

**Minutes of the ONR Board
24 March 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
Janet Wilson - 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
Mina Golshan - Director, SDFW
Anthony Hart - Technical Director (item 7)
Paul Fyfe - Director, CNSS (item 8)
Rachel Grant - Head of Policy (item 6)
Simon Coldham - CIO (item 12)
Ines Osborne - CE Chief of Staff (item 12)
Helen Shirley-Quirk - BEIS Director, Nuclear
(item 6)

Observer

Chris Bunclark - Governance and Compliance
Officer

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. There were no apologies for absence.
- 1.2 No declarations of interest were received.

2 Minutes, Matters Arising and Action Points

- 2.1 The minutes of the meeting held on 2 February 2021 were agreed as a correct record, subject to an addition at paragraph 4.8ii to recognise options to mitigate a build-up of annual leave also needed to reflect the impact on effective financial management as well as on staff wellbeing.
- 2.2 All actions on the action log had been completed or were on track for delivery.
- 2.3 There were no matters arising.

3 Chair's Report

- 3.1 The Chair passed on this thanks to Dave Caton, HR Director, on behalf of Board colleagues past and present, for his sterling contribution as an Executive Director of the Board from 1 April 2017 until 31 March 2021, when he would step down as a result of restructuring in ONR's leadership and consequential re-alignment of Board's executive representation.
- 3.2 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.

3.3 He provided oral feedback on recent meetings as follows:

- i. Had (remote) catch-up meetings to discuss matters of mutual interest on:
 - 15 February with the Chair, Health and Safety Executive
 - 10 March with the Chair, UK Government Investments
 - 10 March with the Director General, Energy & Security, BEIS
 - 23 March with the outgoing Chair, Sellafield Limited.
- ii. Attended the NGO Forum on 26 February and an ONR-led event on 8 March to celebrate International Women's Day.
- iii. Led two (of three) further leadership events for future leaders at the Department for Digital, Culture, Media & Sport.
- iv. Had an introductory meeting on 23 March with the Chair, Defence Nuclear Safety Committee.
- v. Attended a number of Public Chairs' Forum (PCF) events including: a seminar on Seeking Assurance from our Arms-Length Bodies on 23 February, accompanied by the Chair of ONR's Audit and Risk Assurance Committee (ARAC); a "Chairs Hour" event on Tailored Reviews on 10 March; a joint PCF/ Association of Chief Executives (ACE) seminar on Artificial Data and Intelligence on 18 March; and a session on 23 March to discuss PCF leadership and mentoring activity.

3.4 He concluded by setting the context for today's discussion. He highlighted a number of themes that had emerged in the Non-Executive Directors' catch up, which included: succession planning and recent Director appointments; the ONR Board assurance process and our integrated approach; and culture at Sellafield following recent publicity.

4 Chief Executive's Report

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

4.2 On succession planning, recruitment has progressed to plan, with Donald Urquhart appointed as our interim Executive Director of Operations (EDO), Simon Coldham as our Chief Information Officer (CIO), and Finance Director interviews taking place on 25 March. The Chief Nuclear Inspector (CNI) and Deputy Chief Executive (DCE) are designing a new Executive Support Office to support the three new senior roles and are content with progress. Appointments had now been made to backfill Deputy Chief Inspector (DCI) vacancies, and to ensure that the totality of the DCI changes are managed so that stakeholders are able to build new relationships and share experience, particularly within the nuclear industry and BEIS. We have appointed three new DCIs to our regulatory and senior leadership teams: Jane Bowie, Steve Vinton, and Paul Dicks who has been appointed on an interim basis, currently all senior superintending inspectors at ONR. All three have a strong track record of delivering regulation across ONR and will help us maintain a focus on our Strategy 2020-25.

