

**Minutes of the ONR Board  
8 June 2022  
St James House, Cheltenham, GL50 3PR**

**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  
Donald Urquhart - Executive Director of Regulation  
Geoff Hawker - Finance Director

**Attendees**

Dave Caton - HR Director  
Katie Day - Director Policy and Communications  
Debbie Harrison-North – Head of People Services (item 6)  
Kay Collier – Head of Academy (item 6)  
Jonathan Downing – Technical Advisor, ESO (item 7)  
Paul Fyfe - Director of Regulation, CNSS (item 9)

**Observer**

Kira Lelos – Nuclear Safety Inspector, Human Factors

**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 need to leave the meeting at approximately 10:30.
- 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 27 April 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 item 2 from 24 November 2021 Board meeting. The Audit and Risk Assurance Committee (ARAC) Chair confirmed a discussion had taken place with the Executive Director of Regulation (EDR). They acknowledged the longer-term aim to bring the Safeguards Information Management and Reporting (SIMRS) hosting service in-house for cost saving and enhanced security oversight.
- 2.3 The Board commented that, given SIMRS provides a strategic service to ONR on behalf of the UK, a prolonged loss of service would mean that ONR will fail to deliver accountancy reports to the IAEA on time and that the UK would be non-compliant with its international safeguards agreement. The Board asked that this is captured as a risk and that, in developing mitigations, we should work with others internationally who also use the accounting software.

**Action 1:** SIMRS software becoming obsolete to be raised as a risk and captured on the appropriate risk register – EDR

### **3 Chair's Report**

- 3.1 The Chair reflected positively on the growing level of internal and external engagement. He provided feedback on his ONR Directorate and Divisional meetings which were proving a positive development following on from his 'Meet the Chair' sessions.
- 3.2 Externally he provided feedback on: his end of year performance review held on the 19 May 2022 with ONR's Sponsor Minister at the Department for Work and Pensions (DWP); and his annual meeting held on 28 April 2022 with the Minister of State for Defence Procurement and senior Ministry of Defence (MoD) officials, where he was accompanied by the Chief Executive / Chief Nuclear Inspector (CE/CNI) to discuss issues of mutual interest.
- 3.3 He had also continued with his strategic level conversations with dutyholders including, as founder member, chairing the inaugural meeting on 12 May 2022 of the recently formed Nuclear Chairs' Group.

### **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 ONR Executive Team (OET) for the reporting period. He also highlighted emergent risks.
- 4.2 Following the recent changes to our executive governance arrangements, he provided an update on the OET which met for the first time on 19 May 2022, followed by a meeting of the Senior Leadership Team (SLT) in its new form. He confirmed that feedback has been generally positive, with agreement that the new arrangements bring a simpler and more efficient structure for decision making and improved focus of SLT on key strategic improvement topics.
- 4.3 He provided an update on the Corporate Plan 2022/23 which had been agreed by both DWP and BEIS Ministers. The Plan is expected to be laid in Parliament week commencing 13 June 2022. Separately he confirmed that the draft Post Implementation Review (PIR) report is currently with Ministers, and our attention had turned to how we will deliver the recommendations, with much of the work already in hand.
- 4.4 He confirmed we have launched our hybrid working guidance and removed limits on office and meeting room capacity. We are monitoring office numbers and have seen a gradual increases in staff attendance. We are keen to encourage a continued increase in staff attendance and will review our arrangements to see how effective they are. We are also focusing on accelerating learning and development opportunities for our new inspectors.
- 4.5 He provided an update on the Great British Nuclear (GBN) initiative confirming that Simon Bowen has been appointed by government to take the lead. He set out the scope of phase one which will: define the scope of GBN; propose the roles of Government and Industry; and establish a clear 'UK Offer' to new nuclear projects. ONR will provide effective input and influence into the process, including the

provision of a secondee, where appropriate. He would provide regulatory input into a senior level Industry Advisory Board.

