

**Minutes of the ONR Board
28 April 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
Donald Urquhart – Executive Director
Operations

Attendees

Katie Day - Director, Policy and Communications
Dave Caton - HR Director
Kevin Swann - CISO (item 3)
Simon Coldham - CIO (items 3 and 5)
Paul Fyfe - Director, CNSS (item 3)
Mina Golshan - Director, SDFW (item 4)
Ines Osborne - CE Chief of Staff (items 4 and 8)
Paul Dicks – Superintending Inspector (item 4)
Marc McBride – Principal Inspector (item 4)
Alan Wylie – Sellafeld Delivery Lead (item 4)
Robert Moscrop - WIReD Delivery Lead (item 5)
Ben Matthews - CNI Office (item 10)

Observer

Melanie Malsbury, Public Appointments Mentee

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, including Melanie Malsbury, Public Appointments Mentee and Donald Urquhart in his first meeting as Executive Board Director. 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 24 March were agreed as a correct record. All actions on the action log were on track for delivery.
- 2.2 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. Attended his end of year performance review on 13 April with ONR's Sponsor Minister at the Department for Work and Pensions, following which ONR has been highlighted as exemplars in how to prepare for such reviews and asked

to share this learning with others. Relationships are strong and biannual meetings would now take place with the Minister to update her on issues and developments of interest.

- ii. Attended, with the Chief Executive (CE) and the Chief Nuclear Inspector (CNI), the All-Party Parliamentary Group (APPG) on Whistleblowing. The purpose of the session was to help the Group to get a balanced, proportionate view of the whistleblowing landscape for regulators and to identify gaps. He thanked the CE's Chief of Staff for her preparatory work in support of the session.
- iii. Had catch-up meetings to discuss matters of mutual interest with the Chair of the Civil Aviation Authority on 13 April; the Chair of the Nuclear Decommissioning Authority on 19 April; and the Chair of the Nuclear Industry Association on 21 April.
- iv. Had introductory meetings on 25 March with the Chair and Chief Executive of Magnox Limited, accompanied by the CNI; and Alex Reeves, Non-Executive Director of the Boards of UK Government Investments and Nuclear Decommissioning Authority.
- v. Attended the DWP, Arm's-Length Bodies (ALBs) Senior Leaders' Forum on 20 April at which the Chairs' breakout discussion focused on the recently published Cabinet Office Principles for Non-Executive Directors; and the Public Chairs' Forum Management Board on 21 April.

3.3 He noted that the Non-Executive Directors' (NED) catch up would, on this occasion, take place immediately following Board.

4 Annual Risk Deep Dive – Cyber Security / ONR's Corporate Security Strategy

4.1 The Deputy Chief Executive (DCE) introduced the item to present the draft ONR Corporate Security Strategy and the basis of our approach to its development. She also set out the plans for the cyber security briefing session.

4.2 The Chief Information Security Officer (CISO) presented the draft Corporate Security Strategy. He set out the background to the Strategy requirement and engagement, its scope, initial findings from our maturity analysis, strategic objectives, roles, responsibilities and accountabilities and the risk tolerance framework.

4.3 He led a cyber security deep dive setting out cyber security in ONR, the current threat landscape, examples of near misses and areas of concern, the importance of cyber security as part of corporate security, a cyber resilience roadmap update and the cyber security target structure.

4.4 In discussion the Board:

- i. Commented on the proposed corporate security roles, responsibilities, accountabilities and reporting lines, in particular the importance of the DCE in providing assurance and how, in practice, this would happen should the DCE assume the role of Senior Officer Accountable for Security (SOAS).
- ii. Discussed the importance of the CISO having leverage and influence over the functional business areas.

- iii. Supported the establishment of a lead NED with responsibility for internal security which would now be considered by the Chair / NED colleagues and confirmed in due course.
- iv. Noted the maturity assessment is at a point in time and highlighted the importance of building continuous agility.
- v. Discussed the risk tolerance framework in detail and the value in now seeing the risks quantified and the importance of assessing priority order for further discussion at the Audit and Risk Assurance Committee (ARAC) in September.
- vi. Welcomed the plan by the Director, CNSS to commission an independent assessment later this year.

4.5 The Chair thanked everyone for their level of engagement on this important topic and to the CISO for leading the session.

4.6 The Board approved the ONR Corporate Security Strategy and asked the DCE to consider the Board's comments on roles, responsibilities, accountabilities and reporting lines.

Action 1: confirm internal security lead NED – Chair / Board Secretary

Action 2: consider Board comments on corporate security roles, responsibilities, accountabilities and reporting lines, in particular how the DCE would provide assurance if they assume the SOAS role - DCE.

