

**Minutes of the Board  
25 March 2020  
Teleconference (due to COVID-19 restrictions)**

**Present:**

**Members**

Mark McAllister - Chair  
Penny Boys - Non-Executive Director  
Oona Muirhead - Non-Executive Director  
Simon Lister - Non-Executive Director  
Sarika Patel - Non-Executive Director  
Bronwyn Hill - Non-Executive Director  
Adrienne Kelbie - Chief Executive  
Mark Foy - Chief Nuclear Inspector  
Sarah High - Finance Director  
Dave Caton - HR Director

**Attendees**

Katie Day - Director of Policy and Communications  
Anthony Hart - Technical Director  
Sally Davies - Head of Incident Management  
(item 4)  
Rachel Grant – Head of Policy (item 5)

**Observer**

Janet Wilson - Non-Executive Director  
(with effect from 1 April 2020)

**Secretariat:** Charlotte Cooper, Head of Corporate Governance (Board Secretary)

**1 Welcome, Introductions, Apologies for Absence and Declarations of Interest**

- 1.1 The Chair welcomed everyone to the meeting. There were no apologies for absence.
- 1.2 No declarations of interest were received.

**2 Minutes of the Last Meeting, Matters Arising, Action Points**

- 2.1 The minutes of the meeting held on 29 January 2020 were agreed as a correct record.
- 2.2 All actions on the Action Log had either been closed or were on track.

**3 Chair's Report**

- 3.1 The Chair began by recognising this would be Penny Boys' last Board meeting, as her term of office as a Non-Executive Director ends on 31 March 2020. On behalf of the Board he thanked Penny for her significant contribution to ONR over the last four years and wished her well for the future. Penny thanked the Board for their kind words. She had thoroughly enjoyed her time with ONR. She added it was a great organisation doing really important work extremely well and she looked forward to joining the Board for dinner later in the year.
- 3.2 The Chair welcomed Janet Wilson, Non-Executive Director with effect from 1 April 2020. Janet was attending Board in an observer capacity.

- 3.3 The Chair reflected on his first full year in this role during which time he had focused on meeting as many people as possible both internally and externally and in gauging ONR's reputation. He acknowledged that ONR is in a relatively good place with a good reputation. He commented that there is still room for improvement internally, particularly in delivering our two key modernisation projects. He added that he and the NEDs wished to enhance the way the Board engages in strategic discussions.
- 3.4 Since the last meeting he had:
- i. an introductory meeting with the Secretary of State for Work and Pensions, the Rt Hon Thérèse Coffey MP and the Minister for Employment, Mims Davies MP, ONR's (then) Sponsor Minister on 10 February to brief them on ONR's work and future challenges. Since then responsibility for ONR has reverted to Baroness Stedman-Scott following a review of DWP Ministerial portfolios.
  - ii. an introductory meeting with BEIS Minister Nadhim Zahawi MP on 16 March who has responsibility for nuclear policy matters.
  - iii. met the Chair of the Committee on Radioactive Waste Management, Sir Nigel Thrift on 11 February, to discuss matters of mutual interest and to explore opportunities for closer working.
  - iv. attended the Annual Review of UK Nuclear Policy, Regulation and Markets on 12 February.
  - v. visited Dungeness B on 18 February.
- 3.5 He provided an update on Security NED recruitment which is on track. The BEIS-led sift is scheduled to take place, remotely, on 6 April 2020.

#### **4 COVID-19 Update**

- 4.1 The Chief Executive presented a report to inform Board of our response to COVID-19 threats and the unprecedented situation that we all find ourselves in. COVID-19 is impacting ONR business as we adjust our work and ways of working to protect our staff from contracting the virus, respond to differing industry and stakeholder responses and focus on assurance that the nuclear industry remains safe. We are treating the issue as a formal incident, and have convened business continuity arrangements overseen by ONR's Incident Management Team (IMT) comprising our Executive Directors and Chaired by the Chief Executive.
- 4.2 We have departed somewhat from the HMG guidance stance by taking a more pro-active approach with regards to protecting vulnerable staff and cancelling attendance at all international events, group meetings and invitations to international parties to meet in ONR's offices.
- 4.3 This more closely reflects the approach of a number of our sites / duty holders who have implemented specific steps such as stopping non-essential visits or meetings and extending overseas travel bans or attendance at large meetings as part of their mitigation measures.

