**Minutes of the ONR Board**

**21 November 2024**

 **MS Teams**

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| **Present:** Judith Hackitt - Chair Sarika Patel - Non-Executive DirectorTracey Matthews - Non-Executive DirectorJean Llewellyn - Non-Executive DirectorJanet Wilson - Non-Executive DirectorRoger Hardy- Non-Executive DirectorMark Foy- Chief Executive and Chief Nuclear Inspector (CE/CNI)Paul Fyfe- Senior Director RegulationRachel Grant- Director, Strategy and Corporate AffairsLinda Aylmore- Finance Director | **In Attendance:**Emily Ashwell- Skills Director Co-Chair of the Nuclear Skills Delivery Board, Ministry of Defence[[1]](#footnote-1)Sarah Brown- Head of Policy[[2]](#footnote-2)Paul Dicks- Director of Regulation – Sellafield Decommissioning Fuel and Waste[[3]](#footnote-3)**Observer:** Mahtab Khan- Superintending Inspector- Nuclear Safety, Head of Safety Regulation - EPR (Hinkley Point C andSizewell C) |

**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 Sarah High. |
| 1.2 | The Chair welcomed Linda Aylmore to her first Board meeting since taking up her post as Finance Director. |
| 1.3 | There were no declarations of interest. |
| **2** | **Minutes, matters arising and action points**  |
| 2.1 | The minutes of the meeting held on 31 July 2024 were approved as a correct record. |
| 2.2 | The Board noted that all actions were either complete or on track. |
| 2.3 | The Board Secretary was asked to check and ensure that all biographies of Executive members of the Board were up to date on the ONR website. |
| **3** | **Chair’s report** |
| 3.1 | The Chair provided an update on activity since the July Board meeting. She provided an update on the recruitment for the CE/CNI and Non-Executive Director post. |
| 3.2 | The Chair noted the positive dialogue and interactions with stakeholders at the Annual Industry Conference in October. She noted a video she had recorded for staff which highlighted her reflections from both the Conference and the recent Board Strategy days. |
| **4.**  | **Executive Board report** |
| 4.1 | The CE/CNI provided an update to the Board on key corporate, regulatory, finance, risk and assurance matters. |
| 4.2 | He outlined the position on senior level recruitment, highlighting the ongoing recruitment for the HR Director post and the interim arrangements that will be in place following the departure of the current HR Director in December. |
| 4.3 | He shared his reflections on the Leading ONR event which had taken place earlier in the week and had been attended by 90 senior leaders and influencers in the organisation. Staff had been engaged throughout the day, and it had provided an opportunity to share their views on the 2025-30 ONR Strategy, mission and strategic objectives. |
| 4.4 | The new London office had opened in August 2024, feedback from staff had been overwhelmingly positive. In Bootle, the revised Redgrave Court lease was expected to be finalised by end of November 2024. Phase one of downsizing was completed on schedule and returned to the landlord in August. The office footprint had reduced by 42% resulting in annual savings of £2.3m. |
| 4.5 | The new networks for all offices were now live and under the support of the IT Service Management team. He commended IT Directorate colleagues for their hard work, commitment and resilience to deliver these improvements. |
| 4.6 | On Synergy, the Director, Strategy and Corporate Affairs highlighted that ONR was part of a wider cluster of organisations seeking to extend the current framework agreement with Shared Services Connected Limited (SSCL) for a further three years to October 2028. This extension would facilitate and give headroom to the delivery of Synergy which was expected to be on-boarded in late 2026 (the contract will cease when Synergy is live). The business case had now been signed off and ONR were recruiting so that the delivery project could be resourced effectively, albeit to a lower level than requested due to budget constraints. |
| 4.7 | ONR had completed its Department Security Health Check submission to the Government Security Group (GSG), commissioned annually to assure security activity across government. While the assessment had provided points for development, ONR’s security team were confident that these would be minor and ably addressed considering our mature arrangements.  |
| 4.8 | He reported that the new strategic regulators’ forum proposed by the previous government, to be chaired by Ministers, was still likely to go ahead with a focus on regulation. ONR’s representation on the Council would be considered when more clarity was shared on its remit.  |
| 4.9 | The Department for Energy Security and Net Zero (DESNZ) were continuing with As Low As Reasonably Practicable (ALARP) workshops. ONR were facilitating and providing support to these workshops. ONR were also maintaining close contact with the Health and Safety Executive (HSE) on this subject. |
| 4.10 | The CE/CNI updated the Board on performance. He highlighted updates on ONR’s corporate milestones and OrganisationalEffectiveness Indicators (OEIs). |
| 4.11 | In discussion the Board:1. Highlighted the importance of the HSE’s involvement in ALARP discussions. They noted that the outputs from the workshops would include input from the CE/CNI’s independent advisory panel on which HSE would be represented.
