**Minutes of the ONR Board**

**27 September 2023**

**The Academy Room, Redgrave Court, Bootle L20 7HS**

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| **Present:**  Mark McAllister - Chair  Sarika Patel - Non-Executive Director  Tracey Matthews - Non-Executive Director  Jean Llewellyn - Non-Executive Director  Janet Wilson - Non-Executive Director  Sue Gray - Non-Executive Director  Sarah High – Deputy Chief Executive  Donald Urquhart – Executive Director of Regulation | **In Attendance:**  Dave Caton, HR Director  Rachel Grant, Director of Policy and Communications  Jane Bowie, Director of Regulation, New Reactors  Nikki Howard, Governance and Compliance Manager  Simon Coldham, Chief Information Officer (item 7)  Lee McDonough, Director General of Net Zero, Nuclear & International,  Department for Energy Security and Net Zero (DESNZ) (up to item 7)  **Observers:**  Darren Cummings, Principal Inspector- Nuclear Safety, Radiological Protection |
| **Secretariat:** Nidhi Misri, Head of Corporate Governance and Compliance (Board Secretary) | |

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| **1** | | **Welcome, Apologies for Absence and Declarations of Interest** |
| 1.1 | | The Chair welcomed everyone to the meeting. An apology for absence had been received on behalf of Mark Foy, Chief Executive and Chief Nuclear Inspector and Geoff Hawker, Finance Director. |
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| 1.2 | | There were no declarations of interest. |
| **2** | | **Minutes, matters arising and action points** |
| 2.1 | | The minutes of the meeting held on 12 July 2023 were approved as a correct record. |
| 2.2 | | The Board noted that all actions were either complete or on track. |
| **3** | | **Chair’s report** |
| 3.1 | | The Chair provided an update on activity since the July Board meeting. The Chair referred to the recent announcement advising that he had been selected as the preferred candidate to be the Chair of Ofgem, subject to a Select Committee pre-appointment hearing on 18 October. ONR was working closely with the Department for Work and Pensions (DWP), ONR’s Sponsor Department, to fill this post on an interim basis, along with preparations for a DWP-led open competition to fill the role permanently if his new appointment was confirmed. |
| 3.2 | | The Chair provided the Board with an overview of his meetings with external stakeholders over Nuclear in Parliament week. |
| **4** | | **Update from Department for Energy Security and Net Zero** |
| 4.1 | | Lee McDonough provided a ‘State of the Nation’ update from the Department for Energy Security and Net Zero (DESNZ), highlighting the complexity and the accelerating pace of the work in the nuclear sector and the importance of DESNZ and ONR working closely together. |
| 4.2 | | Lee clarified significant changes within DESNZ over the last twelve months and the critical nature of the Department’s work in securing the UK’s energy future and the importance of the nuclear agenda. |
| 4.3 | | The Prime Minister’s recent confirmation of the continued commitment to a Net Zero 2050 target made clear the desire for an approach that eased the burden on consumers and the Government’s priorities, noting the importance of nuclear to the wider energy security and net zero agenda. |
| 4.4 | | Lee commented on the progress made over the last twelve months, confirming that the government wanted to understand what it could do to support accelerating the nuclear infrastructure agenda, highlighting the approach to regulation and licencing for which ONR were the key driver and played an important part. |
| 4.5 | | Over the coming months DESNZ would know the outcome of the small modular reactors (SMR) application process and they would then announce those applicants to be taken forward for more detailed discussions. DESNZ had committed to publishing a nuclear road map in Autumn 2023. This roadmap would need to set out how the ambition for achieving up to 24 gigawatts (GW) of nuclear power by 2050 would be achieved, in line with the Government’s ambitions. This was an important document and engagement with ONR would be key to developing the roadmap to ensure their input and expertise was reflected. |
| 4.6 | | On Great British Nuclear (GBN) and advanced nuclear technologies (ANTs), it was important for Government to be clear about the future needs of the regulator to ensure it could respond and support future delivery. |
| 4.7 | | Lee commented on two cross cutting issues (a) the Nuclear Skills Taskforce for which ONR was an important contributor to those discussions in terms of how to best come together on both the civil and defence elements of the nuclear agenda to create a joined up approach, and (b) conventional health and safety (CH&S) was of high importance for the industry and ONR’s focus on this area was valued. |
