

**Minutes of the Board
28 April 2020
Skype meeting (due to COVID-19 restrictions)**

Present:**Members**

Mark McAllister - Chair
Oona Muirhead - Non-Executive Director
Bronwyn Hill - Non-Executive Director
Simon Lister - Non-Executive Director (part)
Sarika Patel - Non-Executive Director
Janet Wilson - 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
Paul Fyfe – Director, CNSS
(items 6 & 7)
Mike Finnerty – Director, New Reactors (item 10)

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 25 March 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 Bronwyn Hill's last Board meeting, as her term of office as a Non-Executive Director ends on 31 May 2020. On behalf of the Board he thanked Bronwyn for her significant contribution to ONR over the last four and a half years and wished her well for the future. Bronwyn would chair her final joint Remuneration and Nominations Committee on 12 May 2020.
- 3.2 The Chair formally welcomed Janet Wilson, newly appointed Non-Executive Director with effect from 1 April 2020.
- 3.3 COVID-19 restrictions had impacted on the Chair's external engagement, although he was making use of virtual meetings where possible. Since the last meeting he had:
 - i. a catch-up telephone meeting on 26 March with Joanna Whittington, Director General, Energy and Security, BEIS to discuss matters of mutual interest in particular in relation to ONR's/BEIS' response to COVID-19.

- ii. an introductory telephone call on 21 April with Jackie Oatway, Deputy Director, Head of Arm's-Length Bodies Partnerships at Department for Work and Pensions (DWP), ONR's sponsor department. Jackie replaced Jamey Johnson who has moved to another post.
- iii. attended (remotely) a Public Chairs' Forum (PCF) Board meeting on 24 April.

3.4 He provided an update on the Security NED recruitment competition. The BEIS-led interviews will be held on 5/6 May 2020.

3.5 He touched on Board dynamics referring to the Board's ability to influence, build consensus and contribute effectively at a strategic level, whilst also recognising the challenge role of Non-Executive Directors' on organisational performance and delivery.

4 COVID-19 Update

4.1 The Chief Executive presented a report to update Board on our response to the changing COVID-19 environment, and offer assurance that our interim regulatory approach will maintain nuclear safety and security.

4.2 In summary, the industry position is as expected and is not giving rise to particular concern. Duty holders are considered to be operating safely and securely. The matter of working within Public Health England (PHE) guidelines wherever reasonable will require continued adjustment.

4.3 Our staff are relatively healthy and well with low sickness absence, but there was increasing access to special leave and some symptoms of stress. The work impact varies across functions and grades so a highly flexible approach is being taken.

4.4 The Incident Management Team (IMT) priorities are being addressed, and planning assumptions have been agreed to inform recovery planning which had not yet started due to more urgent priorities.

4.5 The Chief Executive welcomed feedback and suggestions from Board to inform our continued handling.

4.6 In discussion the Board:

- i. Recognised the significant work being undertaken to ensure the safety and wellbeing of ONR staff but stressed the importance of maintaining the right balance on internal and external matters.
- ii. Sought further information on how we were externally seeking assurance that duty holders can operate safely and securely, including focused resumption of site based regulatory activity.

4.7 ONR continues to receive daily updates on resilience against operational status, the site emergency scheme, civil nuclear security and also the supply chain. This forms part of our daily briefing to BEIS for inclusion in its subsequent update on the Critical National Infrastructure provided to COBR.

- 4.8 Provision for a focused resumption of site based regulatory activity, supported by robust risk assessments, is being made to provide targeted and proportionate assurance on nuclear safety and security across the sector, in the event of a prolonged pandemic.
- 4.9 The CNI committed to sharing with Board, his weekly Regulatory Statement to BEIS on the resilience of the UK nuclear industry in light of COVID-19.

Action 1: CNI weekly Regulatory Statement to BEIS on the resilience of the UK nuclear industry in light of COVID-19 to be shared with Board – Chief Nuclear Inspector.

