers, this is subject to moderation by the ONR Senior Staff Pay Committee and endorsed by the Remuneration and Nominations Committee. The value of bonuses is dependent upon a number of factors and is subject to the total amount of available funds. Bonuses relate to the performance in the year in which they become payable to the individuals. The bonuses reported in 2020/21 relate to performance in 2019/20.

No bonuses are paid to Non-Executive Directors.

Fair pay disclosures (subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid Director in the organisation and the median remuneration of the organisation's workforce.

Note: The fair pay disclosure figures for 2019/20 have been recalculated to include all staff bonuses paid for performance in the 2019/20 year. The figures therefore presented for 2020/21 differ to the figures published for this reporting year in ONR's Annual Report and Accounts for 2019/20.

The banded remuneration of the highest paid Director in ONR in the financial year 2020/21 was £195,000-£200,000 (2019/20: £170,000-£175,000). This was 2.71 (2019/20: 2.4) times the median remuneration of the workforce, which was £72,982 (2019/20: £71,836).

In 2020/21, no employees received remuneration in excess of the highest paid Director (the same as in 2019/20). Remuneration ranged from £20,356-£198,372 (2019/20: £19,856-£179,885).

Total remuneration includes salary and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Table 6 – Pension Benefits (subject to audit)

	Accrued pension at pension age as at 31/03/21 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31/03/21 £'000	CETV at 31/03/20 £'000	Real increase in CETV £'000	Employer contribution to partnership pension account (nearest £100)
Adrienne Kelbie	25-30	2.5-5	381	324	33	–
Mark Foy	65-70 plus a lump sum of 195-200	2.5-5 plus a lump sum of 7.5-10	1,556	1,447	54	–
Sarah High	35-40	2.5-5	536	474	38	–
David Caton	45-50 plus a lump sum of 115-120	2.5-5 plus a lump sum of 0-2.5	1,004	934	36	–

CETV are shown in respect of periods of Board appointment only.

Civil Service Pensions (CSP)

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or **alpha**, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined **alpha**. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (**classic**, **premium** or **classic plus**) with a normal pension age of 60; and one providing benefits on a whole career basis (**nuvos**) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus**, **nuvos** and **alpha** are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into **alpha** sometime between 1 June 2015 and 1 February 2022. All members who switch to **alpha** have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**. The pension figures quoted for officials show pension earned in PCSPS or **alpha** – as appropriate. Where the official has benefits in both the PCSPS and **alpha** the figure quoted is the combined value of their benefits in the two schemes. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of **classic**, **premium**, **classic plus**, **nuvos** and **alpha**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in **alpha** build up in a similar way to **nuvos**, except that the accrual rate is 2.32%. In all cases, members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension age for members of **alpha**. The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha, the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.

Further details about the Civil Service pension arrangements can be found at www.civilservicepensionscheme.org.uk

Cash Equivalent Transfer Values (CETV)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Compensation for loss of office (subject to audit)

No compensation payments for loss of office were made by ONR during the period of this report.

Independent Non-Executive Audit and Risk Assurance Committee members

Fees and expenses amounting to £3,000 (£3,817 for 2019/20) were paid to independent members of ARAC, as shown below.

Table 7 – Fees and expenses for independent members of ARAC

	Salary		Benefits in kind		Total	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
Clifford Shanbury	–	0.5	–	100	–	0.5
Chris Wood	0.5	0.5	–	–	0.5	0.5

Staff information

Senior Civil Service (equivalent)

There were ten Senior Civil Service (equivalent) posts as at 31 March 2021. This was the same number of SCS posts as reported in the previous year.

Table 8 – SCS posts as at 31 March 2021

Full-time equivalents by pay band	31 March 2021	31 March 2020
SCS 2 Equivalent	2	2
SCS 1 Equivalent	8	8
Total	10	10

Staff numbers (subject to audit)

The average number of full-time equivalent posts is shown in the following table.

Table 9 – Average FTE

	Permanent staff ¹	Other staff ²	Total
2019/20	617	4	621
2020/21	617	4	621

Notes:

- 1 Permanent staff includes those on permanent or fixed term contracts. This includes staff on secondment out of ONR, for whom the organisation remains responsible. The calculation excludes Non-Executive members of the ONR Board.
- 2 Other staff includes those engaged on the objectives of ONR (for example short-term contract staff, agency/temporary staff, or inward secondments where ONR is paying for the whole or the majority of their costs).

Diversity and inclusion

We are committed to the three aims of the Public Sector Equality Duty, by valuing diversity and inclusion. To support these aims, we continue to:

- encourage new ideas and different perspectives, recognising the individuality of each of us and realising our strengths from the diversity of ideas, opinions and cultures;
- have a workplace that is open and supportive at every level, and free from bullying, harassment and discrimination;
- ensure that all forms of inappropriate behaviour, language and bias are eliminated and confidently and appropriately challenged; and
- treat everyone with dignity and respect, providing equal access to opportunities for all and challenging unacceptable behaviours so that nobody's talent goes to waste.

More detail on diversity and inclusion can be found under strategic theme three commentary.

Staff policies relating to disability

We recognise that 80% of disabilities are not visible and ensuring that we have the right policies and practices in place to support staff with disabilities remains a challenge and an area for continued development. We have focused on disability-smart best practice, including providing disability confidence training to our managers, helping them understand the importance of disability inclusion and enabling them to support our staff more effectively.

We are committed to role modelling a disability confident approach within the organisation and are currently working with WhizzKidz, a charity that supports young disabled people aged 16 to 24 years, helping them become self-assured and independent adults. Our role is providing career mentoring support, including both job interview experience and advice on the skills employers are looking for.

Our organisation has a number of policies in place relating to employees (and potential employees) with disabilities including:

- recruitment and onboarding – we continue to invite candidates to notify us of any special requirements and to make adjustments at all stages of our selection processes and arrangements for individuals as appropriate;
- membership of Business Disability Forum and Purple that provides access to a host of multiple resources that focus on disability-smart best practice and help us to be informed of ‘hidden’ disabilities;
- as a Disability Confident Level 3 leader, we act as a champion to encourage and support others across the nuclear sector, by sharing our best practice, and building greater trust from our commitment to diversity and achieving sector diversity targets;
- providing DSE assessments, Occupational Health services and an Employee Assistance Programme that give expert and confidential support to staff;
- utilising workplace adjustment passports to help record and manage adjustments that have been implemented and help remove barriers for disabled staff at work;
- using an inclusive language guide to provide support on using the right words and language around disability to promote greater inclusivity and break down barriers that discourage open dialogue;
- delivering our mental health strategy and stress management policies, which are helping to breakdown the stigma of mental health in the workplace and provide practical tools and aids to enable managers to better and more proactively support staff; and
- a newly improved Bullying and Harassment Policy and toolkit to equip managers and staff to identify and address any issues.

Gender diversity

We published our fourth **Gender Pay Report** in July 2020.