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| 4.8 | | In discussion the Board:   1. Noted GBN had been established with an ambition to ensure there were appropriate resources to enable the development of SMRs and the delivery of the GW agenda. 2. Commented that ONR’s Security Committee had good stakeholder engagement but that senior level support from DESNZ would also be beneficial. 3. Was advised that it was unlikely that current activities would limit the opportunities of attracting international interest into the market. It was about having confidence and consistency and ensuring clarity in the narrative and vision on the development of nuclear technologies . 4. Commented that there were significant opportunities for energy efficiency with new technologies. 5. Referred to the energy mix and the need to have central planning and linkages in place when considering investment decisions. 6. Commented on the Nuclear Skills Taskforce, and that one of the key components would be funding. There would be a need to determine what was funded by industry and the Government. 7. Noted the importance of being ready for the next comprehensive spending review with a clearly articulated plan. |
| 4.9 | The Board thanked Lee McDonough for the update provided, the contents of which were noted. | |
| **5** | | **Executive Board report** |
| 5.1 | | The Deputy Chief Executive (DCE) and the Executive Director of Regulation (EDR) presented the summary report on key strategic, operational and financial matters and respective summary assessments from the ONR Executive Team (OET). |
| 5.2 | | The DCE reported on the directors’ development days facilitated by ICE Creates. There had been constructive discussions on trust, reputation, accountability and driving forward a positive culture within ONR. |
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| 5.4 | | The DCE reported on the first surveillance audit to maintain ISO 27001 accreditation which ONR had passed with only three areas of suggestions for improvement. |
| 5.5 | | She reported that ONR had been sharing good practice with the Building Safety Regulator in respect of ONR’s integrated assurance activity. ONR had been asked to act as a critical friend to assist their policy and procedures development. This was a positive example of supporting other safety regulators. |
| 5.6 | | The DCE outlined the significant planning activity on the Organisational Review (OR) to establish work packages and timescales for the three main workstreams; pay and grading, organisational structure and integration. There was an upcoming Project Board to review the high-level integrated delivery plan. |
| 5.7 | | The DCE advised that the Audit and Risk Assurance Committee (ARAC) had signed off the 2022-23 Annual Report and Accounts (ARA) on 12 September and recommended Board approval. The Board agreed to give delegated authority to the Board Chair to sign off the ARA on its behalf. |
| 5.8 | | The DCE provided an update on estates: ONR had received support from the London Planning Board to maintain a presence within the Whitehall estate and work was ongoing with Government Property Agency (GPA) to accelerate the process of securing the new London office space; the move to downsize the Bootle workspace from seven to four wings was progressing at pace; and designs for the Cheltenham office were underway with positive engagement with staff. |
| 5.9 | | The DCE reported that the new IT devices were being rolled out to replace ONR’s Surface Pros and phones. This would begin on 9 October. |
| 5.10  5.11 | | The EDR reported on the Chief Nuclear Inspector’s Annual Report and the Industry Conference scheduled for 11 October. He highlighted there would be two main themes for the year ahead; cyber security and CH&S.  The EDR reported that there had been meeting of the Nuclear Skills Executive Council in September. There was a need to ensure ONR’s contribution on regulatory activities was reflected in outcomes to ensure they were fit for purpose. |
| 5.12 | | He highlighted that there had been some work on innovation and Artificial Intelligence (AI) in the nuclear industry and how this would be regulated. |
| 5.13 | | He reported that 27 FTE had been identified through reprioritisation and productivity improvements to support emerging Generic Design Assessment (GDA) activities (new reactors) without the need to recruit. |
| 5.14 | | The EDR reported that following the AWE fatality, a regulatory oversight review had been launched on CH&S to look at potential areas which could be strengthened. |
| 5.15 | | The EDR referred to a regulatory assurance review of the quality of internal regulatory documentation which had achieved a limited assurance rating. He highlighted areas for improvement for which robust mitigation measures had been put in place. |
| 5.16 | | In discussion the Board:   1. Congratulated the Chief Information Security Officer and his team for the ISO 27001 accreditation and departmental health check. 2. Commented on the OR, and the need to be joined up on the capacity and capability risks and for an end date from the OR being a project to business as usual. Board also asked the Remuneration and Resilience Committee (RRC) to carry out a deep dive on the activities. 3. Highlighted it was good to see that there were no Reinforced Autoclaved Aerated Concrete (RAAC) issues in buildings occupied by ONR, but stressed the importance to also ensure that there were no RAAC structures across our stakeholder estates. The EDR advised that each nominated site inspector had engaged with dutyholders on the potential for RAAC on sites. Whilst no reports of RAAC had been received so far the process of seeking assurance from all sites was ongoing. 4. Referred to regulatory capability, and commented that the essential criteria on job advertisements may be too restrictive. The HR Director advised that they are looking at broader skill sets which are less prescriptive and where transferable skills would be suitable. Training was also being provided to interviewers in recognition of this. |