4.10 The Board noted the report.

5 Revised 2020-21 Corporate Plan (incorporating COVID-19 factors)

- 5.1 The Chief Executive introduced a paper and revised ONR Corporate Plan 2020/21, reflecting COVID-19 continuity and recovery challenges. She explained that taking this opportunity to re-baseline the Plan before publication would enable consistent direction to staff and stakeholders, and avoid having to issue amendments to the published document in due course.
- 5.2 Since Board approval of the Corporate Plan 2020/21 in March, the IMT had made significant progress in considering the projected impact of COVID-19 on ONR. Having focused on this, faster than expected progress has been made on how likely scenarios will impact on our plans.
- 5.3 We have increasingly recognised the long term nature of the operational impact, with a current scenario that most staff will be working at home until the end of September, other than for essential business at site or in our offices.
- 5.4 Directors had considered how our corporate and directorate plans need to change to align to IMT priorities and COVID-19 scenario planning, most notably a prolonged period of disruption and the associated impacts.
- 5.5 Essential and business critical activity across all four strategic themes has been reviewed and immediate decisions taken about what work to cancel, defer and/or do differently. Where work has been re-scheduled, we have sought to avoid creating unrealistic pressures later in the year.
- 5.6 The Finance Director set out the key changes, recommending reducing our Top Ten Priorities to a new Top Five. This reflects a shift in emphasis and timing, rather than signalling that some work will not be done at all.
- 5.7 In summary, innovation and some change projects will take lower priority with substantive work deferred into next year. On Innovation, we expect to publish our report, but we will not be as pro-active with industry on this matter.

- 5.8 Our people-focus needs to be firmly on sustaining the health and well-being of our staff, and so we will have a less structured focus on leadership development and defer our task and finish groups on culture and change management until next year.
- 5.9 For strategic theme four, our top priorities are IT separation (and therefore modernisation) and WIReD; we will de-prioritise other projects which are less urgent, such as the Management Systems Information Project.
- 5.10 The Finance Director presented the revised milestone plan, highlighting proposed changes.
- 5.11 In discussion the Board:
- i. Asked if anything had been taken out of the regulatory milestone plan. The CNI confirmed that permissioning work would continue as planned; nothing had been taken out of the programme.
 - ii. Commented that corporate communications would need to be clear on our re-prioritisation of work for this year due to COVID-19 disruption and to ensure we have the capacity and support to focus on delivering regulation.
- 5.12 Board members committed to providing any final presentational comments to the Director of Policy and Communications by close of play 28 April 2020.
- 5.13 The Board approved the revised Corporate Plan 20/21, priorities and milestones and noted the revised Plan would now be published in line with the original timetable.

6 Annual Review of Security of the Civil Nuclear Industry

- 6.1 The Director, Civil Nuclear Security and Safeguards (CNSS) presented a paper providing a summary of the CNSS Division Annual Review of Security of the United Kingdom Civil Nuclear Industry for 2019. The Annual Review continues to develop and refine in order to provide a summary of performance, identify common security themes, establish regulatory priorities and set appropriate levels of regulatory attention.
- 6.2 The civil nuclear industry has continued to meet its security obligations during the reporting period. This judgement is based upon analysis of industry regulatory reporting, intelligence gained through formal intervention activity such as inspections, statutory security event reporting and from routine engagement by CNSS staff with the respective duty holders.
- 6.3 Action plans to return duty holders to routine levels of regulatory attention have been effective during the period. A summary of changes and duty holders recommended to remain at enhanced or significantly enhanced regulatory attention was provided.
- 6.4 The forthcoming year will continue to be dominated by work to support the transition to outcome focused security regulation. Although implementation had taken longer than anticipated, there is already evidence of the benefits to be realised. This work and the transition of the State System for Accountancy and Control of Nuclear

Materials (SSAC) project and integration of Safeguards within the CNSS Division remains the priority for 2020/21.