2. Noted the updates on the Sizewell C Judicial Review and the Hinkley Point C (HPC) fatality investigation.
3. Queried the confidence in closing out the Level 1 regulatory issue at Devonport Royal Dockyard Limited (DRDL) given repeated delays in its readiness to start maintenance.
4. Discussed the potential for alternative penalties for cyber security breaches.
5. Noted that Emergency Preparedness and Response (EP&R) colleagues had facilitated the ONR response to five Level 2 (local authority led) test exercises. This has involved the activation of ONR’s emergency response arrangements and the deployment of ONR external ‘away teams.’ The Board noted that a reminder of the protocol and how and when Board are brought into the emergency preparedness and response process would be beneficial.
6. Commented on the upcoming National Audit Office (NAO) report on efficiencies in the decommissioning process at Sellafield and whether ONR would have a role in that.
7. Discussed existing and new Generic Design Assessments (GDAs) and the approach being taken by the CE/CNI to write to Ministers in relation to any new Advanced Modular Reactors (AMRs) to confirm how each would meet the UK’s nuclear needs.
8. Commented on the potential impact of AUKUS (a defence and security partnership between Australia, the United Kingdom and the United States) and highlighted the need for clarity on how it would be funded and how this would affect demand.
9. Noted the whistleblowing campaign which had launched across the industry to increase awareness of ONR’s role as a prescribed body within the industry whilst highlighting the potential increased resource implications and the need for robust responses for any vexatious reports.

**Action: Mark Foy to share with the Board details of the Emergency Preparedness and Response process.** |
| 4.12 | The Board noted the report. |
| **5** | **Finance 2024/25 Q2 update** |
| 5.1 | Linda Aylmore presented an update on the latest financial position at Period 6 (Quarter 2). |
| 5.2 | She highlighted the year to date (YTD) financial position was £52.3m with a £4.8m underspend and the full year forecast expected to be £5.5m underspent by the end of the March 2025 based on current business information. This was driven by:1. Underspend in staff costs/recruitment and the impact of the pay award halfway through the year.
2. Delays in work, slippage in GDA progress.
3. Slippage in the IT service provider (ITSP) project and the knock on effect causing slippage in other IT areas/initiatives.
4. Savings in other costs such as travel and subsistence (T&S), graduate sponsorships, and research costs .
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| 5.3 | She advised the Board of a piece of work that had been commissioned to look at ONR’s current resource ‘baseline’ and the 2025/26 ‘baseline’ FTE across the organisation to assess and understand the fixed cost base and to evaluate what variable costs can be bought in as necessary via the supply chain (technical support) contracts. The timing of the review is to set the scene as a transition year going into ONR’s future Strategy period to 2030. |
| 5.4 | In discussion the Board:1. Emphasised the need to get the baselining right. There would be work to do within the organisation to build on the understanding of baselining and for directors to understand the output of the exercise before going into business planning.
2. Noted the importance of demonstrating efficiency savings, and opportunities to learn from what government departments were doing and tools that they used, which could be adopted by ONR.
3. Discussed the impact on staff and the support being offered to enable the development of a clear planning system which would support the baselining exercise.
4. Highlighted the need to address the year-on-year underspend on recruitment as a priority. This was not linked to an ability to recruit but to budget methodology and assumptions of a 1 April start date for all new joiners which was an ineffective model.

