

**Minutes of the ONR Board
27 April 2022
MS Teams meeting**

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 (part)
Janet Wilson - Non-Executive Director
Mark Foy - Chief Executive / Chief Nuclear
Inspector
Sarah High - Deputy Chief Executive
Donald Urquhart - Executive Director
Operations
Geoff Hawker - Finance Director

Attendees

Dave Caton - HR Director
Katie Day - Director Policy and Communications
Dan Harte – CISO (item 6)

Observer

Debbie Fisher – Principal Inspector, Leadership
and Management for Safety

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 noting that Simon Lister, Non-Executive Director (NED) would be joining the meeting at approximately 11:30.
- 1.2 There were no apologies for absence and no declarations of interest were received.

2 Minutes, Matters Arising and Action Points

- 2.1 The minutes of the meeting held on 31 March 2022 were agreed as a correct record.
- 2.2 Following the Board's March visit to Sellafield and the joint ONR Board / Sellafield Limited (SL) Board discussion which had provided an opportunity to share respective views on good progress and current challenges, the Board expressed disappointment that no date(s) had yet been agreed for the subsequent senior official level meetings. The Executive Director Operations (EDO) confirmed he would follow this up with SL and the Director, Civil Nuclear Security and Safeguards (CNSS).
- 2.3 All actions on the action log were complete or on track for delivery.

3 Chair's Report

- 3.1 The Chair reflected positively on the growing level of engagement with dutyholders which provided an opportunity to share respective views on progress and current challenges, including the joint ONR Board / SL Board discussion in March, and the Chair's and Chief Executive / Chief Nuclear Inspector's (CE/CNI) meeting with the EDF Board on 29 April 2022. He confirmed that as part of his routine Chair to Chair

meetings, other dutyholders had expressed an interest in joint Board to Board engagement which we would follow up in our annual Board cycle of meetings.

- 3.2 He also highlighted the continued value of his internal engagement and recent attendance at ONR Directorate and Divisional meetings, accompanied by a NED where possible. He always finds his sessions with staff reassuring as the importance of our mission is evident. The sessions provide an opportunity to reinforce a number of key messages including: our drive for efficiency is about creating headroom and not about reducing headcount; the need to remain fleet of foot in responding to internal and external challenges; as well as providing the opportunity to listen to ideas for simplification from staff at all levels.
- 3.3 He highlighted the continued value of external networks and provided feedback on: a Public Chairs' Forum (PCF) event on 5 April entitled 'Transforming Public Bodies: Public Service in the context of declining trust and confidence'; and DWP's Senior Leaders' Forum for its Arm's-Length Bodies on 12 April which provided an opportunity to discuss common challenges and opportunities and to share good practice. He had an introductory meeting with the recently appointed Chair of the National Nuclear Laboratory on 4 April, accompanied by the CE/CNI, and separate catch-up meetings to discuss matters of mutual interest with the Chairs of SL on 5 April; Dounreay Site Restoration Limited and Magnox Ltd on 6 April; and the Pensions Regulator on 26 April 2022.

4 Executive Director Report

- 4.1 The CE/CNI presented his summary report on key strategic and operational matters during the reporting period, supplemented by oral updates from Executive Directors. He also set out the year-end operational performance position.
- 4.2 He provided a further update on the situation in Ukraine confirming that we remain connected internationally through the European Nuclear Safety Regulators Group (ENSREG), the Western European Nuclear Regulators Association (WENRA) and the Head of the Ukraine Regulatory Authority. Work is being co-ordinated through the International Atomic Energy Agency (IAEA).
- 4.3 He acknowledged the publication of the British Energy Security Strategy, its nuclear content and the impact on ONR. He confirmed there were no major surprises in the strategy and that it was aligned to our planning assumptions. There would be no major impact on ONR in the next 12 to 18 months but that we would need to carefully consider the longer-term impact as well as the demands on ONR from the defence sector.
- 4.4 He reported that 82% (23 of 28) of ONR's 2021/22 Corporate milestones had been completed in the reporting year, confirming that the missed milestones had been impacted by the COVID-19 pandemic. He highlighted the operational scorecard on performance data at the year-end at appendix 1 and provided a high-level update on the position against each of the key measures: People; Health, Safety and Wellbeing; Finance, Security and Data Protection; and Information Technology. He commented that this was an indicative set of data that would evolve to form our balanced score card for 2022/23.