- 6.5 This year's report reflects the continuing effort to establish the outcome-focused regulatory regime introduced by Security Assessment Principles (SyAPs) and the focus on continuing to build the required knowledge to drive the improvements to organisational security competence, leadership, management and delivery necessary to optimise the benefits.
- 6.6 In discussion the Board:
- i. Noted the Annual Report had been the subject of significant discussion at the Annual Security Committee on 8 April 2020. The Committee considered issues relating to each duty holder as well as cross-cutting concerns around cyber, security culture, leadership and training and the impact of COVID-19.
 - ii. Noted that the Security Committee's comments around better articulation of priorities around cyber, training and culture across the industry had been addressed within the report itself but not the covering Board paper.
- 6.7 The Board noted the Annual Report.

7 Corporate Governance Arrangements / Alternative Governance Arrangements for Security

- 7.1 The Head of Corporate Governance presented a paper to provide assurance that the issues raised by Board members at earlier meetings had been fully addressed and that the proposed revised governance arrangements presented provide robust and consistent assurance across all ONR purposes.
- 7.2 The Board indicated in January 2020 that the revised arrangements would need to include: an annual Security Committee meeting to consider the Annual Review of Nuclear Security, prior to it being considered at Board; Security NED attendance at the annual security back briefing process; and test the high level joint BEIS / ONR security briefings for the Chair and Security NED at BEIS headquarters.
- 7.3 The proposed revised assurance arrangements presented, developed jointly with the Director CNSS, satisfactorily address these points.
- 7.4 In discussion the Board:
- i. Noted the updated findings from the six month review; the current Security Committee Terms of Reference showing realignment of responsibilities; and the Stakeholder / Security Committee observer responses.
 - ii. Commented on the External Audit function (3rd tier of assurance) which would not undertake any Security Audits. This would be addressed at the Tier 4 level of assurance as and when appropriate.
 - iii. Requested the Roles and Responsibilities of the Security Non-Executive Director make specific reference to their attendance, as observer, in the annual security review assessment process.

- iv. Noted that the work to record and test the process for high level joint BEIS/ONR security briefings had yet to be done.

7.5 The Board agreed (1) the proposed overall governance arrangements; (2) the revisions to the role of the Security NED subject to addition at paragraph 7.4iii; and (3) approved the revised Security Committee Terms of Reference.

8 Non-Executive Board Director - Membership on ONR Committees

8.1 The Board Secretary presented a paper setting out the proposed appointments to ONR Board Committees. The recommendations are made to fill the resultant vacancies following Penny Boys' and Bronwyn Hill's departure from the ONR Board on 31 March 2020 and 31 May 2020 respectively at the end of their term.

8.2 The Board approved the recommendations as follows:

Audit and Risk Assurance Committee

Sarika Patel (Chair)
Oona Muirhead
Janet Wilson
Chris Wood (independent member)

Remuneration and Nominations Committee

Bronwyn Hill (Chair) until 31 May 2020
Tracey Matthews (Chair) with effect from 1 June 2020
Mark McAllister
Janet Wilson

Security Committee

Oona Muirhead (Chair)
Mark McAllister
Janet Wilson
Simon Lister

9 ONR Pay Deal 2020

9.1 The HR Director presented a paper seeking Board agreement on the basis of a 2020 pay deal for main grade staff (Bands 1- 6) for the period to March 2021 in the wake of the economic uncertainties from the current COVID-19 situation. It also seeks agreement to defer consideration of a longer term pay and reward approach until the end of the year when there would be a greater understanding of the economic environment and options for investment.

9.2 A short term pay deal to 31 March 2021 was proposed with a view to continuing development and discussions with the Trade Unions on wider options and costs for a longer term deal.

9.3 In discussion the Board:

- i. Recognised the need for a strategic approach to pay and reward and the case for a three year pay deal.
- ii. Suggested further discussion should take place at the Remuneration and Nominations Committee in May or July, prior to a proposal being presented to Board in November.
- iii. Reinforced the importance of clear communications to staff on this issue.

Action 2: Discussion to be held at the Remuneration and Nominations Committee in May or July on a strategic approach to pay and reward, and the case for a three year pay deal – HR Director.

Action 3: Strategic Approach to pay and reward proposal to Board in November – HR Director.