**Action: Linda Aylmore to provide a paper to the Board outlining ONR’s resource baseline requirements and needs in advance of the Board’s approval of the 2025-26 budget.** |
| 5.5 | The Board noted the report. |
| **6** | **National Nuclear Strategic Plan for Skills** |
| 6.1 | Emily Ashwell joined the meeting and introduced her slides which provided an update to the Board on the Nuclear Skills Plan. |
| 6.2 | She thanked ONR for participating in the programme and emphasised the importance of thinking about how we look at the skills challenge faced by the sector and the important interface between sector and regulator. |
| 6.3 | She provided background on why the Nuclear Skills Taskforce had been set up and the ambitious target with positive progress to date. She took the Board through the four key work streams; Collaborate, Deepen, Invest and Lead. |
| 6.4 | She noted the core group of people in the position of leadership and oversight of the plan’s delivery at the Nuclear Skills Executive Council (NSEC). They included key employers in the sector who were a part of all the active initiatives and who were committed to making the plan work. She highlighted that there was also a dedicated team which included secondees from DESNZ, industry and energy security working to drive delivery of the plan. |
| 6.5 | This year the focus of the taskforce had been to ensure that all workstreams were stood up, and delivery contracts set up outlining how commitments would be delivered against each of the workstreams. |
| 6.6 | She highlighted early successes and progress. Destination Nuclear was the most visible part of the plan and the second phase had been rolled out on 2 October. This programme spoke to the whole nuclear sector, with a big focus on attraction. The programme was linked to a careers portal where there was good traction in relation to applications for roles. |
| 6.5 | She highlighted the holistic approach which had been adopted to try and ensure coherence against all initiatives and government administrations. |
| 6.6 | She noted progress against apprenticeships and graduate targets, with 2,525 apprentices and 1,321 graduates recruited into nuclear this year. The challenge for next year would be to maintain momentum. |
| 6.7 | She noted that work had begun to optimise the training landscape and create consistency.  |
| 6.8 | In summarising, she highlighted that there had been lots of good progress made in the first year of NSEC but that there were still a number of initiatives and priorities for year two; this included launching the crucial interchange hub. Continued communications alongside raising the profile of people working in the sector would be critical to NSEC delivering the plan. |
| 6.9 | In discussion the Board:1. Commented on the need for alignment across the industry in an area where competition could be prioritised over collaboration. The Board noted that all parties on board with the programme had committed to collaboration and that ways of working to facilitate the sharing of information between organisations, such as unsuccessful applicant data and getting to a place of people applying for roles across the sector, was being prioritised.
2. Questioned how this work was being contextualised in relation to the wider energy and engineering industry and the UK’s STEM shortage.
3. Commented on the opportunity to push some of the collaborative boundaries beyond just the nuclear sector. There was awareness of the competition against other industries, such as advanced manufacturing, and the international factor which could create a bigger challenge.
4. Stressed the importance of maintaining senior level engagement, leadership and collaboration and emphasised the value of building on, and utilising, existing successful skills initiatives/programmes.
5. Queried the recruitment/skills role for Great British Energy.
6. Commented on the need for NSEC to feed into the broader industrial strategy which should set out how the skills shortage should be addressed.
7. On Equality, Diversity & Inclusion there was a risk of communications being targeted to people already in nuclear and the Board questioned whether there was work ongoing to understand how nuclear was perceived by broader pool of people the industry needed to attract.
8. Highlighted the need for supply chain involvement in the initiatives. This was starting to happen and they were being onboarded to the Destination Nuclear campaign. It was important to continue to step up to provide good placements and managing the demand between organisations was key.
9. Noted the opportunity for collaboration between NSEC and ONR’s communications team.
10. Commented on the important task of positioning how innovation could impact the areas of decommissioning and defueling and ensuring this was an attractive opportunity.