- 4.5 He confirmed that ONR would lift all COVID-19 related restrictions from 9 May 2022, resulting in all office and meeting room capacity limits being removed. We will continue to make use of the hand sanitising facilities and surface wipes in our offices. Face coverings also remain available for use for those who wish to wear one, and we continue to ask that meeting Chairs establish consensus on this topic, to ensure that all staff feel comfortable and supported. Although we have already removed ONR requirements for testing prior to site visits, we will continue to comply with sites' individual arrangements, where they exist. We will also launch our Hybrid Working Guidance to maximise the benefits of co-located working as part of our Flexible Working Policy.
- 4.6 He provided an update on the new executive governance arrangements including: the setting up of the ONR Executive Team (OET); the refocussing of the Senior Leadership Team (SLT); the change of title of the EDO to Executive Director of Regulation (EDR); and the change of title of Deputy Chief Inspector (DCI) to Director of Regulation for their assigned portfolio. We will have only one Deputy Chief Nuclear Inspector (DCNI); an appointment that will be vested in the EDR. He provided feedback on the discussion at the SLT last month and would provide an update to the Remuneration and Nominations Committee (RNC) on 12 May 2022. We will transition to the new arrangements on 1 May 2022.
- 4.7 He concluded by providing a brief update on the timetable for laying the 2021/22 Annual Report and Accounts (ARA) and the notable challenge to achieve this prior to Parliamentary recess. We continue to work on a best endeavours basis.
- 4.8 The EDO confirmed that retrievals had commenced on the Magnox Swarf Storage Silo (MSSS) at Sellafield noting this had been a remarkable achievement for ONR and SL. There remains a minor technical issue with robotics on the Pile Fuel Cladding Silo (PFCS) which needs to be resolved before retrievals begin.
- 4.9 He provided an update on the defueling safety cases for Hunterston B and Hinkley Point B. He also highlighted early indications of an accelerated AWE programme of work which is creating some uncertainty in relation to demand and timing for ONR. However he was confident that the position was stable for the next 12 months as the detail emerges.
- 4.10 He reported that the Well Informed Regulatory Decisions (WIReD) Project had made good progress and continues to deliver to quality, schedule and cost. The inspection data base is scheduled for release imminently, providing further assurance on delivery confidence.
- 4.11 He provided an update on the University of Strathclyde's independent review of the effectiveness of our research which was providing helpful challenge to our current arrangements and thinking on whether our 'reach' was sufficient.
- 4.12 He provided an update on our tactical sustained response to the ongoing situation in the Ukraine and highlighted the importance of further testing our organisational resilience.