While our mean gender pay gap in 2020 increased marginally by 0.6% to 27.6%, we were pleased that our median gap reduced by 14% to 41%. While the pay gap overall remains a significant challenge, we recognise that this reflects the demographic challenges in common with much of the nuclear industry.

We remain committed to improving our diversity at all levels and to address the issues highlighted through our gender pay analysis and will continue to seek ways of improving the representation of females in our higher paid roles. To support this, we have developed a leadership development programme with an external partner, that promotes an inclusive and collaborative culture, which has been shown to support greater gender equality.

To help promote the need for better gender balance, we have agreed to participate in the BBC 50:50 Equality Project. This commits us to aspiring to 50% female representation across our communications content both internally and externally; potentially including: guest speakers at internal/external events, people featured or quoted on our social media networks, internal communication content and staff quoted in press releases.

ONR's gender split of female to male staff as at 31 March 2021 remains unchanged at 35% since March 2020. The percentage of females occupying senior roles** within ONR has remained at 21%.

The breakdown in headcount of our female and male cadre of staff is detailed in the following table.

Table 10 – Headcount by gender

Number of staff by gender (headcount)	31 March 2021		31 March 2020	
	Male (% of total)	Female (% of total)	Male (% of total)	Female (% of total)
Directors (Non-Executive)	2 (0.3%)	4 (0.6%)	2 (0.3%)	4 (0.6%)
Senior Civil Service equivalents	6 (0.9%)	4 (0.6%)	6 (0.9%)	4 (0.6%)
Permanently appointed staff (Bands 1-6)	418 (64%)	217 (33%)	425 (64%)	224 (34%)
Total	426 (65%)	225 (35%)	433 (65 %)	232 (35%)

Staff turnover

ONR's turnover rate for 2020/21 was 5.8%, significantly below our target of less than 9%.

Retirements made up the majority of the reasons for staff leaving ONR during the year, which were anticipated and planned for accordingly.

Leavers from the organisation during the year caused no concern from a capacity perspective and were backfilled as appropriate via our workforce planning activity.

** Senior roles relate to Band 2, Band 1 and SCS

Engagement with trade unions

Our relationship and engagement with trade unions (TUs) is an important element in how we communicate with staff and a factor in providing reassurance and positivity around the changes we are introducing.

We continued to maintain a positive relationship with TUs and have in place a framework agreement that promotes an open, transparent and collaborative approach to engagement. This includes regular and early sharing of proposed policy changes and improvements, early sharing of plans for key projects and strategic changes, and agreeing an engagement plan that is clear about our proposals and the manner and timeframes in which we will negotiate, consult or inform as appropriate. An excellent example of this has been during the pandemic where we worked closely together to focus on, as a priority, the health and wellbeing of our staff, to ensure delivery of our mission to protect society.

We will continue to meet formally, six to eight times a year, and maintain an open and constructive dialogue, including a number of informal, off-line and specific discussions to ensure early engagement. This will include face-to-face meetings with the HR Director to build on the current relationship. The Chief Executive/Chief Nuclear Inspector and members of our SLT will attend meetings with the TUs periodically as part of maintaining senior dialogue on the strategic direction of travel for ONR.

Table 11 – Staff costs (subject to audit)

	2020/21			2019/20
	Permanently employed staff	Others	Total	Total
	£'000	£'000	£'000	£'000
Wages & salaries	43,058	919	43,977	40,942
Social security costs	5,114	–	5,114	4,927
Other pension costs	11,830	–	11,830	11,406
Total per Statement of Comprehensive Net income	60,002	919	60,921	57,275
Less recoveries in respect of:				
Outward secondments	(199)	–	(199)	–
Grant from HMRC – Coronavirus Job Retention Scheme (CJRS)	(25)	–	(25)	–
Net Total	59,778	919	60,697	57,275

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as “alpha” – are unfunded multi-employer defined benefit schemes, but ONR is unable to identify its share of the underlying assets and liabilities.

The scheme actuary valued the PCSPS as at 31 March 2016. Details can be found in the resource accounts of the [Cabinet Office: Civil Superannuation](#).

For 2020/21, employers' contributions of £11.7m were payable to the PCSPS (2019/20 £11.3m) at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands.

The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2020/21 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a **partnership** pension account, a stakeholder pension with an employer contribution. Employers' contributions of £122,329 were paid to an appointed stakeholder pension provider. Employer contributions are age-related and ranged from 8% to 14.75%.

Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £3,643, 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the **partnership** pension providers at 31 March 2021 were £18,680. Contributions prepaid at that date were nil.



Ill-health retirement

In 2020/21, one individual retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £28,620. This liability was not the responsibility of ONR and was paid by the Civil Service Pension Scheme.

Sickness absence information

The average number of working days lost due to sickness in 2020/21 was 3.18 – this is a reduction of over 45% compared to 2019/20 (5.86). The impact of staff working at home during the pandemic combined with the social distancing measures in place during the year have contributed significantly to reduced sickness absences with fewer absences for cold, flu, etc. We have, however, been keen to ensure that staff who were unwell did take appropriate time off and that we didn't transfer issues of presenteeism in the office to presenteeism online.

In line with Cabinet Office guidance, we ensured that there was greater flexibility in our special leave policy, to support staff in being able to utilise this to balance their work and personal responsibilities (for example caring for children) and to manage their wellbeing due to the exceptional demands from COVID-19. This included enabling staff to access short periods of special leave to prevent longer term impact on their health. Around 34% of our staff utilised this during the year, accounting for 1.4% of all activity recorded.

We have conducted pulse surveys to help assess the impact on staff wellbeing during the pandemic and the effectiveness of our support and this has produced excellent results. Our latest pulse survey (in February 2021) indicated:

- 86% of staff say they feel supported while working remotely during the pandemic; and
- 89% of staff have confidence in the SLT to support their health, safety and wellbeing and that of their colleagues.

We have also put in place extra support measures for our staff over the last 12 months, including the launch of our new mental health strategy and stress management policy and supporting action plan. We are actively monitoring sickness absences and putting remedial and supportive measures in place directly and via HR and line managers. Our sickness absence levels continue to remain very low when benchmarked against public and energy sectors.

Table 12 – Exit packages – Civil Service and other compensation schemes (subject to audit)

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	(–)	–(–)	–(–)
£10,000-£25,000	(–)	–(–)	–(–)
£25,000-£50,000	(–)	–(–)	–(–)
£50,000-£100,000	(–)	1(–)	–(–)
£100,000-£150,000	(–)	–(–)	–(–)
£150,000-£200,000	(–)	–(–)	–(–)
Total number of exit packages	(–)	1(–)	–(–)
Total cost/£	(–)	78,606 (–)	–(–)

Note: 2019/20 figures are shown in brackets.

Redundancy and other departure costs are paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure.