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| 6.10 | The Board thanked Emily for her update. |
| **7** | **ONR Strategic Risk Proposal** |
| 7.1 | Linda Aylmore introduced the paper which provided an outline of the strategic risks identified following the zero based risk review to mitigate threats to achieving ONR’s objectives. She outlined to the Board the process of transitioning any de-escalated risks to directorate-level oversight and presented the plan for a comprehensive internal control review to ensure operational effectiveness and consistency. |
| 7.2 | The strategic risks presented to the Board had been previously discussed and agreed at the Senior Leadership Team (SLT) meeting as well as an Audit, Risk and Assurance Committee (ARAC). |
| 7.3 | The Board were asked to approve six proposed strategic risks; and endorse the de-escalation of specified risks to directorate-level oversight. |
| 7.4 | In discussion the Board:1. Noted the risks on a page which showed scoring and demonstrated increased maturity of risk management within ONR.
2. Highlighted the good discussion at ARAC where there had been support for the recommendations presented to the Board.
3. Highlighted that it was good to see risks de-escalated to Directorate level and that this was a sign of investment in the risk management system across ONR.
4. Noted that it had been agreed at the Quarterly Assurance Review (QAR) meetings with the Department for Work and Pensions (DWP) to include a deep dive into the strategic risks. This would correlate to the ARAC timetable of risk deep dives.
5. Questioned the wording around Strategic Risk 19 on ONR’s financial regime and funding and agreed that the wording of this risk needed to be adjusted to demonstrate funding fit for the future.
6. Discussed whether culture should be a strategic risk, noting that this was a risk that had divided the SLT discussions. The Board agreed with the approach proposed which would keep culture as a directorate level risk, ‘kept in view’ by ARAC.
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| 7.5 | The paper was noted and the Board agreed the six strategic risks and endorsed the de-escalation of specified risks to directorate-level oversight. |
| **8** | **Government Autumn Budget Announcement November 2024** |
| 8.1 | The Director, Strategy and Corporate Affairs and Finance Director introduced the paper, which sought to update the Board on the implications policy-wise on the civil and defence nuclear sectors following the Autumn Budget announcements, as well as advise the Board on the direct financial implications for ONR. It was explained discussions had moved on since the writing of the paper to include the spending review which creates concern for funding for the industry and funding for ONR.  |
| 8.2 | On ambition and scope, there were no new announcements. There was a commitment to raising defence spending to 2.5% of GDP. The Chancellor had yet to provide a timetable for implementing that increase. In relation to Sizewell C (SZC), she noted that the government had pledged to provide £2.7bn of funding to continue SZC’s development through 2025-26. |
| 8.3 | There would be an impact on ONR in relation to the national insurance rise and the increase to the staff cost base of approximately £1m which ONR was expected to absorb. |
| 8.4 | The overall government fiscal position was highlighted through the budget but also through messaging received from Ministers since the budget. The next Spending Review settlement would be challenging, specifically in relation to the Nuclear Decommissioning Authority (NDA) and the funding that they may receive. |
| 8.5 | ONR potentially had a role to play in influencing where there were concerns about the adverse impact on decommissioning and legacy issues. It would be important for ONR to understand our ‘red lines’ and where intervention may be necessary.  |
| 8.6 | ONR would need to be realistic in what it may receive by way of funding and any additional grants in this new fiscal environment which is very constrained. The charging model requires review to ensure ONR has future funding which may test the boundaries of its public corporation status to the fullest extent. A charging strategy was being developed which would address a long term solution and give some options for the organisation; this would be brought to the Board in due course.  |
| 8.7 | Linda Aylmore stated ONR had three clear routes to funding; charging to dutyholders and industry, grant funding from DWP or charging agreements with DESNZ for specific pieces of work. These three different stakeholders required different approaches. DWP had also highlighted the consequences to ONR if the organisation overspent in future years and no overspends would be funded. |
| 8.8 | ONR had been asked by the Government to compile its spending review bid and submission which included operational spend for three years and a capital spend request for the next five years. ONR needs to clearly identify its needs.  |
| 8.10 | In discussion the Board:1. Commented that it would be right for ONR to adopt the most pessimistic model in terms of the settlement it might get. There continued to be inconsistency across regulators in charging. Some regulators have the ability to charge, and therefore raise their reserves which they can use to fund capital expenditure. For future spending reviews, ONR should make a case for how the organisation wanted to be funded in a way that gave freedom whilst not increasing the burden on the public purse. Alongside this, ONR must continue to demonstrate good value for money irrespective of who funds.
