

**Minutes of the ONR Board
29 September 2022
Redgrave Court, Bootle, L20 7HS**

Present:

Members

Mark McAllister - Chair
Sarika Patel - Non-Executive Director
Tracey Matthews - Non-Executive Director
Jean Llewellyn - Non-Executive Director
Janet Wilson - Non-Executive Director
Simon Lister - Non-Executive Director (part)
Mark Foy - Chief Executive / Chief Nuclear
Inspector
Sarah High - Deputy Chief Executive
Geoff Hawker - Finance Director

Attendees

Dave Caton - HR Director
Katie Day - Director Policy and Communications
Kay Collier - Head of Academy (item 5)
Jon Hursthouse - Regulatory Lead (item 5)
Colin Tait - WIReD Project Director (item 6)
Dan Harte - CISO (item 8)
James Cleator - Snr Programme Manager (item 11)
Craig Doodson - IT Governance, Risk and
Compliance Lead (item 11)

Observer

Will Bradford - Business Continuity Manager

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.
- 1.2 Apologies for absence were received from the Executive Director of Regulation. No declarations of interest were received.

2 Minutes, Matters Arising and Action Points

- 2.1 The minutes of the meeting held on 27 July 2022 were agreed as a correct record.
- 2.2 All actions on the action log were complete or on track for delivery, with the exception of action 3 from 31 March 2022 Board meeting. The Board agreed an extension to February 2023.

3 Chair's Report

- 3.1 The Chair provided feedback on: his visit to Dounreay Site Restoration Limited on 16 August accompanied by the Chief Executive/Chief Nuclear Inspector (CE/CNI) and Chief Information Officer (CIO); and his introductory meeting on 22 August with the recently appointed Director of Pensions and Arm's-Length Bodies (ALBs) at the Department for Work and Pensions (DWP), ONR's sponsor Department. He was pleased to report that the Director of Pensions and ALBs would be joining ONR for its Board Strategy Session in October.
- 3.2 He also provided feedback on his meetings with the Chief Executive Officer of the Nuclear Industry Association (NIA) on 5 September and the Chair of the Nuclear Decommissioning Authority (NDA) on 20 September 2022 to discuss matters of mutual interest.

- 3.3 He referred to the meeting with Non-Executive Directors (NEDs) and the ONR Executive Team (OET) held immediately prior to the Board and had discussed a number of important matters including how the senior teams are developing in their leadership roles, the drive for simplicity, organisational culture and the staff survey results. This had resulted in some positive, robust and challenging conversations. The Board Secretary would timetable future sessions into our forward plan.

Action 1: Bi-annual sessions with NEDs and OET to be arranged – Board Secretary.

4 Executive Director Report

- 4.1 The CE/CNI presented his summary report on key strategic, operational and financial matters and respective summary assessments from the OET and Finance Director (FD).
- 4.2 He advised that following the death of Her Majesty Queen Elizabeth II we acted swiftly to implement the Bridges project and communications were issued to staff to ensure we acted in line with government guidance. He passed on his thanks to our Bridges Team, who had ensured a smooth and seamless implementation of our own plan, without adverse impact on our usual regulatory activity.
- 4.3 He provided an update on common good charging following discussion with the Department for Business, Energy and Industrial Strategy (BEIS), DWP and the National Audit Office (NAO).
- 4.4 He confirmed that ONR has implemented the 2022 pay settlement and that staff will receive uplifts in their September salaries. We do not anticipate any ongoing employee relations issues following implementation. He had written to DWP to explain the context of our pay award and to reaffirm our commitment to offset costs above 3% with efficiencies and productivity gains.
- 4.5 He advised that we will adopt a top-down approach to the budget for 2023/24, which will be based on this year's forecast of outturn at Period 7. This will introduce a constraint to the planning process and will influence a change to the current growth mindset and drive greater efficiencies. Whilst variations will be kept to a minimum, they will include 'contingent capability' costs. DWP has confirmed ONR is out of scope of the Cabinet Office workforce commission. However he assured the Board that we would remain focused on delivering efficiencies across ONR.
- 4.6 He reported that plans for the Industry Conference on 12 October were well advanced with around 100 senior industry representatives confirming attendance. The conference will focus on the priorities highlighted in the CNI Annual Report 2021/22 under the banner of 'securing a safe nuclear future, together.'
- 4.7 He provided an update on Great British Nuclear (GBN) confirming a short report has been issued to the Prime Minister and the BEIS Secretary of State by the GBN team. The paper sets out what is required to deliver new nuclear for the UK, including asks of regulators. ONR has been asked to provide financial estimates for future funding to enable ONR to support the ambition set out in the GBN paper.

