

**Minutes of the ONR Board  
2 February 2021**

**MS Teams meeting (due to COVID-19 restrictions)**

**Present:**

**Members**

Mark McAllister - Chair  
Sarika Patel - Non-Executive Director  
Tracey Matthews - Non-Executive Director  
Jean Llewellyn - Non-Executive Director  
Simon Lister - Non-Executive Director  
Adrienne Kelbie - Chief Executive  
Mark Foy - Chief Nuclear Inspector  
Sarah High - Deputy Chief Executive and  
Finance Director  
Dave Caton - HR Director

**Attendees**

Katie Day - Director Policy and Communications  
Donald Urquhart - Director, Operating Facilities  
Mark Vannerem - Research Delivery Lead (item 6)  
Steve Frost - Professional Lead (item 6)  
Paul Fyfe - Director, CNSS (item 7)  
Mina Golshan - Director, SDFW (item 7)  
Ines Osborne - CE Chief of Staff (item 10)  
Professor Michael Fisher, University of Manchester  
(item 6)  
Professor Barry Lennox, University of Manchester  
(item 6)  
Radojka Miljevic, Campbell Tickell (item 9)

**Observer**

Cameron Frears, Safeguards Assessment and  
Inspection Lead, CNSS

Secretary: 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. Apologies for absence were received from Janet Wilson, Non-Executive Director.
- 1.2 No declarations of interest were received.

**2 Minutes (previously circulated), Matters Arising and Action Points**

- 2.1 The minutes of the meetings held on 29 September, 28 October and 25 November 2020, previously circulated to Board, were agreed as a correct record.
- 2.2 Board noted the decisions taken in correspondence in relation to: (1) The proposed Flexible Benefits Scheme; and (2) the ONR Pay Proposal 2021/22.
- 2.3 All actions on the action log had been completed or were on track for delivery.
- 2.4 There were no matters arising.

**3 Chair's Report**

- 3.1 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.

3.2 He provided oral feedback on recent meetings as follows:

- i. Accompanied the Chief Nuclear Inspector (CNI) and Chief Executive (CE) at the annual meeting on 11 January 2021 with the Minister of State for Defence Procurement and senior MOD officials to discuss issues of mutual interest and to fulfil a requirement of the ONR/MOD General Agreement for ONR to meet the Minister annually.
- ii. Attended and closed ONR's UK SSAC Industry Day on 26 November and NGO Forum on 27 November.
- iii. Attended three PCF events: a seminar entitled 'Driving change: the future of public bodies and zero emissions', a PCF Management Board meeting and a 'Chaired Encounters' event led by the Lead Non-Executive Director at the Cabinet Office.
- iv. Accompanied by the CNI, had an introductory meeting on 12 January 2021 with the Chair designate of AWE and AWE's CEO.
- v. Attended a Chairs of Safety Regulators' Forum on 27 January 2021 where discussion focused on the use of CCTV in regulatory activities and lessons learned from COVID response.

3.3 He concluded by setting the context for today's discussion. He highlighted a number of key themes that had emerged in the Non-Executive Directors' catch up which he asked the Executive to cover in their presentations. Themes included: on site regulatory presence; defence vires review; cyber security; vetting costs; annual leave liability; and proposed 2021/22 FTE increase in roles particularly IT and cyber capability.

#### **4 Chief Executive's Report**

4.1 The CE presented an interim report to update Board on key matters within the period. She highlighted a number of matters of particular interest.

4.2 She provided an update on COVID pressures. Due to the January national lockdown, we have again limited attendance on site and at our offices, for essential business need only. Despite the vaccination roll out, we assume business disruption will continue until at least mid-2021. All Directors have been asked to review draft business plans to take a more realistic view of capacity. Our staff continue to respond with pragmatism and patience, and we are seeing special leave being accessed again, largely by parents.

4.3 Formal and informal feedback has been overwhelmingly positive and supportive in relation to our leadership and succession planning announcements. Key messages have included stability, continuity, and support of the approach as the right direction for ONR. Internal briefing sessions have been well attended.

4.4 A detailed update was provided on Vetting Costs, including ongoing engagement with Cabinet Office and challenges associated with cost recovery from dutyholders.