2. Noted that there were other policy pressures in the system that had been notable in engagement with government departments.
3. Clarity on budget would be essential in enabling ONR to manage operationally within budget. There needed to be a better understanding across the organisation to ensure directors fully understood the funds available in each area to support decision making and to hold people to account. The challenge for the organisation would be in making a compelling case for funding and being clear about what was being asked for, and of not mitigating the risks if funding was not forthcoming.

**Action: Linda Aylmore to return to the Board with a Charging Strategy which provided long term solutions and options for the organisation.** |
| 8.11 | The Board thanked the team for their update and noted the report.  |
| **9** | **ONR Strategy-2025-2030** |
| 9.1 | The Director, Strategy and Corporate Affairs introduced the report which provided an update on the development of ONR’s next Strategy and plans for consultation following the Board Strategy Days in October. |
| 9.2 | Work had been progressing well, with a current timetable targeting completion by October 2025. Internal and external engagement plans had been built to get to formal consultation in late Spring 2025. |
| 9.3 | There had been a series of engagements with SLT, the Board, at the ONR annual industry conference and more recently at ONR’s internal Leading ONR session that had provided valuable insights from ONR’s leaders. |
| 9.4 | These engagements highlighted perceptions of ONR’s strengths, weaknesses and opportunities for the organisation. |
| 9.5 | The ‘wider benefit to society’ phrasing in the mission statement had landed well with staff and there was an acceptance of ONR’s role in clean power, energy security and defence. There had been a broad welcome on the emphasis of whole life cycle management in the Strategy. |
| 9.6 | She highlighted that the strategic objectives were cross-cutting and not owned by one particular team or directorate within ONR and staff could see how their work fitted into each of them. Four strategic objectives had been proposed: Strategic Influence; Sustainable Value; Amazing Workplace; and Transforming ONR. There were a range of views on the Amazing Workplace and Transforming ONR proposals, and there would be some reflection on whether these were the right objectives for the five year Strategy. |
| 9.7 | There had been a debate at the Leading ONR event on whether there was a need for a separate mission and purpose. Staff had signalled a preference for a single mission that incorporated both. This would be reflected upon by the Strategy and Corporate Affairs team. |
| 9.8 | She reported that it was important that the Strategy spoke to the Non-Governmental Organisation (NGO) community and trade unions who would also participate in the formal consultation process. Updates on the progress of the Strategy would be a standing item at Board meetings for the next year. |
| 9.9 | In discussion the Board:1. Commented on the timeline of the Strategy development which had been driven by the timing of the new CE/CNI joining and providing them with the opportunity to influence and own the Strategy. The launch date should not be anchored to an October/November timeframe and the plan should be brought forward if the recruitment of the new CE/CNI is achieved sooner.
2. Noted that the business planning and budgeting cycle was ongoing and would be aligned to the year of transition as the organisation sets up the Strategy for the future. Things were still moving forward on a short term transitional basis while delivering the longer term Strategy.
3. Highlighted that whilst consultation was important, the strategic objectives were ambitious and a balance needed to be struck in listening to the organisation and the senior leadership team’s perspectives.
4. Noted that the Strategy would provide clarity on the four or five themes that would support ONR in achieving its objectives.