- 4.8 He advised that he has raised the need for an urgent decision on short-term interim funding of work with BEIS - to enable us to undertake international harmonisation activities and review our own regulatory processes - which supports both BEIS and GBN ambition and he highlighted why this is so important. We have now been advised that the requested funding is available and will shortly be approved. We will be developing more appropriate and enduring arrangements for funding this type of work with DWP and BEIS in the coming months.
- 4.9 He informed Board that he had written to BEIS requesting they take steps to ensure that a Level 3 national nuclear exercise is held as soon as possible to test the adequacy of the full national infrastructure response to a nuclear emergency.
- 4.10 He concluded by providing a short update on the Geological Disposal Facility (GDF). The current planning assumption to receive waste in an operational GDF in the 2040s is no longer realistic and he has therefore written to the NDA seeking clarity on timescales for the availability of a GDF. This will remove uncertainty and facilitate adequate planning and funding for interim management and decommissioning activities by licensees to maintain legal compliance and ensure the continued safety and security of their facilities.
- 4.11 The Deputy Chief Executive (DCE) confirmed that ONR had been recommended for ISO:27001 certification. This external recommendation not only provides ONR with assurance that our information security standards are sound but is also key to giving our stakeholders confidence.
- 4.12 She provided an update on the Organisational Review. The Pay and Grading and Matrix Management workstreams included over 20 engagement workshops with staff across ONR including 1:1 sessions and specific engagement events with teams, Trade Unions and Professional Leads. We will move into reporting and options appraisal over the coming months. The other two workstreams relating to capability and benchmarking have been fully scoped and are progressing well.
- 4.13 She highlighted that good progress had been made on building our capability with the filling of some of our long-standing vacancies in graphic design, strategic stakeholder engagement, social media and data architect capability.
- 4.14 She confirmed that the full suite of ONR Key Performance Indicators and Management Information had been rationalised to inform an OET view of those measures we should be monitoring as an organisation. This has included clarification of the associated reporting hierarchy. The Data and Analytics team are taking this work forward to quality assure the data and provide a 'confidence' rating of the maturity and accuracy of the data for the dashboards.
- 4.15 She concluded by providing an estates update with the leases on our three office locations due to expire or have a contract break point in 2024. The Estates team is reviewing our accommodation needs for all three offices and has established an accommodation working group at each of them. We have commenced engagement with the Government Property Agency (GPA), who oversee and control the size of the public estate, to set out our outline requirements and how they align to wider HMG expectations.