9.4 The Board approved the proposed pay deal for 2020-21, which would provide a minimum uplift of 2% for eligible staff, as follows:

- a. 2% pay award for all staff eligible for pay progression in 2020/21 – with the opportunity to apply for progression pay within their current pay range;
- b. 2.5% pay award for all staff on the max of their pay range;
- c. non-consolidated and non-pensionable performance payments for all staff deemed to have exceeded in their performance assessment – from a capped pot of 0.5% of the pay bill;
- d. addressing a small number of pay anomalies and reducing some of the overlapping pay ranges at total cost of up to approx. £80k (e.g. equivalence pathways for safeguards staff);
- e. an underpinning minimum increase of £500 (pro rata) for eligible staff; and
- f. no pay increase for any staff who have not met their objectives / behavioural standards.

10 ONR's Approach to Regulating Innovation

10.1 The Director, New Reactors presented a paper to inform the Board on ONR's approach to regulating innovation across the sector.

10.2 ONR's enabling regulatory philosophy has been at the forefront of securing safety and security outcomes across the sector. With the government signalling the potential role of nuclear to achieve net zero carbon emissions by 2050, the landscape could change over the next decade. The government has also set out its ambitions for new nuclear build and accelerated decommissioning in its Nuclear Sector Deal, with the belief that innovation has a key role to play across the sector.

10.3 Our definition of innovation is broad and goes beyond technical innovations, covering new initiatives or novel approaches that address a specific need and bring benefits to the nuclear sector. Whilst many initiatives will be the responsibility of industry itself to deliver, we will be open to engagement with industry to ensure that our regulation does not create any unreasonable barriers or stifle creative thinking.

- 10.4 In the context of the Industrial Strategy, the Better Regulation Executive (BRE) has developed new policies and work streams aimed at improving the way regulators enable innovation.
- 10.5 Our proposal is to publish our 'Approach to Regulating Innovation' alongside our new Strategy for 2020-25 setting out our approach and how we will adopt an even more agile approach to regulation that supports innovation whilst continuing to protect society. We will set out how we will intend to meet the challenges for regulators set out in the BRE's white paper to enable the nuclear sector help to deliver the government's net zero carbon emissions target. It is based around four themes (1) Enabling and Accessible; (2) Collaborative; (3) Adaptable; and (4) Horizon scanning, which we believe characterise the ways of working we should adopt to ensure we regulate in a way that will allow innovation to thrive. We will also present a number of case studies that illustrate how we have adopted these characteristics to support innovation and novel approaches across the industry.
- 10.6 In discussion the Board:
- i. Welcomed the paper and opportunity to discuss emerging proposals.
 - ii. Had an interesting and informative debate on what 'advice' means.
 - iii. Discussed the need for a 'safe' point of access on Innovation into ONR that enables the conversation to take place in a safe space, through the creation of an Innovation Cell.
 - iv. Commented that commercial and intellectual property rights needed to be clearly evident in the publication.

10.7 The Board noted the report.

11 WIReD Project Update

- 11.1 The WIReD SRO presented a paper on the project status.
- 11.2 During this pause period, termed the 'Reset' Phase, the main emphasis has been on developing an acceptable business case to justify commencement of Phase 2 of the project together with the associated commercial arrangements. Key activities have included: reviewing the Project Board governance arrangements and the associated roles and responsibilities; commencement of soft market testing to inform our commercial procurement options for Phase 2; commencement of a technical review of the proposed IT solution using a Technical Support Contract (TSC); and development of a revised project plan for Phase 2.
- 11.3 We have also been developing a revised project schedule for delivery of Phase 2, with associated key milestones. The project has gone through change control, with the programme now accommodating the hard dependency on the revised IT Separation date and implementing a revised contract delivery model.
- 11.4 The following key dates are highlighted, with timescales being driven by other key dependencies:
- a) Implementation of WIReD pilot – January 2021

- b) Completion of pilot – June 2021
- c) WIReD roll out across ONR – July/August 2021
- d) Completion of roll out activities – December 2021
- e) Project close out work – January to March 2022

11.5 Engagement with ONR staff has continued with the aim of mitigating any risk of disengagement from the modernisation programme and we are looking at ways in which we can continue to do this effectively during the current home working arrangements.