| ***Action 1: That the RRC undertake a deep dive on the OR activities at its meeting in November 2023 – DCE and HR Director*** | | |
| 5.17 | The Board noted the report. | |
| **6** | **Annual Review of Regulation- update on progress** | |
| 6.1 | The EDR provided an update on the Annual Review of Regulation (ARoR) aimed at reviewing ONR’s regulatory focus and whether the focus over previous years was having the expected impacts. It was also an opportunity to take feedback from the nuclear industry at a senior level as well as the wider regulatory oversight community and set priorities for the year ahead. | |
| 6.2 | He referred to the outputs from the 2022 ARoR highlighting this approach differed from the stakeholder survey, in that specific evidence-based feedback was received. This had been grouped into six key themes where improvements could be made: relationships, proportionality, transparency of costs, consistency, dutyholder asks and internal quality control. The Regulatory Directorate (RD) had collated all the feedback received and were tracking and monitoring activities in the lead up to the next ARoR which would seek views from a different set of industry chief executive officers. | |
| 6.3 | The EDR also highlighted the progress since the 2022 ARoR which included:   1. An efficiency project which had been launched in-year in anticipation of the wider ONR efficiency project. This was beginning to see results that would help with costs and productivity. 2. There was now a wider bandwidth between the directors of regulation and senior leaders within the nuclear industry to seek and provide feedback on an ongoing basis. 3. Enhanced guidance and learning was being provided to drive consistency of regulation. 4. Joint deep dives were being carried out with Sellafield which had been a good step forward. | |
| 6.4 | He highlighted the work already underway for the second ARoR to commence in November 2023. | |
| 6.5 | In discussion the Board:   1. Was advised that currently the Generic Design Assessment (GDA) was a two-step process and within those steps there was the potential to accelerate. This included opportunities to collaborate and share regulatory activity between organisations where timetables were aligned. This would not result in any weakening of ONR’s assessments, it would just be a different way of doing things. 2. Commented that there was good dialogue between DESNZ and ONR on advanced technologies and that ONR had a secondee within the technology selection team which was proving to be beneficial. It noted that while discussions on advanced technologies were forward-looking, it could also help achieve efficiencies in dealing with legacy matters. 3. Agreed that there was benefit in lessons that could be learnt from the COVID-19 pandemic such as the roll out of the vaccine programme. Department of Health and Social Care (DHSC) had run regulatory processes in parallel which was something that ONR could learn from. 4. Commented that Board and senior level relationships and engagement across the regulatory sector had been strengthened and had provided valuable focus on nuclear. 5. Commented that the ARoR provided a significant opportunity to build even more confidence in ONR as a regulator. Rotating those providing the feedback was key, and building a five-year programme and broadening the community of those involved in the review such as including members of the supply chain would be beneficial. 6. Noted resources within the Regulatory, Intelligence and Oversight (ROI) team had been strengthened to ensure all activity is tracked. 7. The ROI community gave direct feedback on the annual review which had been impactful. There was potential for further insight to be provided which would drive strengthening of regulation that was intelligence data-led. | |
| 6.6 | | The Board noted the update and welcomed the progress made. |
| **7** | | **WIReD benefits realisation update** |
| 7.1 | | The EDR provided an update on the WIReD project and the benefits that had been realised. |
| 7.2 | | He confirmed the purpose of WIReD and highlighted: (a) an example of how processes had been reduced; (b) that there were some efficiency improvements and cashable efficiencies that WIReD had produced, and these were broadly aligned to the most recent business case signed off by the Board; (c) on integrated information management, being able to access regulatory knowledge easily and succinctly had allowed ONR to minimise the burden on dutyholders and share information with other regulators as appropriate; (d) the cost savings WIReD had achieved and the productivity improvements; (e) the relationship between the WIReD project team and the Chief Information Officer’s (CIO’s) team had been central to embedding WIReD in the organisation; (f) the challenges which included consistency in data entry, the culture shift and accessibility and (g) support and coaching continued to be provided to staff and there were advocates for WIReD which the team were exploring how to best utilise across ONR. |