- 4.3 She provided a short update on Vetting Costs adding that the DCE had provided more detail in her paper at item 12. Briefing meetings with Cabinet Office (CO) and large duty holders took place on 17 March, and a written CO briefing will be sent to all others.
- 4.4 We marked International Women's Day with an overview of our progress in gender parity. We also announced that we have joined the BBC's 50:50 Equality Project. Our aim is to have 50% female representation across all our communications both internally and externally including: speakers at internal/external events; people featured or quoted on our social networks; internal publications such as staff briefing; and in our photography.
- 4.5 The CE touched on the recent publicity relating to Sellafield. ONR has ongoing interventions in place to scrutinise leadership and culture at Sellafield. To date we have found no unsafe practices at the site or evidence that Sellafield is not complying with the laws within our regulatory vires. The BBC report contains allegations of racism and some other issues that we have not previously been made aware of and we will be following these up with Sellafield Ltd, and will consider any matters that fall within our regulatory remit. As a regulator, we welcome evidence and intelligence from any individuals which may support our safety regulation and protect workers and the public. This would be the subject of full discussion at Board in April.
- 4.6 In discussion the Board:
- i. Noted the vetting update including the significant increase in cost and burden share on industry. They recognised the potential reputational damage and the need to protect ONR's role and responsibility in the process, whilst acknowledging ONR has no accountability for this issue. They welcomed CO engagement in the meetings with industry and stressed the need to keep the efficacy of vetting firmly under review.
 - ii. Welcomed the more detailed report to Board in April on Sellafield and ONR's commitment to follow up on the allegations of racism in the BBC report, which we have not been previously made aware of.

4.7 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 safeguard outcomes and holding the industry to account where appropriate. He highlighted a number of matters of particular interest.
- 5.2 He provided a COVID-19 update. Industry continues to provide weekly reports on the status of transmission on sites; this information has formed the basis of our weekly briefing to the Department for Business, Energy and Industrial Strategy (BEIS) and the Ministry of Defence (MoD). The CNI confirmed he remains satisfied that all licensees continue to maintain safety and security on their respective sites. In response to the elevated rate of positive tests at Hinkley Point C, we undertook a COVID-19 compliance inspection at the HPC site. No significant areas of concern were identified

and we were satisfied with the site's response. The site has subsequently reported significantly reduced positive test rates.

- 5.3 With regard to recovery of ONR on-site attendance, the improving situation nationally, the reduction in the national alert level from five to four, combined with the Government's announcement to begin easing restrictions, has enabled us to gradually increase site attendance from the start of February.
- 5.4 A recent Regulatory Assurance Review of the Regulation of Conventional Health and Safety was given a Moderate rating. The review found that we have made significant progress developing site safety as an ONR specialism and the regulation of industrial safety sites since vesting. However, the CNI Annual Report has noted on two consecutive occasions that sites' health and safety performance has deteriorated. Action is being taken to ensure there is a holistic strategy to address this theme across the industry.
- 5.5 The Judicial Review of West Berkshire Detailed Emergency Planning Zone (DEPZ) has concluded. The High Court has dismissed on all grounds a legal challenge to the process for setting the DEPZ for the AWE Burghfield site.
- 5.6 A low risk holding position for ONR has been agreed on Government held Special Nuclear Information while we seek legal clarification in the forthcoming Nuclear Industries Security Regulations 2003 (NISR) review.
- 5.7 We continue to engage with MoD on the Vires Review with small steps towards convergence being achieved. We are pleased by the recent recognition of the need to establish criteria that would allow the clear determination of crown disapplication by MoD, whilst also recognising that ONR reserves the right to do this independently. A mutually acceptable solution for crown disapplication should be developed in the coming months.
- 5.8 Following our exit from the EU, the UK/ONR has been given Observer status at the meeting of the European Nuclear Safety Regulators Group, this means the UK will now participate in the next Topical Peer Review on Fire Protection, commencing in 2022, which will be included in our plans for 2022/23.
- 5.9 The CNI provided an oral update on Hunterston B graphite core inspection, and on Sellafield matters.
- 5.10 The CNI provided a detailed oral report on the WIReD Project. A number of issues had emerged that will likely put the programme for delivery of WIReD at risk. These relate to issues with our contractor in providing the project with the quality and timely support necessary to ensure its success, and to HMRC contracting regulations (IR35 off-payroll working) resulting in a temporary reduction in the number of contracted developers currently on the WIReD team. He confirmed an exception report would be submitted to Board in April.

5.11 In discussion the Board:

- i. Noted the detailed and helpful update on regulatory matters including the oral updates on Hunterston B graphite core inspection and Sellafield matters.
- ii. Expressed concern regarding the service delivery issues impacting the WIReD project and reinforced the need for resolution. They noted the on-going escalation arrangements and need for a full report to Board in April.

5.12 The Board noted the report.

6 Post Implementation Review (PIR) of Part Three of The Energy Act 2013

6.1 The Director of Policy and Communications (P&C) presented a paper to inform the Board of developments on the purpose and proposed scope of the review, shared the Terms of Reference (ToR) and appointment of the lead reviewer.