11.6 A progress update was provided on the GIAA Recommendations made in the independent review undertaken in November 2019.

11.7 Work will focus on developing the Phase 2 Implementation Paper for Board in June.

11.8 In discussion the Board:

- i. Were pleased to see that the comments made at the Audit and Risk Assurance Committee (ARAC) in April regarding insourcing / outsourcing and relevant platforms had been taken on board.
- ii. Welcomed the strong internal and industry stakeholder user groups and high staff engagement.
- iii. Were pleased with the direction of travel and the pragmatic response in terms of dependencies with IT Separation.

11.9 The Board noted the report.

12. CNI Report Themes

12.1 The Chief Nuclear Inspector instigated a brief oral discussion on proposed themes for the CNI's Annual Report on Great Britain's Nuclear Industry 2020/21. He reminded Board of themes from the previous year which had focused on (1) maintaining focus on Conventional Health and Safety; (2) a holistic approach to Security, and (3) sustainable programmes for ageing fleet management.

12.2 He shared his thinking on emerging themes around COVID-19 and Cyber Security and opened up the discussion for Board views.

12.3 In discussion the Board:

- i. Suggested two themes (1) leadership and culture, and (2) capability and training.
- ii. Asked that we reflect on new ways of working, post COVID-19 and what we have learnt from it, as well as remaining focused on investment, where it is needed post COVID-19, recognising there is likely to be less money available.
- iii. Commented that we should also make reference to ONR's Approach to Regulating Innovation.

12.4 The CNI thanked Board for their comments.

13. Standing Reports – by Exception

- 13.1 **Chief Executive’s Report** - Since early March, a significant element of leadership and managerial time has been focused on directing ONR’s response to the COVID-19 pandemic, in particular on our agreed priorities during disruption. All our people are working hard and flexibly to ensure ONR remains effective, and appreciate our approach to supporting them. The Chief Executive recognised the leadership shown by the Senior Leadership Team in responding to the challenges.
- 13.2 **Chief Nuclear Inspector’s Report** – The Chief Nuclear Inspector provided an oral update on a small number of recent operational issues that had occurred in the last week.
- 13.3 He highlighted the Regulatory Assurance Review of consistency of regulatory enforcement decisions which had received a Moderate assurance rating. The review recognised that significant improvements had been made over the last 12-months on our guidance and training and on consistency. However, shortfalls remain and further work is needed to move to a ‘substantial’ rating in due course.
- 13.4 He provided a detailed update on the COVID-19 response from a regulatory perspective. The daily reports referred to in paragraph 4.7 above are augmented by a weekly report to senior BEIS officials detailing our independent regulatory view on the status of the industry, which continue to be well received. In addition, the CNI has maintained contact with seniors in licensee organisations to gain their personal insight into the impact of the pandemic and the measures they have put in place to ensure continued nuclear safety and security. Work continues to consider how our regulatory footprint across the industry will need to evolve over the coming weeks and months.
- 13.5 We have deployed our inspectors to site for the first time since lockdown. We used our new guidance and risk assessment process, which was found to be effective and did not raise any concern for our staff.
- 13.6 The majority of our regulatory activity has continued as planned, albeit remotely. We have a summary overview of the key work activities across Divisions for the next three months that will be used to inform our decision making and deployment options. We are also identifying opportunities to bring work forward work to ensure we are able to continue to fully deploy our staff.
- 13.7 We have considered the impact of certain statutory duties on licensees / other duty holders, particularly where they place specific absolute requirements. We have identified areas of legislation where we will be sympathetic should duty holders approach us to say they cannot reasonably achieve the required standards. We will apply our Enforcement Policy, balancing the need to enforce compliance against the need for the sites to maintain focus on safe and secure operations in the national interest. Each case will require evidence that it will not degrade safety in any material way.