- 4.13 He concluded by touching on the need for greater certainty regarding reactor end of life dates and highlighted a number of recent issues that could impact on the current schedule for elected closure. Whilst the responsibility for elected closure lies with the operator, he acknowledged there is a need to improve our engagement alongside EDF to ensure planning is seamlessly aligned.
- 4.14 The DCE reported that good progress is being made on establishing our automated performance reporting and that our Organisational Effectiveness Indicator (OEI) outcomes and plan on a page would be reported to June Board.
- 4.15 She confirmed the updated ONR / DWP Framework document is being updated and would draw out ONR's freedoms and flexibilities as a public corporation. This is currently scheduled for July Board.
- 4.16 She confirmed that the IT service remains operationally stable and that work on the plus one-year extension to the existing agreement was progressing well, with a view to this being finalised towards the end of May. In parallel, we continue work on our longer-term sourcing strategy and associated tender plans.
- 4.17 The Director of Policy and Communications (P&C) provided a brief update on the Post Implementation Review (PIR) which was now with senior government officials. Work is ongoing in ONR on the management response to the recommendations and suggestions and to absorb agreed recommendations into existing work where appropriate.
- 4.18 The Finance Director (FD) and the Director of P&C provided an update on Common Good Charging, ongoing discussions with Government Legal Department (GLD), National Audit Office (NAO) and the Department for Business, Energy and Industrial Strategy (BEIS), options and associated risk, and next steps.
- 4.19 The HR Director concluded by providing an update on ONR's Organisational Review (formerly Organisational Blueprint (OBP)) and confirmed that the invitation to tenders are live for both Pay and Grading and Matrix Management.
- 4.20 In discussion the Board:
- i. Commented on the need to be a flexible and agile organisation to ensure we can respond to external and internal challenges, reinforcing the drive for simplification to support this.
 - ii. Commented that in relation to Common Good Charging it is essential to ensure clarity and robustness in the ONR position. They also commented on the need to make a provision in this year's accounts and discussed how this should be handled.
 - iii. Welcomed the positive feedback from the Board attendees and FD, all of whom are SLT members, on the new executive governance arrangements.
- 4.21 The Board noted the report.

5 2021/22 End of Year Reporting

Organisational Effectiveness Indicators Performance Assessments 2021/22

- 5.1 The DCE gave a presentation to provide assurance on in-year (2021/22) progress and trajectory towards realising the outcomes in the 2020-25 Strategy, using the OEI Framework Tier 1 indicators.
- 5.2 She confirmed that all ten Tier 1 indicators had been assessed as amber, indicating that they had been partially achieved, but that by the end of year 5, eight of the ten indicators are on track for delivery. She highlighted the successes and factors for amber and the focus / learning points and 2025 trajectory for the ten indicators.
- 5.3 She also provided a full suite of Tier 2 outcomes and assessments for information.
- 5.4 She confirmed that the revised year 3 outcomes and changes to the OEI structure are being finalised and would be reported with effect from quarter 1 2022/23. An in-house OEI reporting application is under development and would be rolled out shortly, with its first report to Board in September / October 2022.

2021/22 Year End Financial Position – Key Messages

- 5.5 The FD presented a paper on the end of year financial position for 2021/22. He confirmed that the ONR 2021/22 outturn was £86.2m against a budget of £95m; an underspend of £8.8m (9%) or £6.9m (8%) excluding vetting.
- 5.6 In our Period 7 full year forecast we reported an expenditure of £89.7m, £3.5m (4%) more than our final 21/22 position; however it is only a 1.8m (2%) movement, excluding vetting.
- 5.7 Our approved 2021/22 Full Time Equivalent (FTE) budget was 644. Our actual FTE at 31 March 2022 was 638, 6 FTE under budget. At P7 the forecast end of year position was 652 FTE, 14 higher than the actual position. The variance from P7 to year-end is mainly due to slippage in recruitment in Support Directorates.
- 5.8 He provided detail on the main areas of underspend within our 2021/22 budget and confirmed that the potential impact on future financial years had been considered as part of the 2022/23 budget setting process.
- 5.9 The full year accounts are currently being finalised and therefore may be subject to further adjustments although we do not currently expect any significant changes. The year-end audit is planned to commence in May, and we will work with the NAO to close the 2021/22 accounts.
- 5.10 In discussion the Board:
 - i. Acknowledged that not all current Non-Executive Directors (NEDs) were Board members when the OEI Framework was under development and therefore a refresher on what reports where, and why, would be helpful.

- ii. As part of 5.10i we should include a visual refresh of our hierarchy and control of performance reporting, including the relationship between our OEs and Key Performance Indicators (KPIs), and provide assurance that we are not running two parallel systems.
- iii. Confirmed that the 2021/22 year-end financial position was in line with what the Board expected to see from previous reports.

Action 1: OEI refresher on the different reporting tiers and a visual refresh of our hierarchy and control of performance to be provided to Board – DCE.