- 4.6 He confirmed that a Prohibition Notice (PN) had been issued to the AWE Aldermaston site prohibiting entry into a part of the Plutonium Technology Centre classified as a 'confined space' unless a safe system of work is in place. The PN was issued to ensure the safety of staff at the site by controlling entry into a particular area where reduced oxygen levels may be present. ONR will engage with AWE to ensure that positive progress is made to comply with the notice.
- 4.7 The EDR informed Board that, as a part of the wider ONR review, he had initiated a more detailed review of how we might simplify aspects of our regulation, and further improve targeting and proportionality to generate headroom and alleviate work pressures. He anticipates realising some material benefits during 2022/23, but the programme is likely to take several years to deliver in full.
- 4.8 He highlighted the demographic challenge over the next few years which is such that, it will not be tenable to continue the current practice of awaiting retirements or resignations before identifying replacements. He is preparing a proposal that, if accepted, would allow us to recruit well-ahead of anticipated leavers in order to ensure we can maintain the continuity of our regulation.
- 4.9 He confirmed a new strategic risk had been raised to bring focus to those matters impacting on regulatory capacity and capability.
- 4.10 He provided an update on Hinkley Point B and confirmed EDF Energy's position that it would not extend its life beyond the planned shutdown of the two reactors in the summer.
- 4.11 He reported on more pleasing progress at Sellafield following the recent Board level discussion and subsequent EDR, Director and CE/CNI engagement. There is a further senior meeting planned for early August where we would expect to see sustained progress on this aspect of performance at Sellafield. We also plan to conduct a lessons learnt review.
- 4.12 He provided an update on the Well-Informed Regulatory Decisions (WIReD) Project which continues to progress well with the successful release into service of the inspection database last month. The project is on schedule, with the improvements noted by the independent review implemented and embedded, and governance working effectively. Consequently, he expects the status of the project to return to a 'green' rating at some point in July 2022.
- 4.13 He concluded by reporting that the first meeting of the newly established Innovation Panel would be meeting today and confirmed he would revert to Board with a progress update in six months' time.
- 4.14 The Deputy Chief Executive (DCE) provided an update on the Annual Report and Accounts (ARA) 2021/22 confirming that we remain on track against the timetable. The timetable remains challenging given that the final audit only commenced on 30 May 2022, some four weeks later than last year. The timetable allows for a pre-

recess laying 'go/no go decision' informed by the audit progress but is also dependent on timely review comments being received from all stakeholders.

- 4.15 On the Organisational Review she confirmed that, following the open tender exercise, we have progressed through the sift and presentation stages and expect to conclude the process in early June. We will ensure there is adequate time and focus for staff engagement to inform the outcome.
- 4.16 In relation to Achieving Cultural Excellence (ACE), she confirmed our Health, Safety and Wellbeing (HSW) strategy had been issued to staff. This is the result of many months of engagement and describes a holistic approach to implementing our HSW Vision around five strategic priorities: leadership and culture; communication and engagement; competence and education; embedding risk control; and planned assurance. The strategy is one of our key mitigations to our related strategic risk.
- 4.17 She provided an update on the DWP / ONR Framework Document review which is currently undergoing internal review and will seek to ensure that the next version provides more clarity on our freedoms and flexibilities, reinforces our independence, aligns with our responsibilities under The Energy Act 2013, and addresses Post Implementation Review (PIR) recommendations around financing and funding. We are aiming for Board sign-off in July.
- 4.18 In discussion the Board:
- i. Asked that, in relation to the demographic challenge highlighted by the EDR, we explore options to help maintain regulatory expertise.
  - ii. Commented on the review of our hybrid working arrangements reinforcing the need to include how effective current arrangements are.
  - iii. Discussed the planned lessons learnt review relating to an aspect of performance at Sellafield and the importance of applying them to others where there may be similar concerns.
- 4.19 The Board noted the report.
- 4.20 With the Chair's agreement, the HR Director provided an additional update on the ONR Pay Offer 2022/23. He set out the context for the proposed offer, the ONR position and highlighted the ONR proposal which included:
1. A pay award uplift of 4.5% for all eligible staff.
  2. Progression pay to be maintained (38% of staff eligible).
  3. Non-consolidated performance bonus to all who have contributed (met or exceeded) objectives.
  4. A non-consolidated payment of 0.5% for those on the maximum of their pay range and ineligible for progression pay.
  5. A guaranteed underpin of £1k consolidated increase for the lowest paid staff.
- 4.21 He set out the costs and implications associated with the ONR proposal confirming our commitment, aligned to public sector pay policy, to offset where possible any of these additional costs through a combination of efficiency savings and productivity gains. ONR has already instigated a number of initiatives aimed at ensuring we

identify and capture any cashable or non-cashable savings and are able to evidence productivity gains.

4.22 He confirmed the next steps which, subject to Board approval of the proposal, would mean we could move quickly to present our best and final offer to the Trade Unions.

4.23 In discussion the Board:

- i. Asked that we return to a future Board meeting on the cost savings but that this should not hold up proceeding with the proposal.
- ii. Commented on the importance of building-in flexibility to reward high flight risk individuals.