5 Safety Culture at Sellafield

5.1 The Director, SDFW introduced the paper to provide assurance on safety leadership and culture at the Sellafield site, often referred to as Leadership and Management for Safety.

5.2 She provided a detailed update on culture interventions by ONR and Sellafield Limited's (SL) response to the inconsistent practice identified which had resulted in significant improvements. She provided an update on the World Association of Nuclear Operators (WANO) periodic peer review in 2015 which identified four areas for improvement and a follow up peer review in 2019 showing that SL was on track (or better) in achieving the expected improvements.

5.3 Marc McBride, Principal Inspector and Alan Wyle, Sellafield Delivery Lead spoke in detail about our on-site activities and key findings following the BBC news article published on 10 March 2021.

5.4 In discussion the Board:

- i. Noted the detailed update which had provided reassurance that, from our interventions on the site, we do not believe the issues to be systemic or widespread.
- ii. Noted the work to be done to exploit other sources of information on site, particularly welcoming the direct knowledge provided by the Principal Inspector and Sellafield Delivery Lead given their front-line roles.

- iii. Whilst mindful of our vires, asked whether we were seeking other forms of assurance from the wider environment / other bodies, recognising Sellafield has a social environment outside of the site, and asked the DCI to consider.

5.5 The CNI concluded by providing a further insight from his conversations with SL's Chief Executive Officer (CEO). He added that we will consider the content of the news article in informing our future interventions on the site and the need for any specific focus, which will be done in a proportionate manner.

5.6 The Board noted the report.

6 Well Informed Regulatory Decisions (WIReD) Project

6.1 The CNI / WIReD Senior Responsible Owner (SRO) provided a paper highlighting the details associated with the project reporting an overall AMBER RAG status, causes of exception and proposed mitigations to recover the position.

6.2 He confirmed the project had moved to an overall AMBER RAG status due to: (1) difficulties with establishing the infrastructure needed to support the development of work being performed by our contracted developers; (2) issues that had arisen due to embedded developers employed by WIReD being incorrectly treated as being outside IR35 status. This change of status for the contracted developers, despite re-negotiation of the contract, resulted in a number of developers leaving the project; and (3) rate of progress in configuring and testing the WIReD processes.

6.3 Slower progress with the configuration and testing of the WIReD processes, coupled with the difficulties with our IT service provider and the increase in the developer day rates in response to IR35, has led to a need to increase the budget allocated for developer resource. In addition, the establishment of a call-off contract to ensure effective arrangements with our IT service provider will result in additional cost. This has resulted in the need for an additional £150k for the project to ensure it has sufficient funds to continue, without pause, until the end of September.

6.4 He confirmed the project will commission a full project review in the summer, upon completion of 'release two'. The review will include options to improve the efficiency of our agile delivery, the ability to bring aspects of the development in-house and determine the definitive programme and costs for delivering the remaining scope of the project, based upon the learning from 'releases one and two'. The outcome of the review will be reflected in a revised Business Case which will be submitted to Board in September and include the required budget provision to complete the project.

6.5 In discussion the Board:

- i. Noted the strengthened arrangements in place with the IT service provider and the direct link with the project that has been established.
- ii. Welcomed the proposed independent project review which would run in parallel with the project and confirmed the need for Board to be included in the review.

6.6 The Board approved an interim increase in budget of £150k for the WIReD Project, pending the submission of a revised Business case that will be submitted to Board following a review of the project in the summer.

7 Post Implementation Review - Preparations

7.1 Further to the detailed update provided in March the Director, Policy and Communications (P&C) provided an update on the internal preparations, including appointment of lead reviewer and timescales, ahead of finalising the arrangements.

7.2 Whilst this is an independent review of ONR, it does provide an opportunity to put forward some suggestions for change where there is a clear benefit. The reviewer will expect to see that ONR has considered what is currently working well, where we need to improve and how, and where, changes may be helpful to better prepare us for the future and / or achieve desired outcomes.

7.3 She highlighted initial thinking, following discussion at the Senior Leadership Team, on areas that we may prioritise for change / improvement for which the specific detail would be worked up following Board discussion. She also highlighted some early considerations of good practice that we may wish to use, drawing on available evidence, to demonstrate our effectiveness, efficiency and credentials as a forward-thinking regulator. Additionally, she highlighted possible areas of focus and vulnerability that we will need to prepare for, noting that we cannot fully determine them until we understand the lead reviewer's preferred lines of enquiry.