4.5 We held a virtual NGO Forum in November where the CNI provided an overview of his annual CNI Report. We also discussed the progress and effectiveness of local Site Stakeholder Group / Local Liaison Committee meetings.

- 4.6 Our position on climate change was acknowledged as something the Board would want to watch more closely. It would be important to ensure alignment with the Environment Agency and BEIS as our respective contributions to the ten-point plan for a green revolution gather momentum.
- 4.7 The Director of Policy and Communications provided an oral update on Export Licences. She informed Board that a new set of arrangements had been implemented to govern export controls, supported by awareness raising, a suite of digestible guidance and training. The CNI confirmed his intention to provide an update on export licence matters relating to technical information sharing in due course.
- 4.8 In discussion the Board:
- i. Welcomed the approach to Business Planning to ensure a more realistic view of capacity.
  - ii. Stressed the importance of staff taking a break at this time. Due to the prolonged nature of the pandemic, it would be important to consider options to mitigate a build-up of annual leave in a way that protects staff wellbeing. There is also a need to consider the impact this will have on effective financial management. They noted this would be discussed at the next Incident Management Team (IMT) meeting.
  - iii. Noted the update on Vetting Costs and asked that the Board is kept informed of developments.

4.9 The Board noted the report.

## **5 The Chief Nuclear Inspector's Report**

- 5.1 The CNI presented an interim report to provide assurance to Board that our regulatory activities have been effective; influencing to enable safety, security and safeguards outcomes and holding the industry to account where appropriate. He highlighted a number of matters of particular interest.
- 5.2 He provided an update on the Defence Vires Review. This remains an area of attention for ONR and updates will be provided to Board on developments.
- 5.3 The Judicial Review of West Berkshire Council's (WBC's) determination of the increased Detailed Emergency Planning Zone (DEPZ) for AWE's Burghfield Site, is mostly complete. We are awaiting the judgement.
- 5.4 In line with our revised plans, we undertook approximately 50 site visits per month during November and December, but this is down on the number from the previous two months. In terms of our Regulatory Footprint, since the beginning of the year we have adopted a much more cautious stance to site attendance, due to the significant escalation of the Covid-19 pandemic in the latter part of 2020.

- 5.5 In January, we met with various senior leaders from industry to look at emerging lessons from Covid-19. Licensees were positive about the pragmatic approach we have adopted during the pandemic and were also pleased that we have introduced our own regime of testing inspectors before they travel to site. Licensees are generally supportive of us maintaining a presence on site during the current situation but recognised the benefit of us making use of licensees' own internal assurance functions where appropriate.
- 5.6 A meeting has been held with BEIS and representatives from its nuclear energy resilience community. We informed them of our approach to regulating the safe transition of the UK's fleet of AGR reactors towards the end of their generating life and ensured BEIS are aware of the limited period of operation remaining.
- 5.7 The CNI highlighted a number of recent cyber security attacks affecting public bodies such as the Scottish Environment Protection Agency, shared the detail we are aware of and discussed the need for increased vigilance in this area. We continue to remain engaged and will ensure we are aware of emerging details and learning.
- 5.8 We continue to hold Sellafield Limited to account in ensuring appropriate security outcomes are achieved at all times and are discussing matters on security culture and leadership and internal oversight for cyber security.
- 5.9 During December, we completed the transition of the safeguards subdivision into Civil Nuclear Security and Safeguards (CNSS). On 31 December 2021 ONR officially took over responsibilities as the State Regulatory Authority (SRA) for safeguards. We have commenced live operations ensuring that UK meets its international treaty obligations and that duty holders comply with domestic safeguards regulations.
- 5.10 A brief update was provided on succession planning confirming that the process to identify and appoint the new Executive Director Operations (EDO) and the two Deputy Chief Inspector (DCI) roles had commenced, with the EDO appointment expected on 1 March, and the DCI appointments on 1 April 2021.
- 5.11 In discussion the Board:
- i. Thanked the CNI for the detailed update on our on-site regulatory presence, noting the current position and the need for continual review to ensure we balance protecting staff safety and wellbeing, and that of our dutyholders and surrounding site communities, with maintaining an effective regulatory footprint and gaining suitable assurance on the continued safety and security of the sites we regulate. The Board asked for external lines to take on our on-site regulatory presence.
  - ii. Noted the update on the Defence Vires Review and the need to keep the Board updated on developments.
  - iii. Discussed cyber security risks noting this would be the subject of full discussion in April as part a Board deep dive on cyber security.
  - iv. Passed on their congratulations to all those involved in meeting the significant milestone in taking over responsibilities as the SRA for safeguards on 31 December 2021.