5.11 The Board noted the presentation and report.

6 Corporate Security Deep Dive

- 6.1 The Chief Information Security Officer (CISO) led a deep dive on Corporate Security. He highlighted the functional areas that make up Corporate Security to protect ONR's people, assets and information and provided an update on the progress being made on the controls to mitigate Strategic Risk-162.
- 6.2 He set out the Corporate Security target operating model and provided an assessment of capability across each of the functional areas. Delivery of the Corporate Security Strategy underpins work to improve ONR's security posture.
- 6.3 He provided an assessment of the current threat landscape and highlighted current threat themes, along with a detailed update on our cyber resilience roadmap, activity to date and associated timescales for completion running, some of which would run to April 2024.
- 6.4 He concluded by providing an assessment of our status against key assurance activities and highlighted residual risks captured in the CISO risk register.
- 6.5 In discussion the Board:
 - i. Acknowledged the significant progress made, our current maturity level and honest assessment of what still needs to be done, all of which puts us in a much stronger position as an organisation and in our engagement with key stakeholders.
 - ii. Recognised that recruitment remains a challenge and supported the CISO in looking at more innovative ways to recruit to key roles.
 - iii. Touched on the wider environment and noted that against a backdrop of anticipated pace and the potential for new entrants into our industry this was likely to introduce risk. They wanted to ensure ONR has the opportunity to engage with those new entrants at an early stage. The CISO welcomed the broader perspective and confirmed that this was something that he would reflect on.
 - iv. Discussed supplier management and the assurance ONR or the supplier would provide, noting this is not one size fits all as the level of risk will differ. Again Board suggested that this is something for the CISO to look at in due course.

6.6 The Board thanked the CISO for the informative and well-structured deep dive focusing on the key issues and for providing absolute clarity of purpose, drive and continued focus on key priorities.

7 Medicines and Healthcare products Regulatory Agency (MHRA) Vaccines Approval – Lessons Learned

- 7.1 The EDO presented a paper on ONR-related learning opportunities identified through a review of the MHRA accelerated approval arrangements used to grant regulatory approval for two COVID-19 vaccines in December 2020.
- 7.2 In January 2020, prior to the onset of the COVID-19 pandemic, the MHRA launched a pilot scheme for innovative medicines to enable earlier patient access. This pilot scheme provided the framework for fast tracking vaccine approval. Following regulatory review, two COVID-19 vaccines were authorised for use in December 2020 under The Human Medicines Regulations 2012.
- 7.3 In October 2021, MHRA presented ‘COVID-19 Vaccine Approval Acceleration’ at the UK Health and Safety Regulators Network (UKHSRN) Chief Regulators meeting to promote discussion on regulatory innovation. Post meeting, ONR committed to learn from MHRA’s role in the vaccine rollout. Further discussions between ONR and MHRA on the topic were held in November 2021.
- 7.4 The EDO summarised the regulatory activities undertaken by MHRA during the COVID-19 pandemic, practices implemented to inform vaccine approval and the ONR equivalents. He highlighted the six topic areas considered: Regulatory Flexibilities; International Mutual Recognition Agreements (MRAs); Regulatory Parallel Working; Fast-track Innovative Licencing; Adaptative Inspections; and Public Engagement; and summarised the differences in regulatory approaches between MHRA and ONR where there had been similar or equivalent approaches and where there had been differences, although the latter was limited.
- 7.5 He concluded by confirming that there has been learning for ONR but not as much as we had expected based on the review undertaken. He thanked Paul Garesse, Regulatory Advisor, Executive Support Office for his work in undertaking the review.
- 7.6 In discussion the Board:
- i. Noted that international MRAs for medicines are more established than the equivalent in the nuclear industry. Board was keen to explore how we can work with government to continue international effort to harmonise standards and safety reference levels for nuclear reactors, given that the fundamental requirements vary between regulators.
 - ii. Under the Fast-track Innovating Licensing theme, discussed at length the timescales associated with completing a GDA. They also discussed options for joint working without compromising our regulatory position or sacrificing standards of safety and security. The EDO noted that whilst there are benefits to acceleration, ONR would not sacrifice standards of safety and security.

