

**Minutes of the Board
29 September 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

Baroness Stedman-Scott - DWP Minister for Work and Pensions (item 2)
Katie Day - Director of Policy and Communications
Mina Golshan - Director, SDFW and SSAC SRO
Tanya MacLeod - Technical Assistant to the CNI (item 8),
Paul Fyfe - Director, CNSS (item 10)
Observer
Jean Llewellyn - Non-Executive Director (from 1 October 2020)
Sandra Little - Nuclear Safety Inspector, Technical Division

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 DWP Minister - Welcome, Introduction and Questions

- 2.1 The Chair welcomed Baroness Stedman-Scott, ONR's sponsor Minister at the Department for Work and Pensions (DWP), to the meeting. The Baroness introduced herself, highlighting her background and how she wanted to learn more about the important work of ONR and how she can help where she can.
- 2.2 Discussion focused on a number of matters including:
 - i. Exploring opportunities for job creation in deprived areas using the new Kickstart Scheme and joining up with the nuclear industry, given nuclear sites are predominantly in some of the most deprived areas.
 - ii. Relationships between ONR, DWP, the Department for Business, Energy and Industrial Strategy (BEIS) and the Ministry of Defence (MOD). All agreed that relationships work well with mutual respect for the different roles each play.
- 2.3 The Minister concluded by thanking Oona Muirhead CBE, Security Non-Executive Director, for her outstanding contribution to ONR and wished her well for the future, and by welcoming Jean Llewellyn OBE, as Oona's successor, with effect from 1 October 2020.
- 2.4 On behalf of the Board the Chair thanked the Minister for her attendance.

Action 1: Explore opportunities for job creation in deprived areas using the new Kickstart Scheme and joining up with the nuclear industry – Chief Nuclear Inspector.

3 Minutes of the Last Meeting, Matters Arising, Action Points

- 3.1 The minutes of the meeting held on 29 July 2020 were agreed as a correct record.
- 3.2 All actions on the Action Log had either been closed or were on track. An additional action was requested relating to item six, Small Modular Reactors (SMRs), to identify when this issue would come back to Board. The Board Secretary confirmed she would add this to the action log following discussion with the CNi regarding timing.

Action 2: SMRs to be added to the action log / Board Forward Look – Board Secretary.

4 Chair's Report

- 4.1 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 as follows:
- i. attended three Public Chairs' Forum (PCF) arranged private seminars: on 30 July with the Cabinet Secretary and Head of the Civil Service; on 9 September with the Minister of State at the Cabinet Office and HM Treasury, which was a Joint PCF and Association of Chief Executives' (ACE) event; and another joint PCF/ACE event on 25 September with the recently appointed Chief Operating Officer of the Civil Service and Permanent Secretary of the Cabinet Office.
 - ii. attended a PCF event on 23 September about CEO skillset research.
 - iii. had introductory meetings to discuss matters of mutual interest, including the impact of the COVID-19 pandemic: on 4 August with the recently appointed CEO and Managing Director of the Atomic Weapons Establishment; and on 22 September with the recently appointed Chair of the Health and Safety Executive and former Sponsor Minister of ONR, joined by ONR's Chief Executive and Chief Nuclear Inspector.
 - iv. attended a Nuclear Sector Deal virtual event on 16 September.
- 4.2 He provided a brief update on his internal virtual 'meet the Chair' sessions, accompanied by a rotating Non-Executive Director, which had helped in providing a new dimension. He shared feedback from the most recent sessions on remote working and cultural change.

5 Chief Executive's Report

- 5.1 The Chief Executive presented an interim report to update Board on key matters in the reporting period.
- 5.2 She highlighted four specific areas: (1) Working with HMG; (2) Export Controls; (3) COVID-19 response; and (4) Preparations for the two-part Board Strategy Sessions in October and November.

Working with HMG

- 5.3 Positive discussions had been held in DWP, BEIS and MoD. The earlier-than-usual Spending Review is occupying considerable time in all Departments with other tasks being delayed. ONR has complied with various Spending Review commissions in relation to DWP budget elements only.