**Action 1:** On-site regulatory presence external lines to take to be shared with Board – Chief Nuclear Inspector.

5.12 The Board noted the report.

## **6 Research Approach and Outcomes**

- 6.1 The Board received a series of presentations. Marc Vannerem, Delivery Lead, Research, provided an overview on our approach to research, why we commission it, our Research Strategy, an overview of the research portfolio, recent improvements and effectiveness.
- 6.2 Steve Frost, Delivery Lead, Electrical and Control Instrumentation (EC&I), discussed the regulation of complex safety technologies and examples of ongoing work in this area. ONR supports the use of innovative technologies that can benefit nuclear safety and security. These need to be demonstrably safe and secure through use of a 'safety case'. He set out the international context in supporting developments in standardisation and cooperation with international regulators on safety and security issues of common concern. The major element of the EC&I research portfolio is collaborative with the nuclear industry through participation in the C&I Nuclear Industry Forum where there are currently over twenty separate initiatives / projects in progress.
- 6.3 Professor Barry Lennox and Professor Michael Fisher, University of Manchester discussed their academic research and perspectives on working with ONR. They highlighted the RAIN (Robotics and AI in Nuclear) Hub which brings together eight teams of robotic and nuclear engineering experts across nine universities and has considerable engagement across the industry with the aim of developing and demonstrating RAI technology in the nuclear industry. They discussed a number of example technologies and ONR / RAIN collaboration to date and future opportunities.
- 6.4 In discussion the Board:
- i. Recognised the importance of achieving the right balance between facilitating innovation and research, against ensuring we maintain the focus on our purposes and mission.
  - ii. Were pleased to hear that ONR is involved with academia and that we appear to be in the Vanguard of research.
  - iii. Acknowledged the skill will be in identifying what is the most important and appropriate research / innovation for both ourselves and industry to pursue in the interests of safety and security.
  - iv. Wanted to understand more about the research / development / implementation cycle and to support the ONR Innovation Cell initiative, and would explore how we can utilise NED experience to inform our work here.
  - v. Were keen to progress any secondment opportunities, as part of our broader secondment workstream, to support further awareness of the capabilities and limitations of academic RAI technology.

**Action 2:** Research update to be considered at Board in 9-12 months' time – Chief Nuclear Inspector / Board Secretary.

6.5 The Board expressed their thanks for a really interesting series of presentations and in particular to Professors Barry Lennox and Michael Fisher for their attendance and in providing an alternative and independent view.

## **7 Regulatory strategy effectiveness reviews on sites receiving enhanced attention**

- 7.1 The Chief Nuclear Inspector set the context for the session to inform Board on progress in security safety and security improvements at Sellafield, AWE, Devonport, Hunterston B and Dungeness B to engender confidence that our strategies are sustainable. It also provides an opportunity to critique our approach through fresh challenge and insight.
- 7.2 The Director, Sellafield, Decommissioning, Fuel & Waste (SDFW) and Director, Civil Nuclear Security and Safeguards (CNSS) highlighted the Sellafield context and challenges, setting out the key principles for ONR's strategy for regulation at Sellafield, strategy outcomes, its progress and next steps. The Director CNSS provided a more detailed overview of security issues and priorities.
- 7.3 Sellafield will continue as ONR's top regulatory priority. Our regulatory strategy for Sellafield is dynamic, goal setting and continues to be effective, achieving accelerated safe remediation, securing compliant operational safety and robust emergency response capability. ONR's new strategy stimulated hazard and risk reduction with notable achievements.
- 7.4 The Director, Operating Facilities Division (OFD) set out ONR's strategy for OFD sites in enhanced regulatory attention, this included the AWE sites, Devonport Royal Dockyard Limited (DRDL), Hunterston B and Dungeness B. He provided a detailed update on each site, setting out improvements that had been made, highlighted the challenges that remain, next steps and the trajectory for each site in moving to routine attention if the current trajectory is maintained.
- 7.5 Both AWE sites have been in enhanced regulatory attention for approximately seven years as a consequence of a number of persistent safety performance issues. We expect AWE's more holistic approach to security safety improvements will produce significant and sustainable improvements. Although progress has been made significant challenges remain and key aspects are yet to sufficiently mature. On the current trajectory, we would expect AWE Aldermaston to exit from enhanced attention in 2022/23, and AWE Burfield by mid-2022.
- 7.6 The DRDL has been in enhanced attention for six years as a consequence of a number of persistent safety performance issues. Our Regulatory strategy is aimed at safety and performance improvement. Whilst we have seen substantial, tangible and sustained improvements in organisational culture, employee engagement, empowerment, leadership commitment to safety and operational performance, progress has slowed since February 2020. We are seeking renewed commitment to recover progress and anticipate that DRDL may be able to be returned to routine regulatory attention during 2020/21.