Where ONR has agreed early retirements, the additional costs are met by ONR and not by the Civil Service Pension Scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Off-payroll staff (includes temporary and consultancy)

Table 13 – All off-payroll appointments as of 31 March 2021, earning at least £245 per day

Number of existing engagements as of 31 March 2021	19
Of which the number that have existed at the time of reporting for:	
Less than one year	13
Between one and two years	3
Between two and three years	3
Between three and four years	0
Four or more years	0

Table 14 – All temporary off-payroll workers employed at any point during the year ended 31 March 2021 and earning at least £245 per day

Number of off-payroll workers engaged during the year ended 31 March 2021	28
Of which:	
Number determined as in-scope of IR35	7
Number assessed as out-of-scope of IR35	21
Number of engagements reassessed for compliance or assurance purposes during the year	8
Of which:	
Number of engagements that saw a change to IR35 status following the consistency review	5
Number of engagements where the status was disputed under provisions in the off-payroll legislation	0
Of which:	
Number of engagements that saw a change to IR35 status following review	0

The individuals to whom IR35 legislation applies are employed by agencies. In such cases, it is the responsibility of the agency to make the relevant tax and National Insurance deductions. The agencies are sourced via the Crown Commercial Services (CCS) Framework, which includes transparent rates that show charges for both PAYE and limited company temporary workers. CCS is committed to working with suppliers to ensure they have adequate controls in place. This includes suppliers complying with all applicable laws. Therefore, such off-payroll workers are deemed low risk of failing to meet their tax liabilities and therefore no further assurance has been sought in relation to these engagements.

Table 15 – Off-payroll engagements of board members and/or senior officials with significant financial responsibility, between 1 April 2020 and 31 March 2021

Number of off-payroll engagements of board members and/or senior officials with significant financial responsibility during the financial year	0
Total number of individuals on-payroll and off-payroll that have been deemed “board members, and/or, senior officials with significant financial responsibility”, during the financial year. This figure includes both on-payroll and off-payroll engagements	12

Nuclear Graduates Scheme

In relation to other off-payroll appointments, ONR has sponsored seven cohorts, totalling 39 participants, on or previously on the Nuclear Graduates Scheme. This is a nuclear industry-wide scheme that is run by Energus. We have chosen to sponsor individuals' participation in the scheme to support its future talent pipeline.

Participants are employed by Energus for the two-year programme and undertake a number of placements within the sponsoring organisation, as well as in other nuclear industry organisations. At the end of the scheme, ONR-sponsored participants are offered permanent employment with ONR (subject to successfully meeting the standards set by both the scheme and ONR).

Returning graduates who were offered permanent positions have joined the organisation as 'Associates', working towards becoming nuclear safety or nuclear security inspectors. To date, we have had 100% acceptance of offers made. We have also finished recruitment for the 2021 cohort of four graduates who are scheduled to join us in October 2021.

We have obtained assurance from Energus that tax and National Insurance obligations are being met for individuals on the scheme.

Consultancy

ONR expenditure on consultancy was £0.1m (£0.2m 2019/20).

Contingent labour

ONR operating expenditure on contingent labour was £3.2m (£2.2m in 2019/20). In addition:

- £0.4m was capitalised in relation to the WIReD project. This amount is shown as an addition to assets under construction within Note 6 to the accounts;
- £2.0m was capitalised in relation to IT Separation. This amount is included within the total of £2,256k as an addition to assets under construction within Note 6 to the accounts; and
- £0.2m was capitalised in relation to Strategic Workforce Planning. This amount is shown as an addition to assets under construction within Note 6 to the accounts.

£2.7m was capitalised during 2019/20, £1.9m in relation to WIReD and £0.8m in relation to the IT Separation project.

Parliamentary accountability and audit report

This report brings together the key Parliamentary accountability documents; regularity of expenditure and the Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament.

Regularity of expenditure (subject to audit)

The Accounting Officer for the Department for Work and Pensions has designated the Chief Executive of the Office for Nuclear Regulation with responsibilities for the propriety and regularity of the public finances for which they are answerable, for keeping proper records and for safeguarding assets as set out in 'Managing Public Money' published by HM Treasury.

Fees and charges (subject to audit)

Under the Energy Act 2013, ONR recovers the full cost of certain chargeable services and receives grant funding from DWP for non-chargeable activities such as safeguards and some transport inspection. We recognise the importance of continually reviewing our processes and principles. As part of our IT modernisation agenda and in preparation for a review of outsourced transactional services, during 2021/22 we plan to review our financial processes and controls; this includes our charging arrangements in the context of the prevailing fees regulations.



Table 16 – Breakdown of fees and charges

	2020/21			2019/20		
	Income	Cost	Surplus/ (deficit)	Income	Cost	Surplus/ (deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Licensing of nuclear installations*	50,840	50,872	(32)	51,744	51,744	–
Civil Nuclear Security	14,483	14,483	–	13,036	13,036	–
Generic Design Assessment	15,467	15,467	–	10,385	10,385	–
Radioactive Materials Transport	737	737	–	871	871	–
Advanced Nuclear Technologies**	1,719	1,719	–	1,410	1,410	–
Sub Total	83,246	83,278	(32)	77,446	77,446	–
Other fees and charges	189	189	–	212	212	–
Total fees and charges	83,435	83,467	(32)	77,658	77,658	–

* ONR entered into a contract to provide on-the-job training to another international regulatory authority. The costs ONR incurred providing the training exceeded the amount recovered by £32k.

** Charged to BEIS.

Statement of losses and special payments (subject to audit)

There have been no losses or special payments that exceed the £300k reporting threshold.

Remote contingent liabilities (subject to audit)

ONR does not have any remote contingent liabilities.

Mark Foy

Chief Executive and Chief Nuclear Inspector
Office for Nuclear Regulation

12th July 2021

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Office for Nuclear Regulation for the year ended 31 March 2021 under the Energy Act 2013. The financial statements comprise: Statements of Comprehensive Net Income, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion, the financial statements:

- give a true and fair view of the state of the Office for Nuclear Regulation's affairs as at 31 March 2021 and of the net income for the year then ended;
- have been properly prepared in accordance with the Energy Act 2013 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Office for Nuclear Regulation in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

The Office for Nuclear Regulation's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Office for Nuclear Regulation's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Board and the Chief Executive with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Office for Nuclear Regulation is adopted in consideration of the requirements set out in International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's certificate thereon. The Board and the Chief Executive are responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Energy Act 2013; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Office for Nuclear Regulation and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability reports. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Board and Accounting Officer for the financial statements

As explained more fully in the Statement of Chief Executive's Responsibilities, the Board and the Chief Executive are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view.
- internal controls as the Board and the Accounting Officer determine is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the Office for Nuclear Regulation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board and the Accounting Officer anticipate that the services provided by the Office for Nuclear Regulation will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Energy Act 2013.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the Office for Nuclear Regulation's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Office for Nuclear Regulation's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Office for Nuclear Regulation's controls relating to the Energy Act 2013 and 'Managing Public Money'.
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue and expenditure recognition, posting of unusual journals and management override of controls; and
- obtaining an understanding of the Office for Nuclear Regulation's framework of authority as well as other legal and regulatory frameworks that the Office for Nuclear Regulation operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Office for Nuclear Regulation. The key laws and regulations I considered in this context included the Energy Act 2013, Managing Public Money, employment law, tax legislation and relevant legislation relating to fees charged by the Office for Nuclear Regulation.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Audit Committee on actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- in addressing the risk of fraud through revenue and expenditure recognition, understanding the controls in place; performing testing on income and expenditure recognised; and performing analytical procedures to provide assurance over revenue recovered from industry.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