Export Controls

- 5.4 We remain in regular contact with BEIS on export control matters, including progressing licence applications. The Director of Policy and Communications has brought in specialist resource to look in more detail at our internal arrangements and how these can be enhanced in the future, given the complexities and administrative requirements the regime entails.

COVID-19 Response

- 5.5 Staff are working as well as we can expect. They are feeling pressures around delivery and on spending more time on peer / management support which is causing fatigue. This is creating additional leadership and support workload but is necessary to ensure our resilience. Our wellbeing offers are being well utilised, and we are closely monitoring the impact of school returns.
- 5.6 Staff have responded well to the ONR position following the Prime Minister's most recent announcement asking people to work from home for up to six months. We will therefore not be ramping up our office presence in November as originally envisaged. We will continue to make exceptions for staff to return to the office for essential business reasons and physical or mental wellbeing issues.
- 5.7 We have begun to increase the levels of on-site inspections over recent months and the Regulatory Leadership Team (RLT) has established a set of principles that are being used to inform our need to attend site.

Prioritisation / 2025 Roadmap Development

- 5.8 The Senior Leadership Team (SLT) and smaller sub-groups have concluded their discussions on prioritising our change activity and core work to 2025. A list of projects, ordered by priority and showing sizing and feasibility, will be presented to the SLT in October, prior to being considered at the October and November Board Strategy Sessions.
- 5.9 In discussion the Board:
- i. Recognised the need for our strategic plans to be built for flexibility given COVID-19 impact and uncertainty around new build;
 - ii. Noted the need to refocus some of our wellbeing messages during the winter period and asked that these are appropriately balanced to highlight some of the upsides;
 - iii. Commented that in our prioritisation work it was as important to set out scale in addition to numbers and scope. The Chief Executive confirmed this was the case.

- iv. Asked, in relation to the Future Vetting Service, at what point would the risk be escalated or mitigated and asked that an update is provided to the Audit and Risk Assurance Committee (ARAC) following the outcome of the discussions between the Deputy Chief Executive and Cabinet Office.
- v. Asked why the upheld complaint by the Information Commissioner's Office had not been reported to ARAC in the routine Compliance Report. The Chief Executive confirmed this was a timing issue and would be included in the next Compliance report.

5.10 The Board noted the report.

Action 3: Update to ARAC on the Future Vetting Service following the outcome of discussions with Cabinet Office – Deputy Chief Executive.

6 Chief Inspector's Report

- 6.1 The Chief Nuclear Inspector (CNI) presented a report 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.
- 6.2 He highlighted several strategic and emerging risks with a specific focus on the current position with regard to Export Licenses and then separately uncertainty in the New Build horizon and potential consequences for ONR and the wider nuclear sector.

COVID-19

- 6.3 The CNI has written to all licensees requiring them to provide assurance regarding their preparations for a potential resurgence / second wave of COVID-19. Following an initial review, responses are encouraging.
- 6.4 There has been a significant increase in on-site inspections over recent months. The number of individual on-site inspection visits levels is expected to be around 85 per month across the nuclear industry from November onwards.

Safety

- 6.5 During electrical storms in August, the Sellafield site experienced power dips across the site. The event did not impact nuclear safety, but a review is being undertaken of the assumptions made within its safety cases relating to the frequency of loss of electrical supplies. ONR also followed-up an event that involved the identification of a potentially unstable chemical by Sellafield as part of a routine inspection. The facility was non-operational and in a safe state, and there was no potential impact on nuclear safety.
- 6.6 ONR has concluded its assessment of the Hunterston B, Reactor 3, Graphite Safety Case and determined that the reactor is safe to operate for a further period of approximately 6 months at full power operation. We subsequently issued a Licence Instrument at the end of August to allow the reactor to restart. Our assessment of the safety justification to re-start Hunterston B, Reactor 4, is underway with a decision likely towards the end of September.

- 6.7 Following the completion of our investigation into a significant 415v electrical near miss event at the Aldermaston site in June 2019, which had the potential to cause serious personal injury, we decided to prosecute AWE.
- 6.8 In August, we served an Improvement Notice on Devonport Royal Dockyard Limited for shortfalls in maintenance procedures.