- 7.7 Hunterston B has been in enhanced attention for two years due to being the lead station for keyway root cracking in the bricks of the graphite core. ONR's strategy is to ensure adequate safety cases are in place to support further periods of operation. EDF has announced that both Hunterston reactors will deliver no more than two 6-month cycles and will move into decommissioning and defuelling by 7 January 2022.
- 7.8 Dungeness B has been in enhanced regulatory attention for two years following the discovery of extensive corrosion in support systems. A Performance Improvement Plan is in place to secure the necessary operational and cultural improvements. We have an ongoing intervention programme which is focused on ensuring EDF addresses the current corrosion issues at the station prior to its return to service. We expect to see sustained improvement, but this will take time before a move from enhanced attention will be possible.
- 7.9 In discussion the Board:
- i. Supported the focus and ongoing discussion with Sellafield Limited on security culture and leadership and internal oversight for cyber security.
  - ii. Discussed the importance of safety leadership and ONR's ability to influence at the right level through timely intervention when required.
  - iii. Acknowledged the need for a more systematic solution for all sites in enhanced attention through annual Board to Board engagement.

**Action 3:** Agree and facilitate Annual Board presentations at Board level to the big entities we regulate – Chief Nuclear Inspector / Board Secretary.

7.10 The Board thanked the Directors for their presentations which had supported a robust and comprehensive discussion.

## **8 Interim Budget 2021/22**

- 8.1 The Deputy Chief Executive and Finance Director presented a paper on the preliminary 2021/22 budget proposals to inform the final budget which would be presented to March Board for approval.
- 8.2 The preliminary budget required to deliver ONR's strategic objectives in 2021/22 is £94.8m. This is a decrease of £1.9m (2%) against the 2020/21 Period 8 (adjusted) full year forecast of £96.7m, but it is £2.9m (3%) higher than the 2020/21 budget of £91.9m.
- 8.3 The Period 8 forecast has been adjusted to reflect significant pressures which had either crystallised recently or are highly likely to do so to provide a realistic comparative. These include: (1) £2.2m additional vetting charges, Cabinet Office has now confirmed the in-year charges for 2020/21. This includes £0.4m for one-off project onboarding costs and £1.8m for business as usual processing costs; and (2) £0.9m increase in the annual leave provision due to staff building up their annual leave entitlements as a result of the COVID-19 restrictions.
- 8.4 She provided a detailed analysis of the net budget decrease for 2021/22 of £1.9m against the 2020/21 Period 8 (adjusted) full year forecast.