- 4.16 The Executive Director of Regulation confirmed that the Sizewell C government investment decision had been delayed due to the transition of governments.
- 4.17 He provided an update on AWE's project MENSA. He also provided an update on Sellafield Limited's cyber security performance.
- 4.18 He highlighted that we continue our enhanced focus on conventional health and safety on nuclear sites to ensure that this remains a focus for industry improvements. Whilst the industry may be generally compliant with required standards of safety and security, we must maintain an appropriate focus on this aspect of safety performance.
- 4.19 He confirmed that whilst the majority of our Technical Inspection Guides (TIG) and Technical Assessment Guides (TAGs) are in date and remain 'fit for purpose', it is disappointing to note that a number of security TIGs/TAGs have been allowed to lapse beyond their scheduled review date. The Directors of Regulation for Security and Technical have been asked to ensure action is taken as necessary.
- 4.20 The FD provided an update on the latest ONR financial position up to Period 5 (August). He highlighted that the main focus is on emerging risks and opportunities prior to the next re-forecasting exercise that will inform the quarter 2 position (period 6). The Period 5 year to date position shows an underspend of £1.9m against budget.
- 4.21 The Quarter 1 forecast of £98.1m reflected a £0.8m overspend against the full-year budget of £97.3m, which was driven primarily by the pay award. The Finance Business Partners (FBP) have been working with colleagues to identify potential financial risks and opportunities ahead of the next formal re-forecasting exercise at Quarter 2. From this exercise, which has included a re-profiling of recruitment plans, the overspend has reduced by £0.3m, giving a full year forecast position of £97.8m expenditure against a budget of £97.3m.
- 4.22 The Quarter 2 re-forecasting exercise is currently underway, and FBPs will continue to engage with budget holders to provide realistic forecasts, ensuring that any change in plans is reflected accurately, and opportunities and risk are identified and crystallised in a timely manner.
- 4.23 He provided a detailed update on ONR Strategic Risks, following a recent review of the strategic risk register by the Risk Improvement Group (RIG) and OET and the recommendations made to the Audit and Risk Assurance Committee (ARAC) in May to descale a number of strategic risks to directorate level (SR12, SR105, SR154, SR156), and retire SR106. He confirmed the highest rated strategic risks (SR158, SR162, SR197) and the actions to mitigate each of them.
- 4.24 In discussion the Board:
- i. Reinforced that we expect our contingent capability costs to be funded by BEIS to enable us to recruit to regulate the deployment of new reactor technologies effectively and efficiently.

- ii. Asked the Executive to consider the approach and timing of a letter to be sent to BEIS on the funding arrangements for certain aspects of our work, to provide ONR with the certainty it needs to undertake all its regulatory activity on behalf of BEIS without undue delay.
- iii. Passed on their congratulations to all those involved in securing ISO 27001 certification.
- iv. Sought confirmation on the management system health and the percentage of documents in the management system currently overdue for review.

Action 2: Short note to Board on the health of our management system and the percentage of documents currently overdue for review – Head of Corporate Governance.

4.25 The Board noted the report.

5 ONR Academy – Vision for the Future

- 5.1 The Head of Academy and the Academy Regulatory Lead gave a presentation on the ONR Academy vision for the future.
- 5.2 The Head of Academy discussed how our approach to learning and development will be enhanced, what our learning ecosystem will look like, plans for the next three years and benefits to the wider organisation.
- 5.3 She highlighted the scale of our learning offer which included 1200 training places per year, along with 200 plus unique learning interventions. It provides support for 60 developing inspectors and all ONR staff. The recent staff survey feedback confirmed that 70% of respondents agreed that they are satisfied with the quality of learning and development offered and 72% agreed that they have received sufficient learning and development to enable them to do their job well.
- 5.4 The Academy Regulatory Lead discussed why the Academy is so important to our inspectors in ensuring they have the skills and support to make the right decisions and confirmed that we were delivering skills at an unprecedented level.
- 5.5 They concluded by explaining ONRs learning ecosystem and strategic areas of focus including resource, capability, organisational alignment, innovation and governance.
- 5.6 In discussion the Board:
 - i. Commented on our approach to strategic leadership and how this was better served through collaboration.
 - ii. Offered their thoughts on the importance of impact through influence and collaboration and how we bring our technical capability to the fore in this regard.
 - iii. Noted the regulatory competency framework in place for the Regulatory Directorate and the plan to roll this out across the organisation supported by a learning passport.
- 5.7 The HR Director reflected on our positive journey from setting out our intent to set up an ONR Academy in 2016 to where we are today.

5.8 The Board thanked the Head of Academy and Academy Regulatory Lead for a very informative and positive presentation.

6 WIReD – Transition to Business as Usual

6.1 The WIReD Project Director presented a paper to provide an overview of arrangements for transition of the WIReD Project to business as usual (BaU) and clarifying the approach for future development of the WIReD service, following transition, to ensure business benefits are sustained.

6.2 The WIReD project aims to modernise how we regulate by making our processes more efficient and easier to follow, and information more accessible and integrated. The project's objectives are to develop and implement an appropriate software-based solution to: a) digitise regulatory processes, removing unnecessary differences in ways of working between our divisions and purposes, improving consistency; b) provide a modern integrated information management system, providing staff with the information and regulatory intelligence that they need to make well informed regulatory decisions; c) ensure real time management information; and d) deliver a modern digital first interface enabling secure exchange of data between ONR and our dutyholders, providing transparency of our work.