7.4 In discussion the Board:

- i. Welcomed the intent for a forward looking and independent review set against the Government's better regulation agenda to ensure ONR is prepared for being a modern, innovative and forward-looking regulator.
- ii. Reinforced the importance of early engagement with the lead reviewer, noting that the Director, P&C's engagement with BEIS would be critical here.
- iii. Supported the approach to be clear on what matters most to achieving our 2025 strategic intent and the importance of matters being backed up by external data, for example through stakeholder surveys or dutyholder opinion in order to get traction.
- iv. Provided helpful comments on ideas, showcasing and risk. In particular they suggested that ONR's Whistleblowing Policy is added to those areas highlighted to demonstrate our effectiveness and that the current reference to the WIReD Project is broadened to cover the benefits from IT separation.

7.5 The Board noted the report.

8 Chief Executive's Report

8.1 The Chief Executive (CE) provided a paper to update on key matters within the reporting period.

- 8.2 She reflected on our journey and that it was testimony to our maturity and strengthened arrangements that key matters had been picked up by others elsewhere in the reporting pack.
- 8.3 She highlighted our cultural roadmap, touched on a number of key issues that had been picked up elsewhere including the APPG Whistleblowing Committee, Succession Planning and DWP decision on the HSE IT separation liability. She thanked the DCE for her team's work in automating reporting on our OEI 2020/21 strategic performance.
- 8.4 She noted this was her last Board as Chief Executive adding it had been a privilege to lead the organisation this last five and half exciting and challenging years. She thanked Board for their challenge and support and was confident that the organisation would continue to thrive under its revised leadership arrangements.
- 8.5 In discussion the Board:
- i. Passed on their congratulations to the CE, HR Director and his team on winning the National Skills Academy for Nuclear Awards for best employer / provide collaboration, in partnership with Westinghouse, BAE submarines and Blackpool and Fylde College.
 - ii. Noted the key changes to our risk register in quarter four and the Executive-led detailed risk assessment to ensure the new and current cyber security and infrastructure risks are comprehensively and accurately documented.
 - iii. Thanked the CE for her sterling work and enormous personal contribution and dedication to duty as she steps down from the CE role on 31 May and, on behalf of the Board, wished her well for the future.
- 8.6 The Board noted the report.

9 Chief Inspector's Report

- 9.1 The CNI presented a paper to provide assurance that our regulatory activities have been effective; influencing to enable safety and security outcomes and holding the industry to account where appropriate. It discusses performance against key milestones, strategic risks and highlights the Tier 1 and 2 assurance activities that have been undertaken and their conclusions.
- 9.2 He provided a detailed COVID-19 update, including recovery of on-site attendance, revised guidance on testing arrangements for inspectors embarking on site-based engagement or inspections, and the outcome of discussions with BEIS on curtailing weekly reporting on the status of transition on sites and the consequential impact on operations, and the safety and security of their undertakings.
- 9.3 He also provided an update on the resumption of office working at ONR. We continue to allow personnel to return to the office for essential business, personal and wellbeing reasons and occupancy levels had returned to the level they were in December, prior to the latest lockdown.

- 9.4 We have discussed with BEIS the potential for a National Level 3 (L3) emergency exercise. BEIS indicated its preference to defer the next L3 exercise to 2024, citing various reasons, which he would discuss with BEIS colleagues in the coming weeks.
- 9.5 An oral update was provided on the delivery of the Main Site Command Facility at Sellafield and on engagement between ONR's Director, CNSS with SL's CEO regarding leadership and management of the security function at Sellafield.
- 9.6 The CNI has commissioned a review of the current membership and the format of his Independent Advisory Panel (IAP) in order that we can secure refreshed insight and value.
- 9.7 He concluded by informing Board that Steve Frost, our Professional Lead who attended Board in February, has been appointed as an Honorary Professor in Electrical & Electronic Engineering within the School of Engineering at the University of Manchester.
- 9.8 In discussion the Board:
- i. Welcomed the recovery of on-site attendance for site-based engagement or inspections.
 - ii. Received a short update from Jean Llewellyn, Security NED following her conversations with the Director, CNSS and was reassured by the senior level of engagement taking place between ONR and SL, and recognised it would be important to have escalation plans in place should they be required.
 - iii. Welcomed the initial conclusions from the Regulatory Oversight Review of the management of regulatory issues that inspectors are consistently applying the process to record non-compliances and evidence closure for issues, but sought further detail on how the long standing issues on action plans and undeliverable timescales would be addressed. The CNI confirmed that Delivery Leads would be tasked with reviewing the data quality of long-standing issues to better progress resolution.
 - iv. Committed to share any thoughts on possible membership of the IAP whilst noting its purpose in providing independent assurance to the CNI.
 - v. Noted the CNI Forward Look to establish an Innovation Cell stressing this is an important development that needed to be implemented as soon as possible and to best effect.
- 9.9 The Board noted the report.