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| 7.3 | | The CIO highlighted the data protection aspects of the project, resources which had transferred from RD and process prioritisation. |
| 7.4 | | He commented on the agile development of WIReD and that the team were continuing to work in sprints, but there was room for further efficiency in this process. |
| 7.5 | | The CIO also highlighted that there remained processes that had not yet been digitised and there would be a prioritisation exercise carried out with the RD to assess which processes would benefit the most from digitisation. |
| 7.6 | | In discussion the Board:   1. Commented on the longevity of the system and was advised the underlying architecture of the system was built from a Microsoft stack which would be enduring. 2. Suggested it would be beneficial to have a timeline for digitisation of all of the processes to aid future decisions on planning/resources. The Board was advised that the current level of resource would be maintained to support the project and digitisation will continue to be progressed on a priority basis. 3. Was advised on benefits realisation, that there were lessons that could be learned going forward. For future digitisation projects, setting out what benefits would be achieved and setting a baseline for comparison purposes throughout the project would be beneficial. This would support better declaration and tracking of benefits. 4. Commented on the findings of the report from an external review (noting it had been difficult to quantify all the efficiencies that could be achieved from the start of the project as there had been no baseline set) and the need to revisit the recommendations of that to determine any which are no longer relevant. 5. Commented that while WIReD is a system in its own right, there is a need to ensure the leveraging of outputs from other IT processes so it becomes part of the integrated architecture for managing ONR business. 6. Noted that following the internal review on record quality control, work was ongoing on WIReD to ensure data quality. |
| 7.7 | | The Board noted the information. |
| **8** | | **Board Strategy Session** |
| 8.1 | | The Head of Corporate Governance and Compliance provided an update on the upcoming Board Strategy Session that would take place on 31 October and 1 November 2023. The agenda had been confirmed with the Chair and would be facilitated by Campbell Tickell. |
| 8.2 | | The Head of Corporate Governance and Compliance reported that: (a) confirmation from both internal and external attendees had been received; and (b) the strategy day content would be reporting delivery against the current strategy, and progress against culture and efficiency priorities. However, the day will mainly be focused on forward looking and developing early thinking and direction and content for the 2025-30 strategy. Day two would be centred on interactive workshops that would be looking at the strategic future scenarios. Draft scenarios would be presented back to the Board in December 2023. |
| 8.3 | | In discussion the Board:   1. Suggested coming to the workshops with a ‘straw man’; there was already a clear indication of Government priorities which could be used to start the thinking process. 2. Noted there would be group sessions, organised against the PESTLE analysis to guide thinking. An additional workshop would be centred on the axis of uncertainty model. 3. Commented that ONR was continuing to focus on culture and where the positive elements of the organisation’s culture could be strengthened. 4. Noted the benefits of the external representatives attending and suggested it would be good to look at the large civil project regulators as there were good lessons to be learnt, particularly on CH&S. This could be a valuable discussion at a future Board meeting. |
| 8.4 | | The Board noted the information. |
| **9** | | **Any other business, summing up and close** |
| 9.1 | | The Chair of ARAC highlighted to the Board the escalation of a risk to the strategic risk register. |
| 9.2 | | The Chair of the Security Committee referred to the Corporate Security Dashboard and the increase of internal resources now secured to support the Chief Information Security Officer and their team. |
| 9.3 | | The Principal Inspector - Nuclear Safety, Radiological Protection thanked the Board for the opportunity to observe and shared his reflections of the meeting. |
| 9.4 | | In summing up the Chair highlighted that this would be his last formal Board meeting (subject to confirmation of his Ofgem position on 18 October). He commented that: ONR was a well-respected regulator; the ARoR was a great source of intelligence; ONR should continue to seek opportunities to influence; there had been vast improvements in ONR’s internal processes; the committee chairs had continued to develop and improve their committees; and it had been a pleasure to be part of it all. |
|  | | **Date and Location of Next Meeting**:  Board Strategy Session – 31 October and 01 November 2023, London  Board - 6 December 2023, MS Teams. |
| **10** | | **Items for information:**   * Corporate Security Dashboard * Remuneration and Resilience Committee Update – 12 July 2023 * Security Committee Update – 14 September 2023 * Audit and Risk Assurance Committee Update – 12 and 21 September   2023   * Board forward look. |