

**Minutes of the Board
29 July 2020**

Skype meeting (due to COVID-19 restrictions)

Present:

Members

Mark McAllister - Chair
Oona Muirhead - Non-Executive Director
Sarika Patel - Non-Executive Director
Simon Lister - Non-Executive Director
Janet Wilson - Non-Executive Director
Tracey Matthews - 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
Mike Finnerty - Director, New Reactors
Paul Fyfe - Director, CNSS (item 10)
Mina Golshan - Director, SDFW (item 10)
Tom Samson - UK SMR Consortium (item 6a)
Ian Streatfield - Environment Agency (item 6a&b)

Observer

Jonathan Downing - Nuclear Safety Inspector

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 10 June 2020 were agreed as a correct record.
- 2.2 All actions on the Action Log had either been closed or were on track.
- 2.3 The Board Secretary provided a brief update on Actions 1 and 2 from the 10 June Board. It is likely that the WIReD Phase 2 Business Case would now be considered at the 29 September Board and a separate session would be arranged on another date for the Emergency Preparedness Desktop Exercise. The Board Secretary would confirm arrangements shortly.

3 Chair's Report

- 3.1 The Chair noted the agenda reflects the recent changes to the Board arrangements, which would be kept under continual review.
- 3.2 Following Board approval in correspondence the Chair confirmed that, on behalf of the Board, he had signed an Agency Agreement with the Health and Safety Executive (HSE) enabling ONR to act as the enforcement authority on HSE's behalf in relation to obligations under The Radiation (Emergency Preparedness and Public Information) Regulations 2019 (REPP19) associated with transit premises used for the civil transport of radioactive material. The Agreement came into force on 28 July 2020.

- 3.3 COVID-19 restrictions had continued to impact on the Chair's external engagement, although he was continuing to make use of virtual meetings where possible. He provided oral feedback on recent meetings to discuss matters of mutual interest, in particular the impact of the COVID-19 pandemic, including those with the:
- i. Director General, Energy and Security, BEIS on 2 July;
 - ii. Outgoing Chair, Nuclear Decommissioning Authority (NDA) on 2 July. This was followed by an introductory meeting with the Chair Designate of NDA on 14 July, accompanied by the ONR Chief Executive. The changeover of Chairs takes place at the end of July;
 - iii. Chair of the Environment Agency on 7 July;
 - iv. Chair of Sellafield Ltd on 10 July.
 - v. Director-General of the Nuclear Energy Agency, a specialist agency within the Organisation for Economic Cooperation and Development (OECD), on 22 July.
- 3.4 On behalf of the Board, Simon Lister, Non-Executive Director, noted a quality set of papers in the Board pack and shared some early reflections from Non-Executive Director colleagues on what appear to be a number of areas of difficulty in the external environment that had emerged, with some clarity, in the last few months. They were keen to understand, through discussion, how well prepared ONR is to respond to these challenges.

4 Chief Executive's Report

- 4.1 The Chief Executive presented a paper, based on 30 June reporting (Q1), to assure Board that ONR is being properly managed to deliver its strategic intent, mitigate strategic risks and to outline key operational matters and emerging concerns.
- 4.2 She commented that operational progress is challenging but steady. Staff remained engaged. The pulse survey had received a 72% response rate and there was continued participation in Senior Leadership Team (SLT) led meetings.
- 4.3 She highlighted three specific areas (1) COVID-19 response and impacts; (2) Export Control risk to projects; and (3) ONR independence.

COVID-19 response

- 4.4 ONR's position on working remotely remains unchanged. The ONR Situation Report will now be provided monthly with likely twice monthly Incident Management Team (IMT) meetings.
- 4.5 The government is more assured around capacity in the nuclear industry and BEIS no longer wants a weekly report. Directors are considering which areas of international work are essential for ONR to participate in person, by exception, where ONR's role and leadership is critical for nuclear safety and security.
- 4.6 The New Ways of Working Project (NWoW) has begun with SLT endorsement. PwC have been appointed to support us with the research and engagement stage. Staff and stakeholder views will be sought during August.