- 4.4 We anticipate that operations will be more adversely affected in the coming weeks, and are currently scenario planning for loss of up to 20%, and up to 50% of staff for a 60-day period. This work will identify critical priorities and single points of failure for IMT consideration. The framework at appendix A shows operational priorities and response.
- 4.5 The Chief Executive welcomed feedback and suggestions from Board to inform our continued handling.
- 4.6 In discussion the Board:
- i. Acknowledged the significant work that had been undertaken to support staff. ONR was doing an excellent job in its communications and in leading the workforce.
  - ii. Questioned whether we were being too internally focused and sought further information on safeguarding the public and an assessment on whether there are any changes to the risks posed to the public.
  - iii. Asked about the industry response to the tactical challenges they are facing at this time.
  - iv. Referenced the impact that COVID-19 would have on our Corporate Plan and Budget 2020/21, in terms of immediate activity.
- 4.7 The Chief Executive, supported by Executive Directors, explained the discussion and thinking that had taken place on our stated priorities. ONR staff are our first priority, without our people keeping safe and well we would not be able to regulate.
- 4.8 The CNI set out the steps taken to coordinate work in the Regulatory Directorate and interface at a strategic level with government and industry. This included daily meetings with Deputy Chief Inspectors; development of a summary overview of the key work activities for the next three months that will be used to inform decision making; and should a critical need to deploy staff to a site emerge, this would be considered and approved by the relevant DCI on an individual basis.
- 4.9 The CNI has issued a letter to licensees to remind them of the requirement to formally notify ONR immediately if they believe that the prevalence of COVID-19 is likely to impact the capability of their organisation significantly, particularly their ability to meet minimum safe manning levels. Consequently, we are receiving daily returns on absence levels to inform onward briefing to BEIS, including RAG ratings on resilience against operational status, the site emergency scheme, civil nuclear security and also the supply chain. We are in daily contact with BEIS on this as the information forms part of its subsequent update on the Civil National Infrastructure that is provided to COBR.
- 4.10 ONR has established various liaison meetings at a senior level with government, industry, environmental regulators and other national nuclear regulators. This will ensure we remain informed on the current situation, share experiences, consider scenarios and harmonise approaches where we can. We had also been asked to identify how we could modify our approach to reduce the burden on industry.

- 4.11 We are currently developing a set of high level principles setting out our approach to regulation during the pandemic, which ONR, the environment agencies and Defence Nuclear Safety Regulator will adopt to provide clarity to stakeholders and industry on what they can expect from the regulators over the coming months.
- 4.12 Many of ONR's staff have keyworker status. We are currently identifying those people in ONR that could form part of our emergency response team, for the pre-emptive issue of keyworker letters to facilitate activation of our arrangements.
- 4.13 Board found the update to be reassuring and responsive to earlier concerns on ONR's public safety focus.
- 4.14 The Head of Incident Management provided her observations on ONR's level of preparedness which had rapidly reached a level of maturity and the IMT was functioning effectively.
- 4.15 In drawing the item to a close, it was recognised further work would be needed on the mitigations in the Framework at Appendix A. In particular, if the situation continues for a protracted period then the impact on senior staff and critical points of failure would need to be addressed to ensure resilience of the team.
- 4.16 The Board thanked the Chief Executive for a comprehensive update and welcomed the communications with staff that are being shared with Board.
- 4.17 The Chief Executive committed to providing a further update to Board which takes account of the discussion and highlights both the external and internal situation.