6.2 Helen Shirley-Quirk, BEIS, attended to update on the review including scale, progress on appointing the lead reviewer, Ministerial approval of the ToR, specific lines of enquiry and review timescales which would conclude inside this calendar year. She confirmed the review is conducted on behalf of the Secretaries of State for BEIS and for Work and Pensions, and that there is strong ministerial engagement given Government interest in the performance of arm's length bodies and regulators. It would be a forward looking and independent review set against the Government's better regulation agenda to ensure ONR is prepared to be a modern, innovative and forward-looking regulator.

6.3 The Director, P&C set out the operational considerations. While maintaining the independence of the review, ONR would play an integral role providing appropriate advice, experience and knowledge to inform the review, its emerging findings and recommendations. An experienced internal team, which she would lead, has been established to manage and co-ordinate our involvement, including relationships with BEIS/DWP, Board and Senior Leadership Team (SLT) engagement. The team will be supported by expertise from across ONR for specific lines of enquiry.

6.4 She would provide a more detailed report to Board in April on preparations, internal governance and what we may want to secure from the PIR.

6.5 In discussion the Board:

- i. Welcomed the review itself and its approach which it sees as another form of assurance.
- ii. Noted the planned discussion at Board in April on areas ONR would find helpful for the lead reviewer to explore.

6.6 The Board thanked Helen Shirley-Quirk, BEIS for attending Board for this item.

6.7 The Board noted the report.

7 Strategic Framework for International Engagement to 2025

- 7.1 The Director, P&C and the Technical Director presented a paper on key updates to our Strategic Framework for International Engagement to 2025, which sets the strategic context and our priority objectives for international engagement to support our Strategy 2020-25. She confirmed SLT had approved the revised Framework in February.
- 7.2 The current Framework and its strategic objectives remain broadly fit for purpose and aligned to our 2025 ambitions. Our international footprint clearly identifies where we target our resource strategically and where we will seek to further enhance and strengthen our engagement to demonstrate our impact as a world-leading regulator. Informed by changes to our operating environment, we have further refined the priorities that sit underneath the objectives to better target resource effectively and strategically. These specifically set out how we will support UK Government in: fulfilling international convention obligations and work with them to identify key positions to enhance our leadership and international presence; deepen our technical multilateral and bilateral collaboration with priority international partners; lead in developing and harmonising international regulatory approaches; and enhance transparency and openness in nuclear regulation.
- 7.3 We have also taken the opportunity to further strengthen our governance, based on learning from the last two years, and begin putting in place arrangements for how we will measure success through our Organisational Effectiveness Indicator (OEI) Framework.
- 7.4 She provided the full internal version of the Framework, confirming that a shorter version, removing some of the internal systems that are not needed for our stakeholders, will be published on the ONR website by 31 March 2021.
- 7.5 In discussion the Board:
- i. Welcomed the Framework which clearly sets out where and how we are looking to influence in different areas.
 - ii. Supported the approach to target our resource strategically and where we will seek to further enhance and strengthen our engagement to demonstrate our impact as a world-leading regulator.
 - iii. Asked that we include specific reference to our learning from engagement overseas and bringing the learning back to the UK for the benefit of ONR and others, adding that this is about our place in the international community as a good leading citizen.
 - iv. Noted the work to measure success through the OEI Framework, adding that we will need to be really clear on the purpose of our specific engagement.
- 7.6 The CNI suggested it would be timely to bring a paper back to Board in 12 months' time to report against the Framework, including our learning from engagement overseas, what we have influenced and what we have changed for the benefit of ONR, the UK and internationally.

Action 1: Report against our Strategic Framework for International Engagement to 2025 to include our learning from engagement overseas, what we have influenced and what we have changed for the benefit of ONR, the UK and internationally – Director, P&C / Technical Director in April 2022.

7.7 The Board noted the report.

7.8 As this would be his last attendance at Board prior to his retirement in July 2021, the Chair, on behalf of the Board, wished the Technical Director all the best in his retirement and thanked him for his significant contribution to ONR and its predecessor organisation.

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

(a) Project Closure Report

8.1 The Director, Sellafield, Decommissioning, Fuel and Waste (SDFW) and Senior Responsible Owner (SRO), UK SSAC Project presented the project closure report setting out evaluation of the project against its objectives, with reference to core project metrics of time, cost, and quality.

8.2 The report covered project benefits, budget, delivery against milestones, assurance, transition to the Civil Nuclear Security and Safeguards (CNSS) Division, lessons learned, and handover of project artefacts.