4.7 The current ways of working and focus is affecting our deployment. We are working 1.5% less days than last year, deployment has reduced from 103 to 99%, but direct activity is up a fifth. Training and development is at less than two thirds of last year's levels. Though we are working less, monotony is taking its toll and we need to consider how to enrich job roles to help people stay motivated and focused.

Export Controls

4.8 We continue to work closely with BEIS and the Export Controls Joint Unit (ECJU) regarding export licence requirements. Export licences are necessary to enable some of our work internationally, including some aspects of GDA.

ONR Independence

- 4.9 As one of only a handful of Public Corporations, we will want to ensure that government colleagues are consistently well versed in understanding the particular nuances of this kind of Arm's-Length Body (ALB) governance. On a practical level, ONR will plan for longer decisions for future clearances and / or appointments. We may also want to engage more directly with Ministers in DWP and BEIS so that our independence is fully understood and valued.
- 4.10 The Chief Executive provided an update on the Comprehensive Spending Review. This will be a multi-year review to set revenue to 2023-24 and capital 2024-25, to prioritise economic recovery, levelling up, improving public services, making the UK a scientific superpower, strengthening the UK's place in the world and improving management and delivery. Departments have been asked to identify opportunities, including ALBs, to reprioritise and deliver savings. The Treasury has set out a number of areas of focus for ALBs, including headcount, efficiency savings and moving out of London (and the South East).
- 4.11 Indicative timescales for returns appear to make no provision for our own governance arrangements. This will be discussed with DWP on 4 September 2020.

4.12 In discussion the Board:

- i. Sought further detail on the rationale for using consultants in helping us with our NWoW Project, noting that we understood our people and systems best. They asked that we think carefully about how we take this work forward. The Chief Executive commented that this was about scoping and research, it is about listening, engaging and sense making. It is not about co-creation. Options would be provided for SLT to consider.
- ii. Welcomed the work to resume on-site inspections in a properly controlled manner, co-ordinated with the Environment Agency (EA).
- iii. Supported the approach set out by the Chief Executive in terms of continued engagement on our independence. Our independence as a regulator remains our strength. The Audit and Risk Assurance (ARAC) Chair referred to earlier work commissioned by the Committee setting out what Public Corporation Status entitles us to be, which may be helpful. It was also felt there could be some benefit in broader discussions with other safety regulators.

4.13 The Board noted the report.

5 Chief Inspector's Report

- 5.1 The Chief Nuclear Inspector presented a paper to provide assurance to Board that our regulatory activities have been effective; influencing to enable safety and security outcomes and holding the industry to account where appropriate. It discusses sets out performance against key milestones, strategic risks and highlights the Tier 1 and 2 assurance activities that had been undertaken and their conclusions.
- 5.2 He also provided a summary of significant incidents, investigations and enforcements, in response to a request from Board for more information in this area.
- 5.3 He highlighted a number of issues. On 30 June NNB GenCo Ltd submitted a Site Licence Application (SLA) to ONR for the Sizewell C site, to install and operate a nuclear installation comprising of two nuclear reactors. We have developed our assessment strategy and will now begin scrutiny of the SLA.
- 5.4 A claim is being made by a group of property developers against the determination made by West Berkshire Borough Council (WBBC) under REPP19 of the Detailed Emergency Planning Zone (DEPZ) for the AWE Burghfield site. ONR is cited as an 'interested party' in the case. In advance of the case being heard, ONR has secured legal advice in litigation and planning law that will guide us as we navigate the Judicial Review process. The CNI will update Board on the progress of this case if and when there are significant developments.
- 5.5 Hunterston B Reactor 3 remains shut down following graphite core inspections undertaken in March 2018. We are assessing the R3 safety case for a 6-month period of return to service. A safety case for the return to service of Reactor 4, based on that for Reactor 3, was received on 29 May 2020. Hinkley Point B Reactor 4 remains shutdown with core inspections completed. Reactor 3 had shut down on 8 June, with graphite core inspections now underway. He updated Board on EDF's more appropriate anticipated timescales for return to service of their operational reactor fleet.
- 5.6 It is anticipated that we will be undertaking international engagements on an exceptionally limited basis face to face, until at least the end of 2020. We are currently developing criteria that would determine that basis, but examples that satisfy the criteria will be few. It is likely there will be seven such events between now and the end of the year; everything else would be attended virtually. These are of strategic importance to ONR and the UK and staff with concerns will not be mandated to attend.
- 5.7 An update on the Hinkley Point C Silo Collapse on 10 June was provided. Our assessment of the incident is on-going and we await the outcome of the licensee's investigation before we will finalise our assessment.