4.24 The Board approved the ONR proposal, which in the current circumstances, demonstrates a significant investment in our staff and recognises the specific workforce challenges we are facing, noting that any increase above 3% would be offset through efficiencies / productivity gains.

## **5 HR Case Study – Delivery of the People Strategy and Developing HR Capability**

5.1 The Head of People Services and Head of Academy gave a presentation on delivery of the People Strategy and developing HR capability.

5.2 The Head of People Services set out the priorities for the People Strategy 2020-2025 and mitigations for our strategic people and our health, safety and wellbeing risks.

5.3 She discussed in detail progress to date including: introduction our the ONR Values so everyone is aware of the standards of behaviour expected; greater focus on training for leaders and managers equipping them to carry out their roles more effectively; National Equality Standard re-accreditation; Disability Confidence Leader (Level 3); implementation of a reverse mentoring programme; launch of our Health, Safety and Work Vision and Strategy; delivery of a new Academy remote learning and blended syllabus; and good progress on our Organisational Review with the scope and approach having been agreed.

5.4 Whilst good progress has been made she also highlighted a number of barriers to delivering our commitments and, supported by the Head of Academy, shared their respective views on how these can be overcome to ensure we deliver our intended outcomes.

5.5 The Head of Academy provided a status update on HR capability measured against CIPD professional standards for each specialism with five specialisms rated either very effective or effective. Three areas were rated as limited; gaps were highlighted along with plans to address them.

5.6 They concluded by highlighting a series of next steps including seeking re-accreditation as a disability confident leader, meeting our recruitment and retention targets, working towards becoming an employer of choice, and continuing to build on the success the ONR Academy as a centre of excellence for learning and development.

5.7 In discussion the Board:

- i. Had a candid discussion around some of the barriers identified and shared their respective views on how these could be broken down.
- ii. Offered their support to reinforce the purpose of the Organisational Review and its key areas of focus. HR colleagues agreed to share a short briefing to support Board in their discussions.
- iii. Welcomed the opportunity to hear more about the Academy and suggested it would be beneficial to hold its September Board meeting in the ONR Academy if it was available.

5.8 The Board thanked the Head of People Services and the Head of Academy for an excellent presentation and looked forward to visiting the Academy in September.

**Action 2:** Subject to availability, September ONR Board meeting to be held in the ONR Academy – Board Secretary / Head of Academy

## **6 Strategic Framework for International Engagement Annual Report 2021/22**

6.1 The Director, Policy and Communications (P&C) gave a presentation on the Strategic Framework for International Engagement Annual Report 2021/22.

6.2 She highlighted our journey from 2018, where we set about creating ONR's first strategy for international engagement, to where we are now with a strategy which has received international recognition and provides corporate priorities and governance for us to maximise our impact and value for money.

6.3 She confirmed that this is the first report of its kind to Board on the outputs and outcomes of our international work, confirming that overall we are doing exceptionally well in this area. She provided a detailed assessment against each of our six international indicators: five indicators rated as green and one indicator rated as amber, but with an improving trajectory.

6.4 She highlighted a number of specific case studies to demonstrate how we are making an impact and discussed our work in providing continuous technical and communications advice to government and our international partners as part of the global response to the Ukraine situation.

6.5 She concluded by setting out our plans to drive further efficiency and simplification, including: focus on rationalisation and digitisation of our international engagement process and International Work Plans; capturing qualitative/quantitative data more effectively to evidence influence/impact; and establishing a Nuclear Energy Agency (NEA) engagement strategy; and introduce greater co-ordination and oversight across Tier 1 bilateral regulatory partners.

6.6 The Board thanked the Director, P&C for a very positive report which clearly demonstrates the importance of collaboration, our influence in key matters, our focus on maximising our impact and ensuring value for money.