Regulatory Oversight

- 6.9 The programme for the Security Assessment Principles (SyAPs) Project has been extended. The revised end date of October 2021 has been formally agreed through ONR's change control process. The CNI explained the reasons for the move which had also been discussed with BEIS colleagues who are content.

Delivery against wider strategic themes

- 6.10 The bi-annual global Nuclear Threat Index (NTI) report has been published. It scores the United Kingdom highly in every category for which ONR has influence. The UK has maintained its first-place ranking for 'nuclear security and control measures', the measure that is the closest reflection of our regulatory framework.

- 6.11 In discussion the Board:

- i. Asked the CNI to consider how he reports security enforcement action internally to Board and externally to ensure transparency, whilst recognising caution would be needed.
- ii. Discussed in detail the geopolitical uncertainty, associated risks and the challenges facing ONR now and in the future. They acknowledged this would be the focus of much discussion at the two-part Board Strategy Sessions in October and November.
- iii. Asked the Chief Executive to set up a separate session, as part of our new NED induction prior to the Board Strategy Sessions, to provide relevant and helpful background / context.

- 6.12 The Board noted the report.

Action 4: To consider how we report security enforcement action internally to Board and externally to ensure transparency – Chief Nuclear Inspector.

Action 5: To set up a separate session as part of our new NED induction, in advance of the Board Strategy Sessions, to provide relevant and helpful background / context – Chief Executive.

7 ONR's assessment of NDA's restructuring and new ways of working - The One NDA

- 7.1 The Director, Sellafield, Decommissioning, Fuel and Waste (SDFW) gave a presentation setting out ONR's engagements, interventions, outcomes and next steps.

7.2 She highlighted relevant background: the direction of One NDA and its move to an organisation of four divisions; details of ONR's intervention to assess implementation; and ONR assessment findings and outcomes. She also highlighted other areas of work including the NDA Draft Strategy 4 which commenced a 12-week consultation period in August ending 8 November 2020.

7.3 In discussion the Board:

- i. Were encouraged by the progress that has been made whilst recognising this needed to be kept under review to ensure it is both enduring and sustainable.
- ii. Commented that this was an excellent example of ONR influencing more strategically.
- iii. Agreed to reinforce the key messages in their own routine engagements as appropriate.
- iv. Agreed it would be helpful if the Chair had an introductory meeting with the Chair, UKGI.

Action 6: ONR Chair to meet with the Chair, UKGI – Board Secretary.

7.4 The Board thanked the Director, SDFW for her presentation.

8 CNI Annual Report – Safety, Security and Safeguards Performance of GB Nuclear Industry

8.1 The CNI presented his Annual Report on GB's Nuclear Industry which provides an independent authoritative view of the nuclear industry's safety, security and safeguards performance. It is the second annual report, following last year's inaugural publication, and continues to cover work across our purposes and the attention levels we give to industry.

8.2 The three overarching themes that warranted increased industry attention in the inaugural annual report remain a key focus for ONR. These relate to: (1) Management of Ageing facilities; (2) Conventional Health and Safety performance; and (3) Delivering a holistic approach to nuclear Security. Additionally, given the COVID-19 pandemic which began to manifest itself globally towards the end of the reporting period, ONR took a number of steps in order to ensure ongoing nuclear safety and security during the pandemic. Some additional wording needs to be included on proportionality and consistency and good practices across all purposes will also be identified in the document where appropriate.

8.3 In terms of next steps, the draft will be revised in line with feedback received from both internal and external reviews during October. In early November, prior to formal publication, targeted communications will take place, led by the CNI, with key stakeholders in DWP, BEIS and MoD to outline content and key messages.

8.4 A virtual launch event for the published report will be held on 11 November 2020 involving industry and government.

- 8.5 The CNI concluded by adding that whilst improvements had been made there was still more to do.
- 8.6 In discussion the Board:
- i. Commented this was an excellent report covering the breadth of detailed information very well. They felt it was both readable and accessible.
 - ii. Noted the Annual Review of Security provided to the Board as part of its assurance on Security matters, recognising the report had considered the comments and recommendations of the Security Committee following its review in April.
 - iii. Asked whether there was an opportunity for Non-Executive Directors to join the Chair at the remote launch on 11 November. The CNI confirmed that NEDs would be very welcome, and he would extend an invitation to them.
- 8.7 The Board agreed the handling of the main document to ensure all purposes are appropriately covered in the CNI Annual Report without the need for separate annexes.