- 5.8 Sellafield Ltd has continued to develop a new Main Site Command Facility (MSCF). This was due to attain an Initial Operating Capability in 2019 but its development presented significant challenges and an extension to achieve this capability has been agreed. ONR is holding Sellafield Ltd to account on the timely resolution of this project and the CNI had visited Sellafield and emphasised the importance of delivering the MSCF capability. We are satisfied for the time being in the existing site command and control facilities.
- 5.9 An oral update was provided on the Defence Vires Review, following recently received advice of the Attorney General's Panel A. The results of the review have been shared at senior levels in the MoD for consideration.
- 5.10 A detailed update was provided on COVID-19 and the Regulatory Recovery Plan, in particular our ability to continue with our regulatory assessment work to support the licensees' programmes and that we have also been able to undertake remote inspections to gain assurance in specific areas.
- 5.11 The CNI had recently provided written assurances to the Ministers for Business and Industry and for Defence Procurement that he is satisfied that the nuclear industry's pandemic preparedness and response plans have so far proven to be demonstrably resilient to the levels of sickness experienced and the extent of social isolation that has been necessary.
- 5.12 He would shortly be emphasising to industry the need for sustained vigilance to a further second peak in transmission and will be seeking assurance that licensed sites are resilient to short notice localised lockdowns.
- 5.13 In discussion the Board:
- i. Noted the graphite update and sought assurance that ONR is engaged / contributing to strategic discussions regarding maintaining the future of generation. The CNI confirmed that ONR is engaged in discussions with BEIS and with EDF.
 - ii. Welcomed the COVID-19 update and the Regulatory Recovery Plan.
 - iii. Noted our limited International Engagement plan and stressed the importance of staff being comfortable with the arrangements. This cannot be mandated. The CNI confirmed that was the case.
- 5.14 The Board noted the report.

6a New Nuclear: Industry view on Small Modular Reactors (SMR)/SMR regulation and acceleration proposal

- 6.1 Tom Samson, Interim Chief Executive Officer (CEO) of the UK SMR Consortium gave a presentation setting out the current UK Nuclear context; the learning from other successful Nuclear programmes; the industry view of ideas for a new UK nuclear delivery architecture; UK SMRs; the benefits of an accelerated approach and opportunities for collaboration.

- 6.2 He discussed the SMR role in the UK's Net Zero journey, the current position on deployment and highlighted that acceleration would require greater collaboration with Regulators.
- 6.3 In discussion the Board:
- i. Discussed examples of how SMRs could be deployed.
 - ii. Acknowledged the huge interest in all sorts of nuclear technology whilst recognising the funding challenges that had presented themselves.
 - iii. Acknowledged the timelines and the dependencies to generate an accelerated programme in terms of technology, Development Consent Orders (DCOs) and Planning, all of which would inform decisions to host the technology on a particular site.
 - iv. Discussed the fuel cycle and opportunities presented to generate UK manufactured fuel.
- 6.4 The CNI offered early engagement to align expectations and ensure a greater understanding on both sides.
- 6.5 The Chair, on behalf of the Board, thanked Tom Samson for joining the Board discussion on Nuclear New Build and SMRs and for his interesting contribution which was reinforced by the lively level of interest and debate that followed the presentation.