## **7 ONR Arrangements for the Sharing of Good Practice**

- 7.1 The EDR introduced the session on ONR's arrangements for the sharing of good practice which was an action from a Board discussion in February 2022.
- 7.2 The Technical Advisor to the EDR gave a presentation setting out how ONR shares good practice internally, nationally and internationally. He highlighted ONR written good practice arrangements, inspector training and assurance arrangements, engagement with dutyholders and industry groups, and described how ONR external publications support dutyholders to better understand their responsibilities.
- 7.3 He confirmed that ONR is involved in the production of national and international good practice guidance. We consider dutyholder good practice, incorporate lessons learnt from key case studies and share good practice internally through training, specialism meetings and assurance reviews. All specialism assessments are conducted against relevant good practice and are subject to acceptance review by the Professional Lead Inspector. Project assessments balance good practice from multiple specialisms to provide a proportionate overall regulatory decision. We adopt flexible permissioning with industry, using licensee arrangements for compliant dutyholders.
- 7.4 In discussion the Board:
- i. Noted that all our guides reflect relevant good practice and that, whilst we have an opinion on relevant good practice, we are not a custodian of it.
  - ii. Commented on how we identify relevant good practice as a starting point for professional inspector judgement, noting the fundamental test is whether risks have been reduced so far as reasonably practicable.
  - iii. Discussed the importance of proportionality and consistency.
  - iv. Asked how we share bad practice, looking at things that do not work, and noted the arrangements via our Professional Lead Inspectors in reviewing good practice and industry weakness themes.
- 7.5 The Board thanked the Technical Advisor for a very interesting presentation and suggested a future Board discussion on 'how regulatory decisions are made.'

**Action 3:** Future Board discussion on how regulatory decisions are made – EDR.

## **8 ONR's Annual Review of Strategic Risks**

- 8.1 The Finance Director (FD) presented the ONR Strategic Risk Register (SRR) and paper providing an update on the progress to rationalise and improve ONR's risk management processes and practices following the Government Internal Audit Agency's (GIAA) audit.
- 8.2 He confirmed that, following recent reviews by ARAC and the Performance and Risk Group (PRR), the SRR has been amended to reflect recommendations and that risks have now stabilised from a reporting perspective. Attention has focused on several key risk classifications over 2021/22, including: people; cyber; and reputational. He highlighted the highest rated risks on the SRR, setting out the inherent risk and the

current residual risk position on each, and referenced the new “risk on a page” report at appendix A.

- 8.3 He confirmed a risk improvement plan had been developed in response to the GIAA audit which would address each of the recommendations by March 2023. He provided an update on the key work strands of the plan including: progress on a new Enterprise Risk Management tool; risk training; reviewing the structure of risk forums; and updated risk delegation to support the delivery of a more pragmatic and proportional risk management process.
- 8.4 In discussion the Board:
- i. Welcomed the positive progress being made on the risk improvement plan and the assurance provided to ARAC that the risk management process is working more effectively.
  - ii. Noted the enhancements that will be provided through the new Enterprise Risk Management tool and the ability to accumulate risks, noting that focus on risk mitigation is also of equal importance.
  - iii. Agreed that the forthcoming Board SRR Deep Dive should focus on SR197. This should also cover the risk lifecycle.

8.5 The Board noted the report.

**Action 4:** Forthcoming Board SRR Deep Dive focus on SR197 and should also cover the risk lifecycle - EDR

## **9 UK SSAC – Quarterly Update**

- 9.1 The Director of Regulation, CNSS presented a paper providing an overview of the delivery of the UK State System of Accounting for and Control of nuclear material (UK SSAC).
- 9.2 He confirmed all operational activity in the Safeguards Subdivision has proceeded as planned and we continue to deliver all required reporting to the IAEA on time, and to facilitate IAEA safeguards activities in the UK effectively.
- 9.3 He highlighted that a small number of resignations of safeguards regulatory staff, coupled with an existing vacancy in the subdivision, had resulted in the need to reallocate and target resources to the higher impact, most safeguards-sensitive areas to ensure we retain confidence and safeguards coverage. All requests will be prioritised to ensure our involvement is essential and targeted. These measures will remain in place until the resource issues are resolved. A recruitment campaign for safeguards inspectors is live, as well as one internal vacancy for a nuclear material accountant, as we seek to grow our own capability for nuclear materials accountancy owing to a lack of resource in the market.
- 9.4 He confirmed that a strategic risk had been raised relating to the continued long term SIMRS availability arising from a lack of technical resilience and sustained investment in the base product from the supplier. This is primarily driven by the very limited international customer base. There is no risk to the service in the short or medium



term. We will evaluate the findings and update the long term SIMRS strategy to mitigate this issue.

- 9.5 He highlighted ONR's work in providing support to the government's scoping work for AUKUS and work is ongoing with BEIS colleagues to formalise the funding arrangements. Government advice to date is that they anticipate requesting assistance from ONR on safeguards matters only until the scoping work concludes in March 2023.
- 9.6 He concluded by confirming that we will continue to carry out our assessments, inspections and reporting as planned, noting the measures in place to manage our resource constraints. Recruiting and training staff to address these constraints is a priority.
- 9.7 In discussion the Board:
- i. Noted the importance of maintaining our international obligations and that we have continued to deliver all required reporting to the IAEA on time.
  - ii. Recognised the efforts to grow our internal capability and acknowledged the EDR-led work on contingent capability.
  - iii. Reinforced the need to explore all external recruitment pipelines and options to make our recruitment package attractive.
- 9.8 The Board noted the report.