14th July 2021

3 Financial statements



Statement of Comprehensive Net Income for the year ended 31 March 2021

	Note	2020/21 £'000	2019/20 £'000
Expenditure			
Staff costs	2	60,921	57,275
Other expenditure	3	32,405	29,643
Operating costs		93,326	86,918
Revenue from contracts with customers	4	(83,435)	(77,658)
Other operating income		(9,860)	(9,260)
Total operating income		(93,295)	(86,918)
Net operating cost/(income) for the year		31	–
Other comprehensive net income			
Items which will not be reclassified to net operating costs:			
Net gain on revaluation of intangible assets		(157)	–
Comprehensive net income for the year		(126)	–

All income and expenditure is derived from continuing operations.

The notes pages 91-116 form part of these accounts.

Statement of Financial Position as at 31 March 2021

	Note	31 March 2021 £'000	31 March 2020 £'000
Non-current assets			
Property, plant and equipment	5	1,469	1,683
Intangible assets	6	8,027	5,694
Total non-current assets		9,496	7,377
Current assets			
Trade and other receivables	7	21,855	15,762
Cash and cash equivalents	8	7,598	8,883
Total current assets		29,453	24,645
Total assets		38,949	32,022
Current liabilities			
Trade and other payables	9	(17,634)	(10,658)
Total current liabilities		(17,634)	(10,658)
Non-current liabilities			
Trade and other payables	9	(9,909)	(10,083)
Total non-current liabilities		(9,909)	(10,083)
Assets less liabilities		11,406	11,281
Equity			
General Fund		11,277	11,281
Revaluation Reserve		129	–
Total equity		11,406	11,281

The notes pages 91-116 form part of these accounts.

Mark Foy

Chief Executive and Chief Nuclear Inspector
Office for Nuclear Regulation

12th July 2021

Statement of Cash Flows for the period ended 31 March 2021

	Note	2020/21 £'000	2019/20 £'000
Cash flows from operating activities			
Net operating (cost)/income		(31)	–
Adjustments for non-cash transactions	3	1,248	413
Increase in trade and other receivables	7	(6,093)	(2,118)
(Less)/add movements in receivables relating to items not passing through the Statement of Comprehensive Net Income	3	(32)	16
Increase in trade payables	9	5,622	2,422
Add/(less) movements in payables relating to items not passing through the Statement of Comprehensive Net Income	5a & 6a	1,263	(816)
Net cash inflow/(outflow) from operating activities		1,977	(83)
Cash flows from investing activities			
Purchase of property, plant and equipment	5a	(299)	(1,321)
Purchase of intangible assets	6a	(4,143)	(3,312)
Proceeds of disposal of property, plant and equipment		–	16
Net cash outflow from investing activities		(4,442)	(4,617)
Cash flows from financing activities			
Loans drawn down from DWP	10	1,836	8,000
Loan capital repayments to DWP	10	(656)	–
Net financing		1,180	8,000
Net increase in cash and cash equivalents in the year		(1,285)	3,300
Cash and cash equivalents at the beginning of the year	8	8,883	5,583
Cash and cash equivalents at the end of the year	8	7,598	8,883

The notes on pages 91-116 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2021

	General Fund £'000	Revaluation Reserve £'000	Total equity £'000
Balance at 1 April 2019	11,281	–	11,281
Comprehensive net income for the year	–	–	–
Payments to Consolidated Fund	–	–	–
Balance at 31 March 2020	11,281	–	11,281
Comprehensive net income for the year	126	–	126
Payments to Consolidated Fund	(1)	–	(1)
Revaluation gains	–	157	157
Recognised in Statement of Comprehensive Net Income	(157)	–	(157)
Transfers between reserves	28	(28)	–
Balance at 31 March 2021	11,277	129	11,406

The General Fund represents the total assets less liabilities of ONR to the extent that the total is not represented by other reserves and financing items.

The notes on pages 91-116 form part of these accounts.

Notes to the Accounts

1 Statement of accounting policies

1.1 Basis of preparation and statement of compliance

These financial statements have been prepared on a going concern basis and in accordance with the 2020/21 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of ONR for the purposes of giving a true and fair view has been selected. The particular accounting policies adopted by ONR are set out below. They have been applied consistently in dealing with the items that are considered material in relation to the accounts.

All amounts included in the financial statements have been rounded to the nearest thousand pounds unless stated otherwise.

1.2 Accounting standards, interpretations and amendments

All International Financial Reporting Standards, interpretations and amendments to published standards, effective at 31 March 2021, have been adopted in these financial statements, taking into account the specific interpretations and adaptations included within the FReM. The following standards relevant to ONR have been issued but are not yet effective:

- IFRS 16 Leases (effective from 1 April 2022 for Public Sector entities with early adoption permissible from 1 April 2021); and
- IFRS 17 Insurance contracts (effective from 1 April 2022 for Public Sector entities), anticipated to have no material impact on the Financial Statements.

ONR has carried out a full assessment of IFRS 16 during 2020/21 to assess the impact upon the financial statements. We have quantified the impact to be material due to the value of operating leases for buildings occupied by ONR. The impact will be recognised in the ONR Statement of Financial Position from 1 April 2022. As at 1 April 2022, the impact is estimated to be as follows:

	£'000
Non-current assets	10,480
Current liabilities	(4,486)
Non-current liabilities	(6,029)
Opening taxpayers' equity	(35)

1.3 Accounting convention

These financial statements have been prepared under the historical cost convention modified to account for the revaluation of certain assets and liabilities at fair value, as determined by the relevant IFRS.

1.4 Interest on Capital

Under 'Managing Public Money', ONR is required to charge interest on capital (cost of capital) as a percentage of net assets. The amounts generated by this charge are retained by ONR and offset against any grant requirement (cash) from the sponsoring body (DWP). The charge is shown as interest on capital and the gross grant recorded as income. Interest on capital is charged at 3.5% of net assets.

1.5 Government grants

ONR is partly financed by a grant from the DWP, which covers costs that are not statutorily recoverable from industry. The grant is credited to the Statement of Comprehensive Net Income in the year in which it is receivable from DWP. The grant is recognised as income due to ONR's status as a public corporation.

Payments to the Apprenticeship Levy have been recorded against staff costs as social security costs. Drawdowns from the Apprenticeship Fund for training have been recorded as notional income and expenditure in accordance with IAS 20 – Accounting for Government Grants.