6.3 The project's scope is to digitise six 'high volume' regulatory processes, build two dutyholder portals, and develop an internal capability to support the WIReD product after transition to BaU.

6.4 The project's revised Phase 2 business case, approved by the Board in November 2021, re-evaluated the project's scope in light of experience which showed the duration and cost of digitisation had been significantly underestimated. Digitisation of five 'low volume use' regulatory processes, via the project's selected procurement route (agency workers), was shown in the revised Phase 2 business case to provide poor value for money and was discounted. The Board recommended that consideration be given to digitisation of these processes after the transition from the project to a BaU IT service managed function.

6.5 In accordance with government's recommendations for development of digital services, WIReD is being delivered using an agile approach. Central to the approach is on-going development and continuous improvement. Initial releases provide a solid foundation for iterative development in response to real world user feedback, ensuring digital services remain fit for purpose and aligned to ONR's digital strategy. ONR's ability to capture, prioritise and act on user feedback, arising from operational use of the WIReD service, will be a key factor in maintaining staff and dutyholder buy-in, and in ensuring the service continues to deliver benefits throughout its projected lifespan.

6.6 The primary goal of the WIReD Project during 2022 has been the development of digital processes and an internal development capability. This focus will shift following transition. Further support is needed for users to fully adopt our new WIReD workflow processes, which will be mandated, and moving away from paper and administratively based inefficient activity.

6.7 He confirmed that the project is making satisfactory progress, having delivered four high quality regulatory processes and one dutyholder portal as planned. Remaining milestones are on track for delivery by 31 December 2022, following which the project will transition by 31 March 2023 to an IT Service Management function and is being managed in accordance with a standard IT industry framework.

6.8 In discussion the Board:

- i. Noted the importance of continuing to upskill staff and the need to continue to support and coach staff who may be less bought into the change.
- ii. Welcomed the plan to appoint a technical architect to ensure we maintain discipline and do not allow complexity to creep back into our arrangements.
- iii. Referred to the Phase 2 business case approved by the Board in November 2021 which highlighted the cash releasing and non-cash releasing benefits of the project and asked that the Benefits Realisation Plan is brought to a future meeting.
- iv. Sought assurance that the dutyholder portal has been properly tested for the external environment and that any risks have been mitigated.
- v. Asked for a demonstration of the dutyholder portal when it is ready to launch.

6.9 The Board thanked the WIReD Project Director, WIReD project team and ITD colleagues for their hard work in recovering the programme and in getting the project to this stage.

Action 3: WIReD Benefits Realisation Plan to be presented to Board in due course – EDR.

Action 4: Demonstration of dutyholder portal to be arranged for the Board – EDR.

7 ONR Risk Management Framework

7.1 The FD presented the Risk Management Framework (RMF) following its annual review and consideration by ARAC in September. He confirmed ARAC made a number of minor recommendations to enhance the RMF and endorsed the document for Board approval.

7.2 Key changes included in the 'refresh' of the RMF are: updates to the strategic risk appetite statements (which were previously approved by the Board in April 2022 and are not due for review until 2023); a focus on revised governance arrangements (including the introduction of OET and revised roles and responsibilities); and the replacement of references to PRISM, following the June 2022 implementation of our new Enterprise Risk Management IT system, known as IRIS.

7.3 The RMF will be used to support planned improvements in our risk management practices during 2022/23. It will become the basis for developing training and awareness material so that we can drive a culture where active risk management becomes the norm rather than a risk reporting exercise.

7.4 In discussion the Board:

- i. Asked to what extent risk mitigation is affecting our decision making.
- ii. Sought a greater sense of the success or otherwise of mitigations to provide assurance that the way in which we think about things is risk informed.

7.5 The CE/CNI provided assurance on how the OET is considering risk.

7.6 The Board were content with the RMF subject to a number of small amendments to clearly define the responsibilities of the Board, the Accounting Officer Equivalent and the ARAC which can be agreed in correspondence.

Action 5: More clearly define the responsibilities of the Board, the Accounting Officer Equivalent and the ARAC in the RMF and seek Board approval in correspondence – FD.