6b ONR Approach to Regulating SMRs

- 6.6 The Director, New Reactors, presented a paper informing Board of the government's ambitions regarding SMRs and to present options for taking forward our regulation of such technology, prior to further development and discussion with BEIS. The paper set out how ONR might meet the regulatory challenge, and also some further discussion points.
- 6.7 In discussion the Board:
- i. Were keen to explore a new regulatory approach to SMRs, linked to innovation, through a GDA process that can flex based on the owner, funder, organisational model, noting the process to support GDA / local authority requirements could be less linear and support accelerated timescales.
 - ii. Recognised we needed our own view of what regulatory policy should be to inform discussions with government and industry based on a concept of developing and designing for regulatory success.
 - iii. Acknowledged the close working relationship with the EA and the importance of continued joint working with the EA, industry and BEIS.
- 6.8 The Board noted the report.

7 Horizon Scan - January to July 2020

- 7.1 The Director of Policy and Communications presented a paper on the potential impacts to our regulatory assumptions and operations particularly taking account of COVID-19, the economic climate and consequential government action.

- 7.2 She highlighted there had been significant global and domestic developments since the last Horizon Scan report in January 2020. The global pandemic, resulting economic instability and on-going geopolitical tensions all have potential to impact our operating environment. In addition, whilst we do not expect an energy white paper before autumn, emerging commentary from government on the role of nuclear in the UK's 'green recovery' alongside the very recent publication of key industry reports gives us a reasonably clear view of likely government policy. However, the impact economic and geopolitical tensions will have on funding arrangements, beyond existing commitments, remains significantly less clear.
- 7.3 Currently, the only change to the RAG rating in Appendix A to the paper is to reflect the improving position on the UK energy policy framework.
- 7.4 In discussion the Board:
- i. Noted the overarching message in the paper is one of uncertainty.
 - ii. Asked whether we were engaged with the new Regulatory Horizons Council looking at reforms to the UK's regulatory system. The Director of Policy and Communications confirmed ONR is engaged and the Director, New Reactors, had been an ONR Ambassador on the Better Regulation Executive.
- 7.5 The Board noted the paper.

8 ONR Strategy 2015-2020: Closure Report

- 8.1 The Director of Policy and Communications presented a closure report setting out the extent to which the intended outcomes of the ONR Strategy 2015-2020 had been met. Outcomes were defined for: our dutyholders; the public, ministers and government; and our people.
- 8.2 The report provided a RAG assessment of our progress, with evidence, and identifies work that would continue into the next five years to fully secure intended outcomes. It offers a RAG assessment across the 14 outcomes identified that we would achieve. The assessment has been based on evidence available through a range of sources, including: our annual reports; self-assessments against the Regulators' Code and Nuclear Energy Agency Characteristics of an Effective Nuclear Regulator; staff and stakeholder survey results; Integrated Regulatory Review (IRRS) mission outcomes; and our CNI's first annual report on the GB nuclear industry.
- 8.3 She commented that based on the evidence, overall organisational performance is medium to strong, and there is much to be proud of from the last five years. Seven of 14 outcomes have been assessed as 'green', with further work identified over the next five years to enable continuous improvement.
- 8.4 The remaining seven outcomes are judged as 'amber', with a trajectory to green based on our plans for 2025. While the evidence shows our performance has been good to strong across all seven outcomes, they require further work to achieve the original strategic intent in full. Those predominately relate to: improving our efficiency; continuing to address regulatory proportionality and consistency; provision for appropriate consultation on regulatory plans / decisions; delivering more accessible

Communications; improving our strategic planning and management system; and addressing long-standing cultural issues. These findings are consistent with feedback from our staff and stakeholders and are all identified as priorities in our Strategy 2020-2025.