In 2020-21 ONR received CJRS funding from HMRC to support the costs of a small number of furloughed staff during COVID-19. The associated staff costs have been recorded as expenditure within the Statement of Comprehensive Net Income.

(See also Prosecutions, 1.10a below)

1.6 Employee benefits

In accordance with IAS 19 – Employee Benefits, short-term employee benefits, such as salaries and paid absences, are accounted for on an accruals basis over the period for which employees have provided services in the year. General staff bonuses are recognised to the extent that ONR has a present obligation to pay this amount as a result of past service and the obligation can be measured reliably. Bonuses in relation to senior management are accrued to the extent that the total value of the bonuses can be measured reliably. If payable, general staff bonuses and bonuses relating to senior management are accrued in the year to which the performance relates and paid in the following financial year.

IAS 19 requires ONR to determine true short-term employee benefit liability for employee leave. ONR calculates annual leave balances using an estimate of the amount of annual and flexi leave that staff have accumulated at year-end.

1.7 Value added tax

Most of ONR's activities are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input tax is recoverable, the amounts are stated net of VAT.

1.8 Service Management Agreement with the Health & Safety Executive (HSE)

ONR received a fully managed service from HSE, which included accommodation, IT (until separation in October 2020), telecommunications and other support services. The cost of this service is included in 'other expenditure'. Consequently, as HSE retains the risks and rewards of the relevant assets, ONR does not recognise any assets available under this agreement.

HSE continued providing IT services up to October 2020 when ONR separated the IT service from HSE.

1.9 Insurance

Under the Energy Act 2013, ONR is not permitted to receive certain cover under Crown indemnity and has therefore purchased the following commercial insurances:

- employer's liability compulsory insurance;
- public liability insurance;
- motor vehicle insurance for Private User Scheme (PUS) and hire car users;
- cyber insurance; and
- overseas travel insurance.

Insurance costs are included in 'Other' expenditure

1.10 Income recognition

In line with step one of the five-step model in IFRS 15, ONR has identified the following significant contracts with customers (Note 4 refers):

- Licensing of nuclear installations: the Nuclear Installations Act 1964, Section 24A gives ONR the power to recover expenses for carrying into effect any of the activities under the Act, or for nuclear research;
- Civil Nuclear Security: The Nuclear Industries Security (Fees) Regulations 2005 give ONR the power to recover fees for security activities;
- Generic Design Assessment: The Health and Safety and Nuclear Fees Regulations 2016, Regulation 16 and 17 empowered ONR to charge for activities like Generic Design Assessment and pre-licensing advice, as well as all 'generic' health and safety activities on nuclear licensed sites;
- Radioactive Materials Transport: The Carriage of Dangerous Goods and Use of Transportable Pressure Equipment Regulations 2009, Regulation 27 gives ONR (and other bodies) the power to charge for packaging approvals work; and
- Advanced Nuclear Technologies: costs are being recovered from BEIS to support development work in support of the government's clean growth strategy.

Income from government grants is covered in Section 1.5 above.

Income in respect of capital investment projects, notably the Safeguards Information Management and Reporting System (SIMRS), will be recognised over the life of the asset in line with the amortisation charge.

For all contracts with customers, ONR's performance obligations are satisfied at the end of the contract when the service has been fully delivered. For example, this will include the issue of a licence or the issue of an inspection or investigation report.

Income is recognised over time. This is because the work has no alternative use for ONR and ONR would have an enforceable right to payment. The only exception is in ONR's failure to perform its obligations under the contract. This method is considered appropriate as this represents the amount that ONR would be entitled to for performance to date.

Income is calculated using time recording information based on resources consumed by each primary revenue stream together with direct and indirect costs.

We analyse income and include the required disclosures if more than 10% of total revenue is received from a single customer during the financial year.

The way we calculate income under IFRS 15 has not changed from the method used under previous standards.

1.10(a) Prosecutions

The fees regulations that underpin ONR's charging methodology allow ONR to recover the full cost of providing nuclear regulation. However, the regulations do not extend to recovering the costs associated with undertaking a prosecution.

Costs associated with a prosecution are funded by a ring-fenced grant from DWP. This grant includes costs such as legal advice and representation as well as staff costs incurred once a decision has been made to prosecute a dutyholder.

Pre-prosecution costs such as legal advice, investigation costs and staff costs are recovered from dutyholders via the usual regulatory charges.

The grant is initially recognised as deferred income and released to prosecution grant income as the associated costs are incurred. In the event of a successful prosecution, any award of costs from the court is recognised as 'prosecution costs awarded'.

Costs awarded to ONR are used to reimburse the grant funding from DWP. If the amount awarded is less than the costs incurred, the element of grant funding not reimbursed will be borne by DWP. If the amount awarded exceeds the costs incurred the excess will show as a surplus on the statement of comprehensive net income and will be transferred to HM Treasury as a Consolidated Fund Extra Receipts (CFER).

In the event of an unsuccessful prosecution where no costs are awarded all ONR costs associated with the prosecution that were funded by the grant will be borne by DWP.

1.10(b) Deferred Income

Deferred income is money received by ONR for goods or services that have not yet been delivered. ONR records deferred income as a liability until delivery is made, at which time it is converted into income.

The main items of deferred income in ONR are the grants provided by DWP and the funding advanced by BEIS for the development of the SIMRS asset.

The grants are provided in advance of need for specific activities, for example a prosecution. The deferred amounts are released to income as costs are incurred in carrying out the specific activities for which the grant was awarded. Typically, grants are provided on a quarterly basis so the amount deferred usually covers one to two months activity.

The costs of developing the SIMRS asset were paid to ONR as the costs were incurred. The payments are initially recognised as deferred income and will be released to income over the life of the asset in line with the amortisation charge. The deferred income is split between current and non-current liabilities.

1.11 Operating segments

IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Chief Operating Decision Maker to allocate resources to segments of ONR and also to assess their performance. For 2020/21, the Board has identified ONR's Chief Executive as the chief operating decision maker.

The Chief Executive reviews ONR's operational and financial performance at an aggregated level and these accounts, therefore, do not include a statement of operating costs by operating segment.

1.12 Non-current and intangible assets

Assets are capitalised where they have an expected useful life of more than one year and where the original cost of the item exceeds the capitalisation threshold. Items are pooled where a number of lower value assets in the same category (for example furniture) are purchased.

Pooled items must be purchased in the same financial year to allow for capitalisation.

1.12(a) Intangible assets

Intangible assets are initially measured at cost, with subsequent measurement at valuation. After initial recognition, an intangible asset shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated amortisation and any subsequent accumulated impairment losses. For the purpose of revaluations, fair value would usually be measured by reference to an active market.

As in general no active market exists for ONR intangible assets, ONR has opted to revalue intangible assets using indices as permitted by the FReM. Where there is no value in use, the asset should be valued using depreciated replacement cost. Revaluations shall be carried out annually close to the end of the reporting period so that the carrying amount of the asset does not differ materially from its fair value.