9 IT Separation Pre-Go Live

- 9.1 The IT Separation SRO gave a presentation providing a readiness update to Board. She set out the progress that had been made in key areas, highlighted key dates and the detail in the dress rehearsal cutover plan. She also explained the system access restriction on staff during cutover and impacts on staff.
- 9.2 She provided Board with several key messages on information and cyber security, the IT Service Management proposed functional design for business as usual service management activity, and a detailed update on NNPI.
- 9.3 She concluded with an update on the Redgrave Court Incident Suite (RCIS), which will be migrated ahead of the rest of ONR to ensure it is operational throughout the cutover period and provided assurance that the RCIS would operate at an acceptable level during migration.
- 9.4 The Memorandum of Understanding (MoU) with HSE on Data Protection and Information Sharing is an emerging red risk, given the timing challenges associated with sign-off. However, it is hoped that we can get the MoU signed on 31 October in line with the plan.
- 9.5 As at 09:00 hours all activities on the dress rehearsal had been completed successfully and within the anticipated timeframes. However, within the last hour, it had emerged that a disk drive had stopped working. This has been restarted and, provided it continues to run without further issues, delivery against dress rehearsal activity should remain on track given the in-built contingency.
- 9.6 In discussion the Board:
- i. Acknowledged that the next 24-36 hours were going to be critical.

- ii. Were assured that the detail set out in the plan had been delivered. The ARAC Chair provided further assurance that that was the case following ARAC's detailed review.
- iii. Commented that there remains concern over the use of interims and the longer-term risks in embedding knowledge into ONR. The SRO confirmed that she would be presenting the Cyber Security and Resilience Programme and the IT Modernisation Programme to the Board Strategy Session in October. This issue is high on the Senior Leadership Team's (SLT) agenda and remains an unmitigated risk.
- iv. Asked, following migration, whether we had a clear understanding of measures to support staff who may choose not to embrace the full range of available technology.

9.7 The Board noted the presentation and wished the SRO good luck with the dress rehearsal and cutover.

10 UK State System of Accountancy for Control of Nuclear Materials (SSAC) pre go-live

10.1 The UK SSAC SRO presented a paper summarising the outcome of the Infrastructure Projects Authority (IPA) Gateway 4 review and to provide assurance on progress with delivery of Phase 2 of the UK SSAC Project, including the IPA recommendations.

10.2 She highlighted that the IPA delivery confidence assessment (DCA) rates the UK SSAC project in its totality AMBER/GREEN, with this assessment split into two distinctive parts: Phase 2 of the project is fully on track to deliver all of its objectives and is assessed GREEN; the main area where further work is needed relates to the effective transition and integration of the SSAC into the Civil Nuclear Security and Safeguards (CNSS) Division and therefore moderates the overall DCA to AMBER/GREEN. As substantiated by the IPA Review, and in line with project plan and milestone delivery, the SRO considers the UK SSAC project status to be rated GREEN. Planned activities will ensure an effective transition to CNSS in time for successful and sustained operations.

10.3 The IPA review team proposed nine recommendations of varying degrees of importance/ urgency with three key areas of focus relating to: a) the full and effective transition and integration of the SSAC into CNSS, including governance, performance management, resource and financial management and business planning to ensure its long-term integrity and success; b) developing a visual Target Operating Model that brings together the existing documented definitions and the operational end-state of the SSAC in a visual illustration to help stakeholders understand the model and its key performance characteristics; c) increased Board level engagement in the run-up to launch to ensure that an appropriate degree of awareness and scrutiny is placed on readiness for service.