- 8.5 No new risks or issues had been uncovered as a result of this review. There are a number of observations that may warrant further consideration as we review our 2025 Roadmap and Organisational Effectiveness Indicator (OEI) framework.
- 8.6 In discussion the Board:
- i. Welcomed the discipline of self-reflection and commented it was good to have this in our culture. Looking forward they would like to see triangulation of evidence, using more than one method to collect data on the same topic.
 - ii. Discussed the objectives we are trying to achieve, what we should be using as a benchmark, and what sets the standards to ensure a streamlined mechanism to judge performance. The Finance Director confirmed this would be a key area of focus at the SLT in August and Board in October.
 - iii. Welcomed the SLT focus in August to define the key tasks and activities that will have the most impact (80/20 rule).
- 8.7 The Board noted the paper and presentation.

9 PMO Portfolio/Service Update (01 April – 30 June 2020)

- 9.1 The Finance Director presented a paper setting out the current position of ONR's strategic change portfolio and detail of service improvements planned by the Programme Management Office (PMO). It provides a summary position of the last quarter's activity, to 30 June 2020, across the ONR project portfolio by strategic theme.
- 9.2 She summarised project RAG ratings, including the two regulatory projects which are not managed by PMO, highlighting the rating and movement trend for the lifecycle of the projects. Across the portfolio, three projects are rated GREEN, two rated AMBER and three rated RED.
- 9.3 She discussed planned PMO service improvements to support the production of more meaningful management information as we develop and implement processes and systems to better capture available data. This will be an evolutionary change, the benefits of which will be realised over the medium-term. The Demand Response Process would also be a critical development for the PMO to support better project initiation.
- 9.4 In discussion the Board:
- i. Welcomed the introduction of the paper which was really helpful to see all strategic change projects in one place.
 - ii. Asked that in developing this work further we share good practice and not create an industry. As this work develops, it would be helpful to see interdependencies where one project impacts on another.

- iii. Commented that whilst re-baselining a project can be legitimate, this did not necessarily follow each change request and the basis needed to be clear whether this was time, cost, quality and scope.
- iv. Asked that we ensure BEIS understand, and are in agreement with, the revised timeline (forecast end date) of the SyAPs project due to delays beyond ONR's control.
- v. Asked that delivery against benefits realisation be included, perhaps based on the planned work in relation to SyAPs benefits.
- vi. Welcomed the work on demand response activity and noted this would be shared at a later Board.

9.5 The Board noted the report.

10 SRO reports for Projects in exception

10.1 Reports were provided on the strategic projects currently rated as amber / red.

IT Separation Project

- 10.2 The Project SRO presented a paper to inform Board of the reasons for the IT Separation project reporting an overall AMBER RAG status and provide assurance that mitigations will recover the position and the expected project and wider impacts.
- 10.3 The project status has improved from RED to AMBER after formal SLT approval of a change request to extend the project delivery date from May 2020 to October 2020 as a result of work undertaken to explore alternative delivery options to support remote delivery during the COVID-19 restrictions. The approved five month extension includes an increase to the project budget to cover costs associated with the extension and provision of contingency which was not previously allocated to the project when the original business case was approved in March 2019.
- 10.4 The implementation plan remains on track for an October 2020 delivery, despite various challenges within work streams which are managed through weekly SRO Assurance updates and enhanced Project Board governance arrangements. The project has now improved from red to amber due, in part, to the on-boarding of project support to enhance capability and resilience and improved governance, measures which have previously been shared with Board. The risks are being monitored closely and the impact to the delivery timetable is reported weekly. Areas of risk that are of particular focus and which contribute to the Amber rating include: (1) End-to-end data migration assurance from source to cloud; (2) Financial pressures due to the additional cost incurred as a result of the extension to October 2020; (3) Security Operations Centre (SOC) service arrangements; and (4) ONR's cyber security risk appetite which is presenting significant challenges to our ambition to deliver IT Separation.