8.3 She summarised a number of benefits that had been realised, including: a safeguards capability to meet the UK's international obligations as set out in the Voluntary Offer Agreement and Additional Protocol; a regulatory approach to safeguards that is integrated with safety and security; a skilled UK based workforce of nuclear safeguards inspectors, nuclear material Accountants, and other support professionals; and confidence of the International Atomic Energy Agency (IAEA) and the counterparties to the UK's Nuclear Cooperation Agreements that the UK is adhering to its international safeguards obligations, which in turn secures continuity of the UK civil nuclear industry. She added the industry itself had fully embraced the new regime.

8.4 The SSAC project has delivered within budget, on time and to agreed quality standards. She commented that success of the project is a testament to the talent, dedication, and hard work of many people across ONR.

(b) Safeguards Subdivision Quarterly Report

8.5 The Director, CNSS presented a paper providing an overview of the delivery of the UK SSAC.

8.6 ONR became the domestic safeguards regulator from 23:00 on 31 December 2020, following the end of the Brexit Transition Period. Concurrently, new agreements with the IAEA and domestic legislation came into force to enable us to deliver the UK SSAC.

- 8.7 He confirmed all operational activity has proceeded as planned and there are no significant issues to report. The Safeguards subdivision is fully integrated in CNSS, and appropriate governance arrangements are in place. We have been working closely with operators to ensure compliance with the requirements of the Nuclear Safeguards (EU Exit) Regulations 2019 (NSR19), and processing and preparing the reporting required under our agreements with the IAEA.
- 8.8 Our first set of reports were submitted to the IAEA by the end of February, in line with requirements. We have been flexible in managing the impact of COVID19 on our activities, focusing on the welfare of our staff, whilst ensuring compliance with our legal obligations. This will continue to be both our primary focus and challenge in the coming months.
- 8.9 In discussion the Board:
- i. Passed on their congratulations to the SRO for her leadership in delivering the project within budget, on time and to agreed quality standards and to the SRO and the Director CNSS for an efficient handover.
 - ii. Wished the team good luck in the forthcoming Public Sector Project of the Year category of the UK Project Management Institute Awards 2020, ONR's nomination for the award having been sponsored by BEIS.
 - iii. Remain concerned that there is no funding agreement in place for safeguards beyond 2021/22, noting the preparations that have begun in moving to a combined model of government funding.
 - iv. Noted the plan to measure the impact, burden and fees, in twelve months' time post operation.
- 8.10 Board members noted the reports, including closure of the UK SSAC Project.

9 Environmental Policy – Statement of Intent

- 9.1 The Director of Policy and Communications presented an Environmental Policy Statement of Intent (Sol). The Sol is a first step to production of an environmental policy. Longer term, this Sol will be used as a platform to build a proportionate, measured approach to environmental management arrangements within ONR. Further work on this is currently scheduled for year 5 on the Roadmap (2030 Environmental Strategy).
- 9.2 The Sol demonstrates our commitment to staff and stakeholders, given the growing interest and importance of this agenda.
- 9.3 In discussion the Board:
- i. Welcomed the work to date recognising the reputational risk for ONR.
 - ii. Acknowledged this would support improvements to the sustainability section in the Annual Report and Accounts.
 - iii. Commented more work was needed to sharpen up the Sol as currently drafted to show our ambition and the commitments we are making. This should reference our internal and external targets.

- iv. Referred to the broader work to consider future ways of working in light of our COVID working experiences, and that we should incorporate the environmental impact learning / future commitments into this work by using the outputs to provide a more goal-focused Sol, in lieu of the policy.
- v. Suggested a review on where the environmental policy sits on the Roadmap as delivery in year 5 felt out of step with the broader corporate responsibilities agenda.

9.4 The Board noted the report and asked the DCE and Director, P&C to address their comments and present an updated Sol to Board in July.

Action 2: Updated Environmental Policy Sol to be presented to Board in July – DCE / Director, P&C.

10 Budget 2021/22

10.1 The DCE presented a paper on details of the final 2021/22 budget proposal, highlighting key messages, assumptions and risks following the consideration of a detailed preliminary budget bid by Board on 2 February 2021.

10.2 The paper provided a high-level overview of the bid, further details of which were included at Appendix A to the paper.

10.3 The budget bid required to deliver ONR's strategic objectives in 2021/22 is £95.0m. This is a decrease of £1.8m (2%) against the 2020/21 Period 10 full year forecast of £96.8m, but it is £3.1m (3%) higher than the 2020/21 budget of £91.9m.