- 13.8 **Finance Director's Report** – the Finance Director set out the actual outturn for ONR for the full year financial position 2019/20. At 31 March 2020 the full year actual spend is £92.3m against a budget of £98.1m. This £5.8m full year underspend is predominantly in core activity.
- 13.9 An early version (Version 0.5) of the 2019/20 Annual Report and Accounts has been circulated to ARAC members and SLT for comment. The accounts have been finalised and the audit has begun, remotely, and is scheduled for three weeks. At this stage, ONR is working towards publication in late June 2020; ministerial priorities and lead times may push this date out to July 2020.
- 13.10 An update was provided on the two new interim appointments of Chief Information Officer and IT Separation Programme Manager to drive forward our IT infrastructure and modernisation activity. We have also recruited an interim Cyber Information Security Officer (CISO) to prioritise activity to develop our organisational cyber security strategy, address the PA Consulting review of the baseline cyber risk assessment, and identify and embed the current and future cyber security mitigation activity that is necessary to reduce our strategic risk.
- 13.11 IT Separation Update – There is a pressing need to mitigate our Cyber Security Risk and provide our staff with modern up to date technology that will better support our remote working and our ability to deliver our key business. In April 2020 the ONR IT Separation Project Board agreed that the project should look at remote delivery options to achieve IT Separation, as quickly as possible, whilst maintaining a safe and secure delivery and observing remote working and social distancing. The SRO is now exploring options to deliver in October and an update would be provided following the IT Project Board meeting on 19 May 2020.
- 13.12 **HR Director's Report** – the HR Director highlighted the significant resource required in supporting staff and responding to the demands arising from the COVID-19 situation. This had been a very challenging period for HR. The Directorate had adapted quickly to the extra pressures and brigaded HR resources to meet anticipated needs of staff, providing guidance, handling queries and being a focal point for dealing with the monitoring and reporting of data to both Incident Management Team (IMT) and DWP/BEIS. The appreciative response is testimony to the work and dedication of the team.
- 13.13 COVID-19 has adversely affected delivery of our Academy training programme with a significant number of courses being cancelled to date. A number of mitigating actions have been agreed to support continued learning and development. We will continue to look at various options available to support remote training but are limited in some areas due to IT technology available to us. Though this is proving challenging it is also giving us the opportunity to look at new ways of working and trialling them earlier than planned.

13.14 In discussion the Board:

Chief Executive's Report

- i. Referenced the inconsistencies in how we score and manage our projects and suggested a short routine portfolio of projects report should be provided to

Board routinely, in addition to our stand-alone reports on IT Separation and WIReD.

Chief Nuclear Inspector's Report

- ii. Updated on the phased return of site-based regulatory activity.
- iii. Sought confirmation on the SyAPs benefits realisation given the corporate milestone had been deferred. The CNI confirmed the work is progressing as intended, with compliance planned for the end of this year. An update would be provided to Board in September.
- iv. Requested a breakdown of the operational incidents referred to by the CNI, showing how we are tracking the incidents and a view of root causes.

Finance Director's Report

- v. Asked that an efficiency category is added to the indicative variance drivers.
- vi. Asked about our plans for delivering social distancing for when staff return to work. The Chief Executive provided a brief oral update on the scenarios that are being developed.

Action 4: Short portfolio of projects to be routinely reported to Board, in addition to our standalone reports on IT Separation and WIReD – Chief Executive

Action 5: SyAPs update to Board in September – Chief Nuclear Inspector / Director CNSS

Action 6: Breakdown of operational incidents showing how we are tracking each incident and a view of root causes to be provided to Board – Chief Nuclear Inspector.

13.15 The Board noted the four standing reports.

14 Any Other Business

14.1 There was a brief discussion on the plan and expectations for the Board Strategy Away Day where Board would like to see the numbers that underpin the ONR 2025 Strategy. This would provide an opportunity for Non-Executive Directors to input on quantitative targets and a deeper understanding of how we manage performance.

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

15 Information Papers

15.1 The Board noted the following information papers:

- a) Whistleblowing Update
- b) Audit and Risk Assurance Committee Update – 16 April 2020
- c) Draft Security Committee Minutes – 8 April 2020
- d) Board Forward Look