**Action 1:** COVID-19 update to Board early April – Chief Executive.

4.18 The Board noted the report.

## **5 ONR 2025 Strategy**

- 5.1 The Director of Policy and Communications provided a paper to update Board on the 2025 Strategy consultation outcomes and seek Board approval of the Strategy, ahead of Ministerial approval and laying in Parliament.
- 5.2 ONR has been engaging extensively with stakeholders on our strategy for over 12 months, wishing to secure their early and meaningful involvement. This has included pre-consultation events with the nuclear industry, Non-Governmental Organisations and local interest groups, other regulators, government colleagues, and our staff. We received hundreds of comments and suggestions, the vast majority of which were positive and supportive of our track record and proposed way forward.
- 5.3 Priorities identified for further emphasis were: learning from others; welcoming innovation; agility to respond to change; influence; transparency; and feedback.

- 5.4 All the input has been carefully evaluated and, where appropriate, reflected in the draft strategy document that we consulted upon for four weeks from 15 January 2020. Given our earlier extensive and proactive engagement, we were not expecting a significant number of responses to the consultation; we received 12 in total. The comments received were broadly positive and our revised Mission, Vision and new Values were welcomed.
- 5.5 A marked up copy of the 2025 Strategy was provided to Board at appendix A.
- 5.6 In discussion the Board:
- i. Referred to their earlier request on the need to set out the targets to 2025, with detail on where we want to get to, how will we know when we get there, milestones and measures, in particular around regulatory traction, and the themes of consistency and proportionality raised during stakeholder surveys.
  - ii. Requested a timed action plan for implementation of the strategy, noting that the milestone plan had already been developed and would be shared with Board in an appropriate format.
  - iii. Requested that a 'mini Strategy session' is arranged at June Board to enable earlier Board engagement on key issues and discussion on (i) above.
  - iv. Noted the 2025 Roadmap that is under development.
  - v. Recognised that whilst they had discussed the Mission at some length previously, there were still strong views on the use of the words 'safe and secure' given the external message this would send on the importance of both safety and security.
- 5.7 The Board discussed at length the wording in the Mission and the importance of both 'safety and security' in our top level message. Following further discussion and on the basis of the work carried out to date, they agreed to continue with the proposed wording of 'safe operations' recognising this captures all ONR purposes. However, they were keen to ensure 'security' continues to be of significant importance and it would be essential that assurance is provided to the Board confirming this remains the case.
- 5.8 The Chief Executive welcomed a 'mini Strategy session' in June to enable earlier Board engagement on key issues.

**Action 2:** 'Mini Strategy Session' to be arranged at June Board to enable earlier Board engagement on key issues as part of our 2025 Strategy along with a timed action plan for implementation of the Strategy – Chief Executive.

- 5.9 The Board approved the 2025 Strategy delegating any further minor changes to the Chair / Chief Executive to approve, ahead of Ministerial approval and laying in Parliament.

## **6 2020-2021 Corporate Plan**

- 6.1 The Director of Policy and Communications provided a paper to update Board on the ONR Corporate Plan 2020/21 and to seek final comments.

- 6.2 This year's corporate planning activity had taken into account lessons learned from last year's process. It has been aligned to the work to develop a strategic plan for the 2025 Strategy priorities. It has been built from divisional and directorate plans, and through Senior Leadership Team (SLT) planning and development sessions in December 2019 and February 2020 respectively.
- 6.3 This version incorporates SLT feedback up to 16 March 2020. However with the outbreak of Covid-19, we do expect that some re-planning will be necessary and re-timing of milestones.
- 6.4 Copies of the draft 2020/21 Corporate Plan have been shared with both our Sponsoring Body, DWP, and BEIS for comment by 31 March 2020.
- 6.5 The Board recognised the need to address COVID-19 given the fast moving external environment.
- 6.6 The Board approved the Corporate Plan 2020/21 and delegated accountability for final changes to the Chief Executive, including any elements of re-planning in light of COVID-19 impact, sighting Board as necessary nearer to publication expected towards the end of May to ensure relevance and accuracy.