- 10.5 Board discussed ONR's cyber security risk appetite and the current 'risk averse' status and recognised that, when they established the appetite, the focus was on ensuring ONR was working to being as invulnerable as possible to any potential cyber-attack. As an organisation we are averse to this risk but recognise it is necessary to take some risk to enable improvements in our organisational cyber resilience and control.
- 10.6 Board were assured that ONR had considered whether the risk of doing nothing was greater than separating. Due to a variety of factors, ONR had concluded it would be beneficial to continue with IT Separation which would provide the framework on which to build enhanced cyber resilience.
- 10.7 Board agreed to revise the cyber security risk appetite from Risk Averse to Risk Cautious and confirmed this is on the basis that ONR will not compromise any appropriate measures to ensure adequate cyber security governance and control. Also, IT Separation will continue to focus on delivering change as safely and securely as possible.

WIReD Project

- 10.8 The Project SRO presented a paper to inform Board of the reasons for WIReD reporting an overall RED RAG status and provide assurance that the proposed mitigations will enable the project to be successfully delivered, albeit to a revised timeline.
- 10.9 The decision to pause the project meant that the declared milestone programme would not be achieved. A revised programme is being developed, as a prerequisite to restarting the project, along with a business case and Project Initiation Document, which would be presented to SLT in August and Board in September 2020. An appropriate Change Request will also be submitted for approval that will reflect the new milestone programme. The Board noted the substantive item scheduled for Board in September. They also commented on the recent 'show and tell' sessions which had been a great success.

UK State System of Accountancy for and Control of Nuclear Material (SSAC)

- 10.10 The Project SRO presented a paper to inform the Board of the reasons for the SSAC Project reporting an overall AMBER RAG status, to provide a summary of the issues leading to this and of mitigations in place to achieve a GREEN status by the project completion date in December 2020.
- 10.11 She highlighted that the project RAG rating is AMBER-GREEN in line with the BEIS and IPA 5-tier rating protocol. However, given ONR has a three-tier model, the project has adopted a conservative approach and agreed an overall AMBER rating.
- 10.12 The project is on target to deliver all milestones within the Phase 2 delivery plan agreed with BEIS in 2019. Given the dynamic political environment and the remaining volume of work, the project adopts a cautious approach, ensuring that the remaining risks, issues and sensitivities remain visible internally and to stakeholders.

10.13 The project has no RED risks and all Phase 2 milestones are either BLUE (delivered) or GREEN. The risk identified as AMBER relates to finalising all aspects of the agreed funding route for recovering the cost of all safeguards-related regulatory activities from April 2022. BEIS has formally confirmed that it will cover the cost of ONR's regulation until then.

Strategic Workforce Planning

10.14 The Project SRO presented a paper to inform Board of the reasons for Strategic Workforce Planning (SWP) reporting an overall RED RAG status and to provide assurance that this position will be recovered by the end of the month.

10.15 The current scope of the SWP project, for example delivery of the workforce planning tool, will be delayed from end of June to end of July. All data has now been included into the tool and delivery is expected by end of July. The scope of the project is being extended through the change control process, giving an anticipated project end date of March 2021.

10.16 In discussion the Board:

- i. Welcomed the introduction of exception reporting on our strategic projects.
- ii. Asked when the SSAC Project would transition to the Civil Nuclear Security and Safeguards Division. The Project SRO confirmed that whilst there are currently no areas of major concern, we aim to intensify engagements with CNS from September to ensure continued clarity and preparedness for project handover in December 2020.
- iii. Asked that we think carefully about where the Strategic Workforce Planning tool would sit in the organisation.

10.17 Board agreed to revise the cyber security risk appetite from Risk Averse to Risk Cautious and confirmed this is on the basis that ONR will not compromise any appropriate measures to ensure adequate cyber security governance and control.

10.18 The Board noted the reports.

11 HR Director's Report

11.1 The HR Director presented a paper to assure Board that people issues are being managed appropriately, that we are applying effective risk mitigation, and to report progress in delivering on strategic people matters to execute the ONR 2025 Strategy.