- 10.4 She provided an update on the progress of Phase 2, which is on course to deliver a fully functioning new operation within ONR, with some key corporate milestones delivered ahead of schedule. Progress with Safeguards Information Management and Reporting System (SIMRS) continues, with SIMRS version 2 planned for completion, including full testing by the end of September. The SIMRS hosting and 'maintenance and support' arrangements, originally contracted to end on 31 December 2020, have been successfully re-procured to provide continuity of service until 2022 (and beyond if necessary) until ONR IT is ready to bring the service under the IT Transition umbrella. The SRO passed on her thanks to the Deputy Chief Executive for her support with the procurement process.
- 10.5 BEIS has confirmed agreement for continued Government funding for UK SSAC and ONR Safeguards until the end of March 2022. Whilst this timeline is beyond the life of the project, ONR is working closely with BEIS in the development of new Safeguards Fees Regulations to secure an appropriate funding model with effect from 2022/23 and beyond. Although timelines for completing the consultation and parliamentary process remain ambitious, BEIS officials are working to deliver the Fees Regulations in time to minimise the risk of administrative complications.
- 10.6 Focus is now on transition and integration of SSAC into CNSS to ensure its sustained success.
- 10.7 The Director, CNSS added that we are now formally in the transition phase and are picking up the pace quite considerably. Formal Safeguards divisional governance arrangements are now in place.
- 10.8 Recognising the transition and integration, the Chair asked the SSAC SRO and Director, CNSS if they were in each other's shoes what would they be asking each other. Responses focused on building relationships, understanding the contributions of the Project Team, staff continuity where appropriate, and effective governance.
- 10.9 The CNI recognised the excellent work of the SRO and the Project Team. Focus now is on the transition plan and moving into business as usual. He added that a readiness paper would be coming to the Regulatory Leadership Team (RLT) shortly focusing on transition and divisional arrangements.
- 10.10 In discussion the Board:
- i. Commented that continued Board focus would be equally important during implementation as it had been in the project phase and asked the Director CNSS to consider timing and frequency of Board reporting.
 - ii. Recognised the importance of continuity with some staff transitioning from project to implementation.
- 10.11 The Board passed on their thanks to the SRO and the Project Team and wished them success on the transition to CNSS. The SSAC SRO thanked Board for their support, challenge and comments throughout the Project.

Action 7: Consider timing and frequency of SSAC reporting to Board during the transition and implementation phases – Director, CNSS.

10.12 The Board noted the report.

11 SRO reports for Projects in exception

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

IT Separation Project

11.2 The Project SRO covered this issue at item 8 IT Separation Pre-Go Live.

WIReD Project

11.3 The Project SRO presented a paper to inform Board of the reasons for WIReD reporting an overall RED RAG status and to provide assurance that the proposed mitigations will enable the project to be successfully delivered, albeit to a revised timeline.

11.4 Over the last 2-months a set of project documentation had been developed to underpin the case for Phase 2, including a Business Case, Project Initiation Document (PID) and revised programme, based on a proof of concept exercise that has been completed for both the preferred technical solution and the delivery model. Both the Business Case and Change Request setting out the revised programme were approved by the SLT in September. Subject to no major issues being identified by Board, the Project will adopt the revised programme and seek to commence delivery of Phase 2 of WIReD in October 2020. This would be subject to a more detailed discussion by the Board in the closed Board session on 29 September 2020.

11.5 As the ARAC Chair was unable to attend the closed Board session on WIReD, she provided her comments on the paper. Comments focused on project lifetime and agreeing the capital and depreciation approach with our auditors.

12 Summing Up and Close

12.1 The Chair thanked everyone for their attendance and contribution. He reflected on the discussion, highlighting project delivery confidence and how the broader discussions had set things up well for the two phased Board Strategy Sessions in October and November.

12.2 He acknowledged the key challenge in planning for uncertainty.

12.3 The Board Secretary confirmed Board actions.

12.4 Sandra Little, Nuclear Safety Inspector, and Board observer provided feedback to Board. She commented that the meeting had been helpful to see how Board operated and the fresh perspective they bring combined with benefits drawn from their wider experience. She welcomed the Board challenge and style of questioning looking at all aspects including financial, political and reputational.

13 Any Other Business

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

14 Information Papers

14.1 The Board noted the following information papers:

- a) COVID-19 Situation Report and Dashboard
- b) Post Implementation Review (PIR) – April 2021
- c) Security Incidents Update
- d) Audit and Risk Assurance Committee (ARAC) Update - 21 September 2020
- e) Board Forward Look.