- iii. Stressed how critical it was for ONR to be on the front foot in our external communications on GDA timescales. The CE/CNI confirmed he had begun external engagement on this issue and would discuss this matter further with senior ONR colleagues. NEDs confirmed they would support the communications / message where and as appropriate.

7.7 The Board thanked the EDO for a very interesting and thought-provoking presentation which had helpfully supported broader discussion on a number of key issues.

8 ONR Risk Appetite Statement for 2022/23 – Review of Financial Risk Classification

8.1 The FD presented a paper setting out analysis of the financial risk against the HMT Orange Book 'minimalist' and 'cautious' classifications following the Board's request in March to further review the classification for our financial risk.

8.2 He provided detailed analyses for the financial risk against both classifications. He highlighted that, in considering the appropriate classification for our financial risk, we had considered our risk appetite both in the context of how we manage our risks internally, but also in the context of our status as a Public Corporation. The latter provides freedoms and flexibilities not afforded to Government Departments, but still commits us to comply with Managing Public Money and the constraints applied from our sponsor department, the Department for Work and Pensions (DWP), and other interested funding parties, including HM Treasury, BEIS and industry. He confirmed that the draft Risk Appetite Statement combines the risk categories for financial and commercial into one.

8.3 He referred to our drive for value for money and more modern ways of working, eliminating unnecessary burden and bureaucracy and identifying areas for improvement. This would mean empowering our people so that decisions are being made at the right level within the organisation. If we want to be more efficient, drive simplification and reduce bureaucracy, then we need to focus on driving value.

8.4 On this basis he summarised our risk appetite and our aggregate risk appetite position as minimalist:

- a) Averse for financial propriety and regularity risks with a determined focus to maintain effective financial control framework accountability structures.
- b) Averse in terms of risks related to potential qualification of accounts.
- c) Open regarding deviation from reporting timetables.
- d) Minimalist as to risk relating to breaching individual control totals.
- e) Minimalist in risks relating to non-delivery of efficiencies and value for money.
- f) Cautious for risks related to our business partnering model, including our levels of delegation.

8.5 In discussion the Board:

- i. Thanked the team for their detailed consideration, noting the revised statement presented had an element of nuancing and content to satisfactorily address the divergence of views at March Board.

- ii. Commented this was a leadership issue and not a definition issue and the application of minimalist must not constrain us in driving forward opportunities, simplification and efficiency.
- iii. Acknowledged that we may introduce risk, and a cultural shift is likely needed so that we 'praise the idea' even if some of our activity does not deliver the outcomes expected, and it would be for the senior leadership to set the tone that this is acceptable.
- iv. Commented that we would need to take some risk to become efficient and that that we should be taking an opportunities and risk approach throughout the year to ensure we deliver to budget in 2022/23.

8.6 The Board agreed the minimalist approach to financial risk.

9 Summing Up and Close

9.1 The Chair thanked everyone for their attendance and contribution. He highlighted a number of themes that had flowed through the discussions: the need to ensure flexibility to respond to internal and external challenge; the drive for efficiency was about creating headroom; and reflected on the skills needed from the executive team in their new roles, some of which were different to those required of them in their previous positions. He summarised each item and confirmed the agreed actions.

9.2 Debbie Fisher, Principal Inspector, Leadership and Management for Safety provided her observer feedback. She commented that part of her role involved her looking at governance of licensees and that it had been incredibly helpful to watch the ONR Board in action. She had observed an open, constructive meeting with good challenge, advice and support from NED colleagues. She added that this had been a model and exemplar from which others could learn and thanked the Board for the opportunity to attend.

9.3 There was no other business raised. The Chair formally closed the meeting.

10 Information Papers

10.1 The Board noted the following information papers:

- a) ARAC Update – 12 April 2022
- b) Board Forward Look.