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| 9.10 | The Board noted the progress to date, the outline consultation plans and timeline. |
| **10** | **Regulation of Sellafield** |
| 10.1 | Paul Dicks introduced the item which gave an update on progress, current and future challenges, reflections on where improvements may be needed and where the regulatory strategy would be taken forward in relation to Sellafield. |
| 10.2 | He reflected on the regulatory attention levels across Sellafield and highlighted those which were in either significantly enhanced regulatory attention or enhanced regulation. The last twelve months had seen significant progress, and he highlighted ONR’s role in influencing and taking enforcement actions and in the outcomes that had been achieved. He also noted the much improved relationship with the current Sellafield senior management team. |
| 10.3 | The G6 approach had been key, with all six organisations remaining committed to removing blockers and looking for incentivisation and prioritisation in key areas. He reported that retrievals from all four legacy ponds and silos had started and an emergency plan had been approved, utilising for example the command facility which provides a unified command and control position. |
| 10.4 | He reported on completed cyber security risk assessments for highest consequence operation technical systems and the closure of two regulatory issues providing an improved assurance picture.  |
| 10.5 | He highlighted areas of continued challenge which included analytical services, asset care and obsolescence, Advanced Gas-cooled Reactors (AGRs), fuel storage and nuclear site health and safety. |
| 10.6 | He noted the strategic outcomes from 2024 onwards which would include an acceleration of risk reduction across the site and regulatory assurance that dutyholders were complying with statutory obligations. |
| 10.7 | He reflected on the great work of the team, across ONR, and the benefits that had been brought through coaching, mentoring and building capability which had supported the progress to date. |
| 10.8 | In discussion the Board:1. Questioned how the increased workload would be strategically managed in relation to AGR fuel storage.
2. Noted the ongoing joint review with the NDA on how engagement between ONR and NDA could be maximised to achieve the desired outcomes.
3. Queried whether there was a benefit to having a ‘lessons learnt to date’ on the Programme and Project Partners (PPP) Framework. This could be additive and allow for any lessons learned to be applied to the seven years remaining on the contract.
4. Discussed whether ONR had a measure of the overall risk that Sellafield posed and how much that had been reduced over the progress of the last five years. The Board noted that Sellafield had an environmental detriment score which enabled how risk was being reduced to be demonstrated numerically.
5. Commented that the scale of Sellafield was significant and whilst a lot had been achieved there was still much to do. Due to the timeframes being so long, Board questioned whether there was a three year rolling plan that would facilitate prioritisation. It was noted that ONR had set up programmes of work that spanned between three to ten years and Sellafield were held to account over these under the licence agreement.
6. Discussed the lifetime plan for Sellafield and the aim to reduce the area under the curve by investing early to reduce timescales and volumes. With financial pressure on NDA, the area under the curve would increase or be static with limited incentive to invest in the present which could impact the deterioration of facilities. It would be important to articulate these risks when the funding envelope was shared with ONR.
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| 10.9 | The Board noted the update and commented on the value of the presentation in providing a holistic update on progress and challenges.  |
| 10.10 | The Board noted that an overview of the decommissioning process was scheduled to come to the Board in March. |
| **11** | **Summing up and Close** |
| 11.1 | The Board reflected on the meeting and observations on new risks and issues raised in the meeting. No new risks were identified.  |
| 11.2 | The Board:1. Recognised the importance of an enhanced focus on developing ONR’s voice in the current external environment and what actions needed to be taken to leverage influence.
2. Noted the collaborative approach being taken in ONR which had come through and been reflected in all the papers presented to the Board.
3. Welcomed the presentation on Sellafield and asked for a forward look programme of similar presentations to be developed.
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| 11.3 | The Chair invited the observer to share his reflections of the meeting. He highlighted that there had been a good balance of regulatory and corporate items on the agenda. He highlighted the positive and diverse representation of the Board, and commented on the value that could be achieved from in-person rather than virtual meetings going forward. |
| 11.4 | There was no other business raised. The Chair formally closed the meeting. |
|  | **Date and Location of Next Meeting:** 4 February 2025, ONR’s London office. |
|  | **Reports for Information:*** 12. ARAC update - 16 October 2024
* 13. Security Committee - 05 September 2024
* 14. Change Investment Board - quarterly update
* 15. Board Forward Look.
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1. Attended for item 6 [↑](#footnote-ref-1)
2. Attended for item 9 [↑](#footnote-ref-2)
3. Attended for item 10 [↑](#footnote-ref-3)