## **7 2020-2021 Final Budget Bid – Key Messages and Risks**

- 7.1 The Finance Director presented a paper providing an executive summary of the final 2020/21 budget proposal and highlighting key messages, assumptions and risks following Board consideration of a detailed preliminary budget bid on 29 January 2020. It provides a high level overview of the bid, further details of which are included at Appendix A.
- 7.2 She discussed the analysis of budget movement set out at figure 2 between preliminary (£96.1m) and final budget bid (£94.7m). The budget required to deliver ONR's strategic objectives in 2020/21 is £93.3m. This is net of a £1.4m discount factor applied to ameliorate the inherent optimism bias in our planning assumptions, offset by early estimates of COVID-19 impacts. Work continues apace to establish the potential impact on our budget of the evolving COVID-19 position.
- 7.3 In discussion the Board:
  - i. Welcomed the strengthened planning and budgeting process, but recognised there remained areas where past performance suggests greater inherent optimism bias. Additionally, we continue to assess the impact of COVID-19 on our delivery plans and consequently the budget. For both these reasons, the Board supported the introduction of a discount factor as summarised in Figure 17.
  - ii. Reviewed the latest planning assumptions in respect of COVID-19. They agreed that the budget should be adjusted to reflect an assumption that domestic and international travel will be restricted for six months. This would see a further reduction in the budget of £1.4m, from £93.3m to £91.9m.

7.4 The Board approved the 20/21 budget bid of £91.9m. This is net of a £2.8m discount factor applied to ameliorate the inherent optimism bias in our planning assumptions, offset by early estimates of COVID-19 impacts. This would now be presented to DWP for Ministerial approval.

## 8 IT Separation and Modernisation Update

8.1 The Finance Director, as IT Separation Project SRO, presented a paper to update on IT Separation, including current position, delivery to date, risks, mitigations and dependencies, and to provide assurance of project governance and delivery.

8.2 Cutover plans continue to focus on a 26 May 2020 delivery with demonstrable progress achieved. However, navigating project delivery remains challenging due to a variety of technical, operational and staffing issues. Furthermore, the Project Board is also considering the impact COVID-19 may have on project delivery plans.

8.3 Following a deep dive workshop on the coronavirus strategic risk at the Risk Improvement Group (RIG) and clarification of business continuity planning assumptions, the SRO has requested that the Project Team consider the impact of disruption caused by the widespread incidence of coronavirus on project delivery timescales. Project Board on 9 March 2020 agreed that a 'Plan C' of scenarios should be prepared to demonstrate the impact of a three month delay as a result of coronavirus. This is in progress as part of our business continuity planning activity and will be presented to Project Board, along with Plan B for consideration on 30 March 2020.

8.4 In discussion the Board:

- i. Recognised that there had been challenges due to a number of unforeseen circumstances, and that COVID-19 would have a huge impact. They welcomed the development of contingency delivery plans for B and C scenarios and were keen to understand the financial implications of each.
- ii. Welcomed the proposals to bolster resource in the project team, including intelligent customer service capability.
- iii. Were surprised to hear that, despite continued Board assurance on what we can hold safely and securely on the cloud, an issue had now emerged late in the day with regard to a particular data set.
- iv. Commented that both IT Separation and WIReD had slipped to the right substantially already and this had identified weaknesses in our ability to manage projects.

8.5 The IT Separation SRO committed to sharing the financial implications of the contingency delivery plans for B and C scenarios once these had been developed.

8.6 The IT SRO confirmed a suitable way forward had been agreed with regard to the data set that could not be stored on the cloud.

**Action 3:** Financial implications of the contingency delivery plans for B and C scenarios to be shared with Board once developed – IT Separation SRO.

8.7 The Board noted the report.

## 9 2025 People Strategy

9.1 The Director of HR presented a paper seeking Board approval of the 2025 People Strategy and setting out how we will support execution along with our commitment to focus on maintaining capability and developing a healthy and inclusive culture.

9.2 This new People Strategy references the progress made in our first People Strategy (2017-20) and sets out the focus for how we plan to lead and develop our people over the next 5 years. The emphasis is on creating an inclusive culture to underpin execution of the ONR 2025 Strategy. It is aimed at presenting staff with an understanding of the direction of travel rather than a detailed 5 year plan. This detail will be contained within the annual Corporate and HR Directorate plans.