## **10 Committee Annual Reports 2021/22**

### *ARAC*

- 10.1 The ARAC Chair presented the Committee Annual Report on the effectiveness of internal controls and risk management, the maintenance of appropriate and adequate audit processes, and the governance of the internal and external audit programmes. The report demonstrates the key work, assurances sought, and advice provided to ensure that the Committee has fulfilled those particular responsibilities.
- 10.2 As with previous years, focus has been given to strategic risks, major project delivery and necessary assurances that can be gained from Internal Audit, Regulatory Assurance, and other sources such as Deep Dives. ARAC continued to take a keen interest in gaining assurance that ONR's response to the continuing pandemic was effective, with no detrimental impact on both organisational performance and effective regulation. ARAC members are satisfied that ONR is in all material aspects a compliant organisation striving to achieve improvements to deliver its mission.

### *Remuneration and Nominations Committee (RNC)*

- 10.3 The RNC Chair presented the Committee Annual Report on the key work of the Committee and provide assurance it has acted in accordance with its delegated powers. The Committee has oversight over all matters relating to the remuneration and performance of Executive Board Members and the framework for Director level (Senior Civil Servant (SCS) equivalent) staff and takes a strategic approach to succession planning for the Board and has oversight of the approach for the wider organisation.

- 10.4 Focus in year has been on senior staff remuneration, pay and reward, succession planning, and supporting development of a business case for a flexible benefits scheme. RNC has acted in accordance with the powers delegated to it by the Board and has taken decisions based on sound advice.
- 10.5 The RNC Chair sought Board approval to the change of name from RNC to 'Remuneration and Resilience Committee' to reflect more accurately its broader areas of responsibility.

#### *Security Committee*

- 10.6 The Security Committee Chair presented the Committee Annual Report on the key work of the Committee and to provide assurance that ONR is providing efficient and effective security regulation of the nuclear industry, holding it to account on behalf of the public.
- 10.7 In year, the Committee Chair sought views from Committee members and external attendees on future focus and mode of operation to ensure it continued to add value to both ONR and to all attendees and on meeting frequency. Focus in year has been on: transparency of security regulation; cyber security threat to the Civil Nuclear Industry; Annual Review of Security 2021/22; and the CNSS regulatory plan 2022/23.
- 10.8 She sought Board approval to a number of minor changes to the Committee Terms of Reference to reflect Committee discussion on key security topics of relevance and interest to all attendees and on more frequent meetings.
- 10.9 The Chair thanked each of the Committee Chairs for doing a tremendous job in leading their Committees effectively. The Annual Reports had provided assurance that the Committees were acting in accordance with their particular responsibilities / delegated powers.
- 10.10 The Board approved:
- i. The change of name from the RNC to Remuneration and Resilience Committee to reflect more accurately its broader areas of responsibility.
  - ii. The revised Security Committee Terms of Reference shown at appendix 3 to the Security Committee Annual Report 2021/22.

10.11 The Board noted the Committee Annual Reports 2021/22.

## **11 Any Other Business, Summing Up and Close**

- 11.1 The FD raised one matter of other business relating to the sign-off of the ARA 2021/22.
- 11.2 The Board agreed to delegate responsibility for signing-off the ARA 2021/22 to the ONR Chair, following the detailed review by ARAC on 27 June 2022.

11.3 The Chair thanked everyone for their attendance and contribution. He highlighted a number of themes that had flowed through the discussions, in particular resilience and contingency planning. He summarised each item and confirmed the agreed actions.

11.4 Kira Lelos, Nuclear Safety Inspector, Human Factors provided her observer feedback. She commented that as part of her experience as a Human Factors Specialist, she had observed several formal management meetings across other organisations, adding that the ONR Board meeting was a great example of how these types of meetings should be run. The meeting was focused on the pertinent key areas of interest. Board members were engaged and asked questions without hesitation or judgement and conversations were open and honest. She thanked the Board for the opportunity to attend.

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

## **12 Information Papers**

12.1 The Board noted the following information papers:

- a) Annual Data Protection Compliance Report
- b) Audit and Risk Assurance Committee Minutes – 12 April 2022
- c) Security Committee Minutes – 04 May 2022
- d) ARAC Update – 24 May 2022
- e) Board Forward Plan.