When non-current assets are being built over time, they are treated as assets under construction; they are not capitalised until completion. While costs are being accumulated no depreciation is applied. Once the asset is available for use, all costs associated with the asset are capitalised and depreciation commences.

Costs are monitored to ensure only specific development costs and direct purchases are recorded. Once the asset is available for use it is transferred to the relevant 'non-current asset' register immediately.

1.12(a)(i) Capitalisation and amortisation

Amortisation is charged on intangible assets using the straight-line method, as this reflects the expected pattern of consumption of economic benefits. The rates used are calculated to write assets down to their estimated residual value over their expected useful lives.

Asset category	Capitalisation threshold	Amortisation/useful life
Internally developed software	£5,000	5 to 10 years (or predominant limiting factor inherent in the intangible asset)
Purchased software licences	£5,000	Shorter of the licence period and 5 years

1.12(b) Property, plant and equipment

Property, plant and equipment are stated at fair value. However, as permitted by the FReM, ONR has elected to adopt a depreciated historical cost basis as a proxy for fair value where non-property assets have a short useful economic life or are of relatively low value. This, therefore, applies to most IT hardware, motor vehicles and furniture.

On initial recognition, assets are measured at cost, including any costs, such as installation, which are directly attributable to bringing them into working condition and any associated decommissioning costs. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to ONR and the cost of the item can be measured reliably.

All expenditure on repairs and maintenance is charged to the Statement of Comprehensive Net Income during the financial period in which it is incurred.

1.12(b)(i) Capitalisation and depreciation

Depreciation is charged on property, plant and equipment using the straight-line method, as this reflects the expected pattern of consumption of economic benefits. The rates used are calculated to write assets down to their estimated residual value over their expected useful lives.

Asset category	Capitalisation threshold	Depreciation/useful life
Leasehold improvements	£100,000	Up to 20 years (over the period remaining on lease)
IT assets	£5,000	3 to 7 years
Furniture & fittings	£5,000	5 to 15 years
Motor vehicles	£5,000	3 to 5 years

1.12(c) Revaluation and impairment of non-current assets

ONR does not revalue its property, plant and equipment assets. Intangible assets are revalued using indices following initial recognition at cost and a revaluation reserve is held.

All non-current assets are reviewed annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Impairment losses that result from a clear consumption of economic benefit are taken directly to the Statement of Comprehensive Net Income.

1.13 Financial assets and liabilities

Financial assets and liabilities are recognised when ONR becomes party to the contracts that give rise to them. It is ONR policy that no trading in financial instruments is undertaken.

Loans and receivables

The fair value of trade and other receivables is usually the original invoiced amount. Any changes in value are recognised in the Statement of Comprehensive Net Income.

Cash and cash equivalents comprise current balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are not subject to significant changes in value. ONR does not currently hold any petty cash balances.

ONR has assessed that there is a low risk of credit losses relating to receivables and consequently we estimate that the impact of IFRS 9 to be immaterial.

As required by IFRS 9, where material, ONR will report the value of credit impaired invoices that are more than 90 days past due unless they are expected to be recovered in full.

As the material elements of ONR's income are recovered from the nuclear industry under legislation or from other government departments, ONR does not ordinarily recognise any credit losses.

Financial liabilities

Financial liabilities within trade payables and accruals are non-interest bearing and are recognised at fair value, which is usually the original invoiced amount.

ONR has two loans with DWP:

- an interest-bearing working capital loan. The loan is not repayable in current circumstances but would be reviewed if circumstances change, for example: ONR changing legal status; change of government sponsoring department; legislative changes; or if ONR ceases to exist (see Note 15); and
- an interest-bearing capital loan. The loan is to support the capital expenditure requirements during 2019/20, 2020/21 and 2021/22 for WIReD, IT separation and other modernisation activities to develop and enhance ONR's infrastructure. Repayments are scheduled to be made over five years from December 2020 (see Note 15).

Impairment of financial assets

ONR assesses, at the end of the reporting period, whether there is objective evidence that financial assets are impaired as a result of events that occurred after the initial recognition of the asset and prior to the end of the reporting period. If such events have had an adverse impact on the estimated future cash flows of the financial instruments, they are impaired and the value within the Statement of Financial Position is reduced by the amount of any impairment. Impairment losses are recognised in the Statement of Comprehensive Net Income.

1.14 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) and alpha, which is an unfunded, defined benefit, contributory, public service occupational pension scheme made under the Superannuation Act 1972. ONR recognises the expected cost of future pension liabilities, on a systematic and rational basis over the period during which it benefits from employees' services, by payment to the PCSPS/alpha of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS/alpha. In respect of the defined contribution schemes, ONR recognises the contributions payable for the year.

The appointment of Non-Executive Board members is non-pensionable.

1.15 Leases

Leases where the lessor retains a significant portion of the risks and rewards of ownerships are classified as operating leases and the rentals are charged to the Statement of Comprehensive Net Income on a straight-line basis over the term of the lease.

ONR holds operating leases in respect of leasehold buildings in Bootle, London and Cheltenham.

1.16 Contingent liabilities

Contingent liabilities are disclosed in accordance with IAS 37.

In addition, ONR discloses for parliamentary reporting and accountability purposes, certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of Managing Public Money.

Where the time value of money is material, contingent liabilities that are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be discounted by IAS 37 are stated at the amounts reported to Parliament.

ONR has no material contingent liabilities at 31 March 2021.

2 Staff costs

	2020/21			2019/20
	Permanently employed staff £'000	Others £'000	Total £'000	Total £'000
Wages & salaries	43,058	919	43,977	40,942
Social security costs	5,114	–	5,114	4,927
Other pension costs	11,830	–	11,830	11,406
Total per Statement of Comprehensive Net Income	60,002	919	60,921	57,275
Less recoveries in respect of outward secondments	(199)	–	(199)	–
Grant from HMRC – CJRS	(25)	–	(25)	–
Net Total	59,778	919	60,697	57,275

Further details of staff costs and related expenditure can be found on page 72 in the Remuneration and Staff Report.

Staff cost recoveries by income stream

Staff costs are recovered from all income streams where there has been regulatory activity.

	2020/21	2019/20
Staff Costs by Income Stream	£'000	£'000
Revenue from contracts with customers	54,909	51,829
Grant from DWP	1,182	995
Grant from DWP – prosecutions	–	1
Prosecution costs awarded	3	19
UK SSAC	4,603	4,431
Grant from HMRC – CJRS	25	–
Other sales/income*	199	–
Total income	60,921	57,275

* Includes recoveries from outward secondments

3 Other expenditure

	2020/21 £'000	2019/20 £'000
Services provided by Health & Safety Executive*		
Accommodation	3,963	3,876
IT/telecommunications	1,364	2,606
Other corporate services	486	500
	5,813	6,982
Travel and subsistence	257	3,946
Technical support	7,176	3,772
Research	2,401	2,743
Industry security vetting	3,966	2,408
Contractors	2,306	1,712
IT outsourcing	2,848	1,306
Personnel related costs	780	998
Interest on capital	486	480
Interest on loan from DWP	229	86
Auditors' remuneration	65	59
Other expenditure**	4,830	4,738
Non-cash items		
Depreciation and amortisation	1,216	414
Loss on disposal	-	15
Impairment of PPE	-	-
Other non-cash	32	(16)
	1,248	413
Total	32,405	29,643

* Services are provided by HSE because ONR occupies part of its Bootle site (accommodation) and continued with the IT service arrangements that existed pre-vesting up to October 2020 when ONR separated the IT service from HSE.