- 8.5 Development of the budget bid reflected a more strategic and collaborative approach and the continually maturing financial control discipline across the organisation. Directorate budgets have been reviewed and challenged alongside draft business plans and each Director has explicitly prioritised their budget plans in terms of 'Required', 'Must Do', 'Should Do', 'Could Do' and 'Won't Do' options as well as articulating modernisation activities and efficiency opportunities.
- 8.6 There are a number of assumptions within the preliminary budget that present elements of risk and opportunity. A sensitivity analysis was provided and key areas of note highlighted for Board consideration.
- 8.7 In discussion the Board:
- i. Asked that more information is provided in the final budget bid on the proposed new roles to enhance capability and resilience in support Directorates, in particular the development of IT and cyber capability. This should also illustrate the cost of consultants versus full time equivalents as we grow our own capability and resilience in these areas.
  - ii. Supported the cautious approach adopted on the level of travel and subsistence (T&S) activity likely in 2021/22 and the general assumption made that expenditure would return to 50% of 2019/20 pre-COVID levels.
  - iii. Supported the Learning and Development bid which was in-line with the industry norm.
- 8.8 Board members noted the report and would provide any further feedback by return to inform the final 2021/22 budget proposal to be presented to March Board for approval.

## **9 Board / Audit and Risk Assurance Committee (ARAC) Effectiveness Reviews**

- 9.1 Radojka Miljevic, Campbell Tickell, presented the findings from the external Board and the ARAC Effectiveness Reviews.
- 9.2 She offered assurance that ONR has very high standards of governance. The review confirmed ONR has a skilled, capable and strategic Board that is well serviced. She highlighted the value placed on having an open, honest and collaborative governance culture, on Board operations, on the tone and style of the leadership culture and the positive impact made by Chair. She referred to an agency and independence that is taking shape, reflected in the strong 2025 strategic focus, and a culture that is being nurtured to support this more confident direction. The Board and the senior staff have set out to improve how the Board uses its time, and the changes made have not been accidental but a matter of design and intent.
- 9.3 Recommendations focused predominantly around ways of working, Board development and risk management. This was about a journey from 'good to great' and were not necessary to put things right but to provide an opportunity to design and fashion what ONR needed to deliver its future intent.
- 9.4 On the ARAC review she confirmed the Committee is effective, well chaired, well run, hardworking and thoroughly immersed in its work. Staff contribute well and the climate of meetings is open and honest.

- 9.5 Recommendations were provided in the spirit of continuous improvement and focused on how to optimise committee members' time together, while ensuring that the committee covers the core elements of its work. They are provided to inform ARAC discussions on the design of its work and ways in which members may like it to change, including how it could work smarter.
- 9.6 In discussion the Board welcomed the findings of both reports which had been reassuring and thought provoking. The Board thanked Radojka and her team for their work in conducting two thorough and effective reviews and for her presentation, conclusions and recommendations.
- 9.7 The Board and ARAC would now consider the recommendations and their response for discussion at April's Board.

## **10 Whistleblowing Policy**

- 10.1 The Chief Executive's Chief of Staff presented the revised Whistleblowing Policy, following endorsement by the Senior Leadership Team (SLT) and ARAC.
- 10.2 Significant improvements have been made to the current Policy along with development of a strengthened framework of associated policies and guidance that will benefit end user experience. At the same time, it provides a streamlined, efficient, and more effective process for ONR staff handling protected disclosures. Other benefits include reduced bureaucracy and duplication, strengthened governance and reporting, increased support for whistleblowers, and improved case management resilience.
- 10.3 A Government Internal Audit Agency (GIAA) review of the Policy in December 2020 concluded that it is an improvement on the current arrangements, with a clear and robust process that places the whistleblower at the centre.
- 10.4 The ARAC Chair confirmed the January ARAC had endorsed the revised policy and processes having taken account of comments from Committee members and recommended that the Board approves the Whistleblowing Policy.
- 10.5 The Board approved the revised ONR Whistleblowing Policy (WB00001).

## **11 Summing Up and Close**

- 11.1 The Chair thanked everyone for their attendance and contribution. He summarised each item and confirmed agreed actions.
- 11.2 Cameron Frears, Nuclear Safeguards Assessment and Inspection Lead, CNSS, thanked Board for the opportunity to observe the meeting. He commented there had been an open, respectful environment with lots of free dialogue. He highlighted the Board's strategic leadership and direction and their role in gaining assurance from the CNI, in particular on our approach to regulating through the pandemic.
- 11.3 There was no other business raised. The Chair formally closed the meeting.

## **12 Information Papers**

12.1 The Board noted the following information papers:

- a) ARAC Update – 18 January 2021
- b) Board Forward Look