8 Corporate Security Quarterly Update

8.1 The Chief Information Security Officer (CISO) provided his quarterly corporate security update.

8.2 He highlighted corporate security vulnerabilities and provided an update on physical and personnel security, confirming that an independent review by the Government Protective Security Centre will take place at all ONR buildings in Autumn 2022. He provided an update on security incidents and on assurance activity, confirming no major issues arose during the reporting period.

8.3 He discussed a number of ongoing security initiatives and highlighted current threats. He presented his residual risk register and discussed mitigations in the areas rated as high and very high.

8.4 Whilst he acknowledged the significant achievement is securing ISO:27001 certification, he highlighted the work that starts now to maintain and continually improve our information security.

8.5 He confirmed that the mandatory cyber e-learning module had a current completion rate of 85% and work was ongoing to increase this figure. The module had also been shortlisted for an excellence in e-learning design award in the Learning Technology Awards 2022.

8.6 He informed Board that whilst ONR is not in scope for the BEIS Civil Nuclear Security Strategy, ONR would be voluntarily assessing ourselves against the requirements to ascertain whether we meet the standards expected.

8.7 The Board were assured by the update which demonstrates the significant progress that has been made by the CISO and his team on our Corporate Security. They supported a move to annual reporting, which should also include a trend analysis, and asked the Board Secretary to reflect this in the Board Forward Look.

Action 6: Annual corporate security update, including trend analysis to be presented to Board annually – CISO / Board Secretary.

9 Board Strategy Session – 25 and 26 October 2022

- 9.1 The CE/CNI provided an update on the plans for the forthcoming Board Strategy Session which had been agreed with the Chair. The Board would also participate in a Board development session with Ice Creates.
- 9.2 The Board noted the update and looked forward to an interesting and informative two days together. They welcomed the number of external colleagues who would be in attendance to provide a broader perspective on GBN and Government priorities.

10 ARAC Independent Member – Proposed Extension

- 10.1 Following discussion with the ARAC Chair, the Head of Corporate Governance presented a paper seeking an extension to the ARAC Independent member's fixed term appointment, for up to nine months, on the same terms and conditions specified in the existing contract which is due to end on 30 September 2022.
- 10.2 An extension of up to nine months is expected to allow sufficient time for a suitable replacement to be appointed and inducted. Our planned launch of a recruitment competition has unfortunately been delayed within our Sponsor Department, DWP, due to a combination of events including a pause in all non-urgent Ministerial business following the death of Queen Elizabeth II. All of which has resulted in a delay in determining the remuneration payable going forward; a decision is still awaited.
- 10.3 Informal soundings have indicated the ARAC Independent Member's willingness to accept the extension.
- 10.4 The Board understood the reasons for the extension are beyond our control and noted that ONR is ready to launch a competition for a permanent replacement as soon as a decision is made on the remuneration payable for the role.
- 10.5 The Board approved the extension for up to nine months, on the same terms and conditions specified in the existing contract.

11 SRO reports by exception

Backup Resilience

- 11.1 The Senior Programme Manager presented a paper setting out the reasons for the Backup Resilience Programme reporting an overall red RAG status, the impact of the exception and mitigations to recover the position, and of the expected project and wider impacts if not.

Content Manager Upgrade

- 11.2 The IT Governance, Risk and Compliance Lead presented a paper setting out the reasons for the Backup Resilience Programme reporting an overall RED RAG status, the impact of the exception and mitigations to recover the position, and of the expected project and wider impacts if not.
- 11.3 The Board noted the reports.

12 Any Other Business, Summing Up and Close

12.1 The CE/CNI raised one matter of other business relating to the conflict in Ukraine.

12.2 The Chair thanked everyone for their attendance and contribution. He summarised each item and confirmed the agreed actions and looked forward to the Board Strategy Session in October.

12.3 Will Bradford, Business Continuity Manager provided his observer feedback. He thanked the Board for the opportunity to attend the meeting and highlighted the quality of discussion which had been robust and yet supportive in tone. He commented that ONR values had been evident throughout the discussions.

12.4 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) ARAC Update – 20 September 2022
- b) Board Forward Plan.