** Other expenditure mainly comprises training and development, professional services, shared services outsourcing, buildings operating leases and other IT costs.

Costs attributable to COVID-19 comprise staff costs mainly relating to the annual leave accrual of £1,675k (included in staff costs – Note 2), working from home costs of £255k and other costs of £98k. These costs have been offset by the reduction in travel and subsistence expenditure due to travel restrictions in force.

Auditors' remuneration of £65k related solely to audit services.

4 Income

The activities of ONR include certain chargeable services, each of which is subject to a financial objective of full cost recovery. Memorandum Trading Accounts are prepared where the cost of a particular service exceeds £1,000,000. The charges for these activities include provision for the recovery of notional insurance and cost of capital.

Income	2020/21	2019/20
	£'000	£'000
Revenue from contracts with customers (see page 105)	83,435	77,658
Grant from DWP	1,849	1,374
Grant from DWP – prosecutions	1	(84)
Prosecution costs awarded	22	124
UK SSAC*	7,689	7,771
Grant from Apprenticeship Fund	48	61
Grant from HMRC – CJRS	25	–
Other sales/income	226	14
Total income	93,295	86,918

* Funded by BEIS

In September 2017, the government confirmed that it intended to establish a domestic safeguards regime seeking to deliver to existing Euratom standards.

ONR assumed its responsibilities at 23:00 on Thursday 31 December 2020. ONR is now the UK's nuclear safeguards regulator, in charge of the domestic safeguards regime and operating the UK SSAC.

BEIS confirmed that they would fund work required to meet this obligation.

Breakdown of revenue from contracts with customers

	2020/21			2019/20		
	Income	Cost	Surplus/ (deficit)	Income	Cost	Surplus/ (deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
Licensing of nuclear installations	50,840	50,872	(32)	51,744	51,744	-
Civil Nuclear Security	14,483	14,483	-	13,036	13,036	-
Generic Design Assessment	15,467	15,467	-	10,385	10,385	-
Radioactive Materials Transport	737	737	-	871	871	-
Advanced Nuclear Technologies**	1,719	1,719	-	1,410	1,410	-
Sub Total	83,246	83,278	(32)	77,446	77,446	-
Other fees and charges	189	189	-	212	212	-
Total fees and charges	83,435	83,467	(32)	77,658	77,658	-

** Charged to BEIS

Analysis of revenue by major customer (>10% of revenue)

Revenue	2020/21	2019/20
	£'000	£'000
Customer 1	23,961	24,740
Customer 2	16,801	18,389
Customer 3	15,467	10,385

Customers are not named for reasons of commercial confidentiality.

5 Property, plant and equipment

	Leasehold Improvements	Information Technology	Motor Vehicles	Furniture and Fittings	Assets under construction	Total
2020/21	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 April 2020	563	393	–	641	340	1,937
Additions	2	47	–	–	2	51
Impairments	–	–	–	–	–	–
Disposals	–	–	–	(5)	–	(5)
Reclassifications	–	342	–	–	(342)	–
At 31 March 2021	565	782	–	636	–	1,983
Depreciation						
At 1 April 2020	85	73	–	96	–	254
Charged in-year	76	132	–	57	–	265
Disposals during period	–	–	–	(5)	–	(5)
At 31 March 2021	161	205	–	148	–	514
Carrying amount at 31 March 2020	478	320	–	545	340	1,683
Carrying amount at 31 March 2021	404	577	–	488	–	1,469
Asset financing						
Owned	404	577	–	488	–	1,469

Assets under construction reclassifications*IT separation – IT infrastructure*

ONR has separated its IT capability, including data, IT infrastructure and, where necessary, IT services from HSE to create an independent IT estate that allows the migration of ONR data away from HSE's IT systems to a secure hosting environment. In-year reclassifications: **£342k**

Information technology additions

These comprise surface hubs, interactive whiteboards and videoconferencing equipment.

In-year additions: **£47k**

2019/20	Leasehold Improvements £'000	Information Technology £'000	Motor Vehicles £'000	Furniture and Fittings £'000	Assets under construction £'000	Total £'000
Cost or valuation						
At 1 April 2019	542	103	47	329	–	1,021
Additions	287	290	–	375	340	1,292
Impairments	–	–	–	–	–	–
Disposals	(266)	–	(47)	(63)	–	(376)
At 31 March 2020	563	393	–	641	340	1,937
Depreciation						
At 1 April 2019	284	30	28	95	–	437
Charged in-year	67	43	1	51	–	162
Disposals during year	(266)	–	(29)	(50)	–	(345)
At 31 March 2020	85	73	–	96	–	254
Carrying amount at 31 March 2020	478	320	–	545	340	1,683
Asset financing						
Owned	478	320	–	545	340	1,683

In the year, ONR occupied three buildings in Bootle, Cheltenham and London under operating leases. As part of its Service Management Agreement with HSE for Redgrave Court in Bootle, ONR has use of furniture. ONR holds furniture assets for premises in Cheltenham and London.

Leasehold improvements refer to the capitalisation of property refurbishments at the Cheltenham and London offices.

Motor vehicles were held by operational staff across ONR under the Private User Scheme (PUS). The PUS was an arrangement where ONR provided officers with a lease vehicle for a period of 3-5 years. Access to the scheme ended on 30 September 2014 for new applications and no new scheme is planned. The remaining vehicles were sold in 2019/20.