11.2 He highlighted that the continued need to respond and manage COVID-19 issues remains a significant focus for HR and is consuming large elements of our resources and that the extended period of remote working is bringing signs of increased stress and fatigue.

11.3 Our mental health and stress management initiatives had been welcomed but there remains a significant level of isolation and anxiety. In addition to delivering central help and guidance, we are now engaging with Career Development Managers (CDMs) so that they feel better equipped and informed to support staff.

- 11.4 We have undertaken a COVID-19 Pulse Survey of staff to gather insight, alongside the feedback obtained through other channels and provide qualitative data on how staff are feeling. This will elicit a range of views including; assessment of the personal impact; the levels of communications and support provided; and helping identify and prioritise what more can be done to support staff in this period of uncertainty. The analysis will inform our continued recovery work, identify impact on particular groups and communities of staff and help us prioritise areas for action.
- 11.5 COVID-19 continues to impact on our ability to deliver a full syllabus of learning, with specific concerns around warranting, delivering key core skills and building the necessary management and leadership capability. Good progress is being made on adapting to more virtual learning and we will prioritise the specific areas of concern.
- 11.6 The Board noted the report.

12 Finance Director's Report

- 12.1 The Finance Director presented a paper to provide an update on emerging issues and provide assurance on key financial issues, milestones, OEI targets and strategic risks up to 30 June 2020.
- 12.2 She highlighted the Recovery Working Group (RWG) and Incident Management Team (IMT) had received a number of papers from the Estates Team analysing the impact of COVID-19 on our ability to safely accommodate staff in our offices, including an assessment of the effect of social distancing at 2m and 1m respectively. Risk Assessments and guidance have been developed for staff attending our offices to carry out essential business activities or for exceptional personal reasons. Development of a risk assessment to cover the period from November when more staff may return to the office is progressing and will include additional controls.
- 12.3 A member of the team has been asked to support the government NHS Test and Trace initiative on a 12-month secondment and will be commencing her role in mid-August 2020.
- 12.4 She provided an update on plans to lay the Annual Report and Accounts 2019/20. We now need to secure approval from the Chief Secretary to the Treasury, before it can go forward for DWP Ministerial sign off and certification. There had been insufficient time to secure the required approvals prior to recess and our accounts will now be laid in September 2020. The Annual Report and Accounts 2019/20 would now need to reflect the position up to sign-off.
- 12.5 The Finance Director asked Board if they required further detail prior to achieving laying and publication of the Annual Report and Accounts 2019/20. The Board confirmed they would want to be updated if there were any changes.

- 12.6 She provided an update on the project, to be established, to determine the future storage of Nuclear Propulsion Plant Information (NNPPI) data to enable ONR to conform to a Ministry of Defence (MoD) direction that NNPPI data cannot be stored on the cloud post IT Separation. A short-term solution to support operational delivery prior to and immediately following IT Separation has been established and NNPPI will be excluded from data migration to the cloud. However, options for controlling incoming NNPPI and longer-term storage and operational delivery arrangements will be considered as an organisational priority discrete from the IT Separation project. We are working closely with the NNPPI Information Asset Owner to establish business requirements and are supporting activity to escalate the issue within MoD.
- 12.7 She highlighted the transition from UKSV to Future Vetting Services (FVS) and the associated considerations for ONR, specifically our role and charging arrangements and the need to have clarity over the basis for the various vetting charges before we are able to pass the costs on to dutyholders.
- 12.8 We are engaging with other government departments (Bank of England and CAA) to gather their feedback, ahead of engaging further with Cabinet Office colleagues on the proposals.
- 12.9 At 30 June 2020 the Full Year Forecast is £93.1m against a budget of £91.9m. This net £1.2m forecast overspend has arisen due to the extension of IT Separation to October 2020, primarily due to the necessary re-planning as a result of COVID-19, which has increased project and BAU costs including a five-month extension of HSE service management and the extension of specialist contractor resources with a consequential increase in capital and depreciation expenditure. The increase is offset by the deferral of the Bootle Workspace Project, the reduction in travel and subsistence during Quarter 3 and Quarter 4, and the downturn in training and conference activity.
- 12.10 The Finance Director highlighted there is a net pressure on the full year forecast of £3.2m. The pressures include £2.2m related to the FVS burden-share charging arrangement; £0.8m in HPR1000 Technical Support Contracts; £0.4m for a medium-term NNPPI solution; £0.7m for IT Separation / BAU; and £0.1m other. Some of the net pressure would be offset by COVID-19 impact underspend. She noted that the Audit and Risk Assurance would conduct a Deep Dive on the financial position in September. NB. This will be covered by the standing mid-year budget review item at ONR Board in October 2020.
- 12.11 The Board noted the report.