10 Chief Nuclear Inspector's Themed Inspection

- 10.1 The CNI introduced a paper setting out the rationale behind the CNI themed inspections, the basis for selecting the theme and programme for this year's inspection, its progress to date and future direction. It also highlighted potential options for future themed inspections.

- 10.2 The purpose of a themed inspection is to inform him on regulatory matters of a strategic nature and have safety or security significance or have the potential to adversely impact public confidence. By their nature they can be used to influence strategic improvements or be focused on providing additional assurance to meet the expectations of Government and other external stakeholders. They involve engagement at a senior level and can involve single or multiple sites and dutyholders.
- 10.3 Ben Matthews, CNI Office provided an update on the previous CNI themed inspection undertaken in 2017 which targeted Hinkley Point C and the management system arrangements being used to govern its construction.
- 10.4 He confirmed the CNI's view that a themed inspection focusing on ageing facilities management 2020-21 would be a suitable vehicle to gain assurance on whether licensees have sustainable programmes for the management of ageing in place, which will also inform where specific improvements are required to safeguard the continued safety and security of the GB nuclear estate. It will provide assurance to Government and other interested / concerned stakeholders and further demonstrate that the regulatory priorities identified in the CNI's annual report are being acted upon, and that appropriate improvements are being leveraged where required. This is consistent with our ONR 2020-2025 strategy, seeking to influence proportionate improvements in the industry and inspiring greater confidence from our stakeholders.
- 10.5 He set out the scope of the of the themed inspection and engagement with licensees to provide a representative sample of the GB nuclear estate.
- 10.6 Adopting a second regulatory priority identified in the CNI's annual report as the focus of another CNI themed inspection would be an opportunity to continue to clearly demonstrate to stakeholders the actions we are employing to influence safety and security improvements in the industry. Two examples of prospective themes are conventional health and safety, and review of sites in enhanced attention. There may be other options as we consider the next area of focus towards the end of 2021 and as the current CNI themed inspection concludes.
- 10.7 In discussion the Board:
- i. Highlighted the importance of themed inspections providing opportunities for mutual learning with others.
 - ii. Asked whether the current inspection was too ambitious given the number of sites involved, whilst acknowledging it would be important to provide a representative sample of the GB nuclear estate.
 - iii. Asked how this will add to periodic safety report perspectives and whether lessons from the themed inspection would inform the periodic safety report process. The CNI confirmed this was the case.
 - iv. Commented that we should not miss the opportunity to signpost this work as a learning opportunity for us as well as industry.
 - v. Supported the areas identified as topics for a future themed inspection.
- 10.8 The Board noted the report.

11 Stakeholder Survey Results

- 11.1 The Director, P&C presented a paper on the results and analysis from the 2021 ONR Stakeholder Survey.
- 11.2 She reported that results from the survey are generally very positive. There have been no surprises, and we continue to perform very well in many areas. We have maintained strong performance in those areas prioritised in our Stakeholder Engagement Strategy 2020-25. Specifically, in 2021 we are viewed as professional (93%, same as 2019), trusted (85%, 84% in 2019) and independent (89%, 88% in 2019).
- 11.3 Areas identified in the strategy for improvement (to increase 10 percentage points by 2025) have remained steady, with some marginal (although not statistically significant) changes. This is not unexpected, given that our activities that will change perceptions of these characteristics are still at an early stage.
- 11.4 The results indicate that our approach to stakeholder engagement is effective in many areas and that we continue to have a positive reputation as a regulator. We have already prioritised the areas identified as requiring improvement. Implementation of key projects, such as WIReD and modernising our regulation, as well as greater public engagement and consultation in our work, are critical steps needed to shift perceptions in line with our ambitions.
- 11.5 In discussion the Board:
- i. Commented it was good to see that we are on the right trajectory.
 - ii. Are keen to hear more on what we have learnt from our new ways of working and broader learning from other regulators and international learning in due course. The Director, P&C confirmed that discussions are ongoing about her engagement across a wider Government arena and networks.

11.6 The Board noted the report.

12 Summing Up and Close

- 12.1 The Chair thanked everyone for their attendance and contribution. He summarised each item and confirmed the agreed actions.
- 12.2 Melanie Malsbury, Public Appointments Mentee thanked Board for the opportunity to observe the meeting which had helped set her up well for the future should she be successful in securing a NED role. She acknowledged the important and valuable contributions from Board members along with their constructive challenge.
- 12.3 There was no other business raised. The Chair formally closed the meeting.

13 Information Papers

13.1 The Board noted the following information papers:

- a) Board / ARAC Governance Effectiveness Review
- b) Audit and Risk Assurance Committee – Update
- c) Programme Management Office – Quarterly Update
- d) Whistleblowing Update
- e) Board Forward Look (currently under review)