9.3 Our priorities to 2025 will be to: (1) fully embed our Values and address the negative cultural elements that we sometimes see in our behaviours; (2) be more consistent in our management and leadership including in the seeking and acting on feedback and quality and honesty of our conversations; (3) address the perceived reluctance to speak out or challenge inappropriate behaviours at all levels; and (4) develop a healthy and resilient workforce to deliver excellence.

9.4 In discussion the Board:

- i. Recognised that the Strategy had benefitted from feedback / input from a cross section of staff.
- ii. Suggested the document would benefit from further refinement, to include alignment with the 2025 Strategy and to reflect the outcomes we want to focus on.
- iii. Provided specific comments at the meeting, particularly in relation to tone.
- iv. Acknowledged ONR would learn a great deal from the on-going COVID-19 situation, particularly our experience to enable staff to be flexible and exploit more modern technology. This would need to be recognised in the Strategy at some point.
- v. Sought confirmation on the timescale to publish and whether there was a specific commitment and timescale on publishing, adding this should be after publication of the 2020/21 Corporate Plan.

9.5 The HR Director welcomed Board comments. He confirmed that we had made a public commitment to staff to publish the Strategy in quarter 1 2020/21 which provided the time needed to address Board comments. He would also address timing considerations.

**Action 4:** Address Board comments on the 2025 People Strategy prior to publication, which should take place after publication of the 2020/21 Corporate Plan – HR Director.

9.6 The Board welcomed the significant progress that had been made and looked forward to seeing the final version for approval prior to publication.

## 10 Annual Board Forward Look Review

10.1 The Board Secretary introduced the Annual Board Forward Look. She confirmed it had been shared with Board and other ONR Directors and that all comments made had been incorporated.

10.2 There was still some Regulatory business that needed to be included, once timescales became clearer, and she would work with the CNI on this. Additionally, due to the restrictions imposed by COVID-19 with regard to holding Board meetings remotely, a number of items would need to be moved to later in the year due to security considerations. She recognised that following discussion today we would need to reflect the 'mini Board Strategy Session' agreed for June.

10.3 In discussion the Board:

- i. Commented that this was a comprehensive list of appropriate business. However the key purpose was to keep Board up to date with change and development and this needed to be addressed through earlier engagement on key issues and more strategic dialogue, in line with Board discussion today.
- ii. Would like to create more space for more informal, free ranging conversation.
- iii. Commented that, subject to a decision by Board in April on revising the security assurance arrangements, a final review would be needed to ensure that all relevant business for Board is captured, an example being SyAPs delivery and benefits.
- iv. Recognised, in due course, we would need to discuss post COVID-19 lessons.

10.4 The Board Secretary would discuss Board comments with the Chair and Chief Executive.

## 11 Standing Reports – by Exception

11.1 **Chief Nuclear Inspector's Report** – The Chief Nuclear Inspector commented that work was continuing to focus on AGR graphite permissioning for Hunterston B and Hinkley Point as a priority, despite COVID-19 restrictions.

11.2 The vast majority of local authorities are on schedule to complete their Detailed Emergency Planning Zone (DEPZ) determinations and put in place suitable off-site nuclear emergency plans etc. by May 2020 (when REPP19 comes into force). However, in line with the previous discussion on COVID-19, the CNI has identified this as an area where 'easement' may be appropriate.

11.3 The absence of key export licenses, necessary for the UK HPR1000 GDA, is increasing the risk to completion of GDA within the current schedule and may halt engagement in a number of technical areas if not resolved in a timely manner. This matter had been escalated to senior levels within BEIS.

11.4 For the first time Regulatory Teams had applied our new process for dealing with differences in regulatory opinion in two cases in the reporting period. An agreeable outcome had been achieved for the first case and due process is yet to complete on the second case. This would be reported to Board in April 2020.

11.5 The Board noted the four standing reports.

## **12 Any Other Business**

12.1 There was no other business raised. The Chair thanked the Board for their time and attention and formally closed the meeting.

## **13 Information Papers**

13.1 The Board noted the following information papers:

- a) Stakeholder Survey Results 2019
- b) ONR Compliance with Export Controls
- c) Whistleblowing Update
- d) Audit and Risk Assurance Committee Minutes – 13 January 2020