13 Policy and Communications Report

- 13.1 The Director of Policy and Communications presented a paper to assure Board of our progress and performance against our Stakeholder Engagement Strategy and Policy and Communications Directorate Plan, including: staff engagement; our management of emerging government policy and stakeholder/reputational matters; and how we are mitigating existing risks. She acknowledged this was the first stand-alone Policy and Communications Report and would therefore appreciate feedback on content and style so it can be improved and developed.

- 13.2 She highlighted that our overall reputation remains positive as a trusted, independent and professional regulator. All OEI and Directorate key performance indicators are met or exceeded, and milestones within our control are on track. Delays with government approvals mean our strategy, corporate plan and annual report are being laid later in Parliament than intended. This has the knock-on effect that our *'Approach to innovation'* given its inherent links to our strategy, has been pushed back as well, but with no/minimal impact on our work given on-going industry engagement to explain our intentions.
- 13.3 She confirmed that we are experiencing high levels of correspondence from NGOs and can expect levels of interest to remain high.
- 13.4 Our relationship with government continues to be productive, with early advice being sought to inform new policies that will support economic recovery. We are already seeing heightened political and public interest in the future of nuclear and remain focused on clarifying our regulatory role.
- 13.5 Internally, engagement continues to be dominated by our COVID-19 response. Staff sentiment is positive of the support provided, and engagement levels remain above average. Interim resource is being added to the team to enable effective engagement to continue, given higher than usual levels of special leave due to team demographics and other (sickness) absences.
- 13.6 The Board noted the report.

14 Summing Up and Close

- 14.1 The Chair thanked everyone for their attendance and contribution. He commented that the day, whilst long, had been positive overall and the new arrangements had worked well. He acknowledged the difficult situation in relation to COVID-19 and reinforced previous discussion that Non-Executive Directors would continue to do their best to support the Executive through this period.
- 14.2 He referred to the 'Meet the Chair' sessions, which now included a Non-Executive Director. This was proving beneficial in providing further insight into the organisation and a deeper understanding of the opportunities and challenges faced by staff.
- 14.3 He reinforced the potential benefit of convening a Safety Regulators Chairs' Forum which would provide a collective voice on some of our important issues of mutual interest.
- 14.4 He summed up each paper highlighting the Board comments recorded under each item.

14.5 Jonathan Downing, Nuclear Safety Inspector, and Board observer provided feedback to Board. He commented that the meeting had been managed in an efficient and effective manner. The preparation material was high quality and punctual time keeping allowed a lot of ground to be covered on the day. The comments from the Non-Executive Directors were insightful and the result of extensive relevant experience. He had learned a great deal particularly with respect to how ONR interfaces with central government and will take away an improved capacity to see the bigger picture.

15 Any Other Business

15.1 There was no other business raised. The Chair formally closed the meeting.

16 Information Papers

16.1 The Board noted the following information papers:

- a) COVID-19 Situation Report and Dashboard
- b) Audit and Risk Assurance Committee (ARAC) Minutes – 9 June 2020
- c) Remuneration and Nominations Committee Update – 14 July 2020
- d) Board Forward Look.