10.4 In discussion the Board:

- i. Asked whether duty holders were aware of the increase and, if so, what the reaction had been. The DCE confirmed that initial estimates had been provided at the start of the quarter.
- ii. Acknowledged that the situation and concerns around access to capital funding remains a big risk for ONR and needs to be addressed in the long term. The DCE confirmed the Capital Strategy would be presented to Board in July.
- iii. Supported the growth in in-house capability in terms of the benefits this will bring compared to the current reliance on external providers. It would be helpful to articulate the consultancy displacement activity versus the growth in staff numbers.

Action 3: Strategic narrative to be produced around 'right sizing' the organisation to cover benchmarking, size, shape and structure for early discussion at the Board Strategy Session in advance of the Organisational Blueprint in 2022/23 – DCE.

10.5 The Board approved the 2021/22 budget of £95.0m which would now be submitted to DWP for ministerial approval.

11 2021/22 Corporate Plan

11.1 The Director, P&C, presented the 2021/22 ONR Corporate Plan which focuses on five top priorities that strike a balance between delivering our regulatory purposes, maintaining stakeholder confidence, investing in the health and wellbeing of our people and delivering the most important organisational change programmes and projects.

11.2 The version presented incorporates comments and feedback from SLT and is currently subject to review by government departments (DWP, BEIS and MoD). While we expect some minor adjustments to reflect their feedback, we do not envisage any major changes. We will however ensure our references to COVID-19 reflect the latest position, should matters rapidly escalate or de-escalate again, prior to publication. We also expect to include our latest stakeholder survey results, which are currently being finalised.

11.3 In discussion the Board:

- i. Commented that it was pleasing the plan was very clear and easy to read in both its tone and content.
- ii. Asked that the milestone plan more clearly sets out the actions we will take in 2021/22 and stressed the importance of not overpromising on our commitments.
- iii. Asked that we remove the final column from the 2021/22 regulatory attention levels table to avoid confusion over change between 20/21 and the year ahead.
- iv. Asked we more clearly define the narrative in strategic theme three, creating a culture of inclusion and excellence.
- v. Asked that we include a reference to embedding our nuclear safeguards regulatory function.

11.4 The Board approved the Corporate Plan 2021/22 and delegated accountability for final changes to the CE.

12 Standing Reports and SRO Exception reports – by exception

12.1 HR Director Report – the HR Director provided updates on SLT Development confirming we have progressed our tender exercise to engage with a strategic partner to provide our next phase of SLT development and supporting team and individual coaching. He also presented the headlines from our second pulse survey in February. This provides staff views on how well we are leading, supporting and communicating with them at this time. The results were extremely positive and he shared the detailed outcomes in a short presentation.

12.2 FD Report – the DCE and Finance Director provided an update on key financial issues, milestones, OEI targets and strategic risks to 28 February 2021. She provided a short update on the Annual Report and Accounts; on shared services she confirmed that ONR is part of Government Shared Services, a cross government consortium, which issued a new strategy in November instructing departments to gather in one of five shared services clusters rather than seek an independent / standalone solution

once the current contract ends in October 2023. She also highlighted an update on the Capital Loan and Vetting Services acknowledging both issues had been the subject of Board discussion in the CE report.

12.3 In discussion the Board:

- i. Commented that Board itself needed to be consistent with the New Ways of Working arrangements and as such Board should not become distanced from this work. They asked the SRO to consider how best to keep Board more intimately involved in the process.
- ii. Welcomed the plans for SLT development. The contract should also include some plans for broader Board development. The Chair confirmed a meeting had been convened for him to meet with the strategic partner, accompanied by the HR Director and Head of Corporate Governance.
- iii. Passed on their congratulations to Simon Coldham, on his appointment as Chief Information Officer.
- iv. Acknowledged the significant work by the DCE and CIO on driving service improvements with our IT delivery partner.
- v. Commented on the horizon scan paper and in particular the impact of leaving the European Union (EU) and its impact our ability to engage within the EU.

12.4 The Board noted all the standing reports covering, Human Resources, Finance, IT/Cyber, Policy and Communications, Horizon Scan and the New Ways of Working Project Exception Report.

13 Summing Up and Close

13.1 The Chair thanked everyone for their attendance and contribution. He summarised each item and confirmed agreed actions.

13.2 Chris Bunclark, Governance and Executive Officer, GEO, thanked Board for the opportunity to observe the meeting. He commented that it was incredibly helpful to see the work he carries out behind the scenes in supporting the Board having a positive impact in terms of logistical preparation and Board pack production. He added it was reassuring that there is no holding back with questions and that all members are forthcoming in raising concerns and questions where appropriate.

13.3 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) Audit and Risk Assurance Committee Minutes - 18 January 2021
- b) Board Forward Look