5a Reconciliation of capital additions to the Statement of Cash Flows

	Note	2020/21 £'000
Capital payables and accruals at 1 April		248
Capital additions		51
Capital payables and accruals at 31 March 2021	9	–
Purchase of property, plant and equipment as per Statement of Cash Flows		299

6 Intangible assets

2020/21	Internally developed software £'000	Purchased software licences £'000	Assets under construction £'000	Total £'000
Cost or valuation				
At 1 April 2020	1,151	137	4,688	5,976
Additions	194	–	2,933	3,127
Impairments	–	–	–	–
Reclassifications	4,614	–	(4,614)	–
Disposals during the year	–	–	–	–
Revaluations	164	7	–	171
At 31 March 2021	6,123	144	3,007	9,274
Amortisation				
At 1 April 2020	248	34	–	282
Charged in-year	892	59	–	951
Disposals during the year	–	–	–	–
Revaluations	12	2	–	14
At 31 March 2021	1,152	95	–	1,247
Carrying amount at 31 March 2020	903	103	4,688	5,694
Carrying amount at 31 March 2021	4,971	49	3,007	8,027
Asset financing				
Owned	4,971	49	3,007	8,027

2019/20	Internally developed software	Purchased software licences	Assets under construction	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 April 2019	995	–	824	1,819
Additions	156	137	3,864	4,157
Impairments	–	–	–	–
Reclassifications	–	–	–	–
Disposals	–	–	–	–
At 31 March 2020	1,151	137	4,688	5,976
Amortisation				
At 1 April 2019	30	–	–	30
Charged in-year	218	34	–	252
Disposals during year	–	–	–	–
At 31 March 2020	248	34	–	282
Carrying amount at 31 March 2020	903	103	4,688	5,694
Asset financing				
Owned	903	103	4,688	5,694

Intangible assets additions and reclassifications

Internally developed software/infrastructure

- 1 SIMRS. This is an IT system that enables ONR to receive and process nuclear material accountancy declarations from operators, and produce and submit reports to the International Atomic Energy Agency (IAEA), as required under the terms of our safeguards agreements with the IAEA. In-year additions (enhancements to the original asset): **£179k**
- 2 IT Separation infrastructure: in-year additions (enhancements to the original asset): **£15k**
- 3 IT Separation: ONR has separated its IT capability, including data IT infrastructure and where necessary IT services, from HSE to create an independent IT estate that allowed the migration of ONR data away from HSE's IT systems to a secure hosting environment. The project involved activity to build, migrate and separate. In-year reclassifications: **£4,346k**
- 4 PRISM: a Performance and Risk Information System for Managers. In-year reclassifications: **£42k**
- 5 Strategic workforce planning tool: in-year reclassifications: **£226k**

Assets under construction (in-year additions)

- 6 WIReD: the modernisation of ONR processes and systems to support the efficient undertaking of ONR's regulatory activities. In-year additions: **£439k**
- 7 PRISM: in-year additions: **£12k**
- 8 Strategic workforce planning tool: in-year additions: **£226k**
- 9 IT Separation: in-year additions: **£2,256k**

6a Reconciliation of capital additions to the Statement of Cash Flows

	Note	2020/21 £'000
Capital payables and accruals at 1 April		1,125
Capital Additions		3,127
Capital payables and accruals at 31 March 2021	9	(109)
Purchase of Intangible Assets as per Statement of Cash Flows		4,143

7 Trade and other receivables

	31 March 2021	31 March 2020
	£'000	£'000
Amounts falling due within one year		
Trade receivables	7,811	6,051
Deposits and advances	52	50
Prepayments and accrued income	13,974	9,640
Other receivables	18	21
Net Receivables	21,855	15,762

8 Cash and cash equivalents

	31 March 2021	31 March 2020
	£'000	£'000
Balance at 1 April	8,883	5,583
Net change in cash and cash equivalent balances	(1,285)	3,300
Balance at 31 March	7,598	8,883
Represented by:		
Government Banking Service	7,598	8,883
Balance at 31 March	7,598	8,883

9 Trade and other payables

	31 March 2021 £'000	31 March 2020 £'000
Amounts falling due within one year		
Taxation and social security	1,338	1,319
Superannuation	1,240	1,212
VAT	65	92
Trade payables: non-capital	6,793	684
Capital payables and accruals – PPE	–	248
Capital payables and accruals – intangible	109	1,125
Other payables	258	21
Accruals and deferred income	5,864	5,424
Loan with DWP	1,967	533
Total current payables	17,634	10,658
Amounts falling due after more than one year		
Loan with DWP	9,213	9,467
Accruals and deferred income	696	616
Total non-current payables	9,909	10,083
Total trade and other payables	27,543	20,741

10 Loan from DWP

Loan	Note	31 March 2021	31 March 2020
		£'000	£'000
Opening balance – 1 April		10,000	2,000
Additions in period	15	1,836	8,000
Capital repayments in year		(656)	–
Loan – closing balance (capital)		11,180	10,000
Opening balance – 1 April		49	–
Accrued interest in year*	15	81	49
Accrued interest repaid in year		(9)	–
Interest – closing balance		121	49
Closing balance at year-end		11,301	10,049

* Interest has been accrued on the working capital loan of £9.8m on a daily basis on amounts drawn down and is being repaid in monthly instalments from December 2020. There was no interest outstanding on the loan of £2.0m at year end. More detail on the loans can be found in Note 1.13.

11 Capital commitments

Contracted commitments not otherwise included in the financial statements:	31 March 2021	31 March 2020
	£'000	£'000
Property, plant and equipment	88	130
Total Commitments	88	130

12 Commitments under non-PFI operating leases

Total future minimum lease payments under operating leases relating to ONR's offices in Bootle, London and Cheltenham are given in the following table, as well as any other operating leases, for each of the following periods:

	31 March 2021		31 March 2020	
	Buildings £'000	Other £'000	Buildings £'000	Other £'000
Obligations under operating leases				
Not later than 1 year	3,972	585	3,862	507
Later than 1 year and not later than 5 years	9,236	488	11,922	549
Later than 5 years	–	–	–	–
Total Committed	13,208	1,073	15,784	1,056

13 Other financial commitments

The total payments to which ONR is committed are as follows:	31 March 2021	31 March 2020
	£'000	£'000
Not later than 1 year	1,039	4,148
Later than 1 year and not later than 5 years	1,197	1,023
Later than 5 years	–	–
Total Committed	2,236	5,171

ONR has entered into non-cancellable contracts that are not leases or PFI contracts.

These commitments relate to the Service Management Agreement with HSE, shared services costs and other costs relating to accommodation leases.

14 Related party transactions

ONR is a statutory body accountable to the Secretary of State for Work and Pensions and is classified as a public corporation. DWP is ONR's sponsoring department and the two bodies are regarded as related parties. During 2020/21, ONR had significant transactions with DWP.

ONR was previously an in-house agency of HSE and occupies its head office under a Service Management Agreement. Details of charges under this agreement in 2020/21 are set out in Note 3.

In addition, ONR had a number of significant transactions with MoD, and BEIS.

No Board members or senior managers have undertaken any significant transactions with ONR or received benefits from ONR suppliers other than declared hospitality during the year.

15 Financial instruments

The cash requirements of ONR are met through grant funding provided by DWP and two loans:

- a working capital loan of £2.0m. This loan from DWP is interest bearing at an annual rate of 3.5% and there is currently no requirement for repayment; and
- a capital loan facility of £9.8m. This loan from DWP is interest bearing at an annual rate of 1.43% and repayment will be over five years from December 2020.

The grant is for activities that are not statutorily recoverable from industry.

Financial instruments play a more limited role in creating and managing risk compared with a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with ONR's expected purchase and usage requirements and ONR is therefore exposed to little credit, liquidity or market risk.

16 Events after the reporting period

IAS 10 requires ONR to disclose the date on which the accounts are authorised for issue. This is the date of the Certificate and Report of the Comptroller and Auditor General. Accountability report

