

**Minutes of the Board  
8 June 2017  
Redgrave Court, Bootle**

**Present:**

**Members**

Nick Baldwin - Chair  
John Crackett - Non-Executive Director  
Oona Muirhead - Non-Executive Director  
Bronwyn Hill - Non-Executive Director  
Jonathan Baume - Non-Executive Director  
Penny Boys – Non-Executive Director  
Adrienne Kelbie - Chief Executive  
Richard Savage - Chief Nuclear Inspector  
Sarah High - Finance Director  
Dave Caton - HR Director

**Attendees**

Mark Stanyer - Director of Information  
and Technology

**Observer**

Katie Day - Head of Policy

**Secretariat:** Charlotte Cooper, Head of Governance

**1. Welcome, Introductions, Apologies for Absence and Declarations of Interest**

1.1 The Chair welcomed everyone to the meeting. Apologies for absence were received from the Director of Policy and Communications, Technical Director and the Head of Private Office.

1.2 No declarations of interest were received.

**2. Minutes of the Last Meeting, Matters Arising, Action Points**

2.1 The minutes of the meeting held on 25 April 2017 were agreed as a correct record.

2.2 It was noted that all items on the action log were either completed or on track.

2.3 The Board commented on the Board meeting and excellent site visit at Devonport which had been well organised. This demonstrated the value of Board visits to support a greater and collective appreciation of the issues.

**3. Chair's Report**

3.1 The Chair provided an oral update on the NED recruitment competition which had been extended to 11 June due to the General Election. Shortlisting would be completed on 15 June and interviews will take place at the end of July 2017.

- 3.2 The Chair reported that since the Board meeting on 25 April he had attended an introductory meeting with the new Chair and Chief Executive of the Nuclear Decommissioning Authority.
- 3.3 A number of planned meetings had been postponed until after the General Election.
- 3.4 Due to a period of annual leave, Penny Boys, Non-Executive Director, substituted for the Chair at a joint Public Chairs' Forum event where Brexit had dominated the discussion.
- 3.5 Given recent events, the Chair made reference to ONR's business continuity plans and emergency preparedness and asked the Chief Executive to review our existing policies to ensure they are fit for purpose. He sought an update to Board via the Audit and Risk Assurance Committee (ARAC).

**ACTION 1:** Business Continuity Plans and Emergency Preparedness Update to October's ARAC – Director of Information and Technology.

#### **4. Chief Executive's Report**

- 4.1 The Chief Executive presented a paper to enable the Board to satisfy itself that ONR is being properly managed to deliver its strategic intent and to consider corporate risk mitigation.
- 4.2 She commented that the report would now directly address performance exceptions against our Corporate Plan milestones, strategic risks and KPIs, and retain some narrative regarding areas of particular interest.
- 4.3 Corporate focus had been on producing Directorate and Divisional business and milestone plans, the ONR Annual Report and Accounts 2016/17 and on working with Government on the exit from Euratom. She thanked the Executive Management Team for their efforts during this period.
- 4.4 The current position against each strategic theme milestones was provided, including highlights and exceptions. The risk profile of ONR had not changed since the last Board. Concern was expressed at the lack of progress on information governance. The Director of Information and Technology is taking remedial action and will discuss fully with the ARAC.
- 4.5 *Staff Survey*  
We received a record 93% response rate, and high level feedback is positive. It was pleasing to see people had taken the time to acknowledge the improvements that had been made. Of 88 comparable questions to last year, 44 scores had improved, 43 are static and one had worsened. Leadership scores, in particular had significantly improved. There are still some hard hitting messages that need to be addressed.
- 4.6 The Board welcomed the early detail and positive trajectory and looked forward to a full report at their meeting in July.

#### 4.7 *Fees Regulations*

An oral update was provided including slippage in the timeline in respect of new Fees Regulations, the reasons for this, impact, discussions currently taking place with DWP and the need to manage any reputational risks that could emerge.

#### 4.8 *Corporate Milestone Plan*

The Chief Executive informed the Board that a number of changes had been requested to the Regulatory milestones set out in the draft Corporate Plan. She set out the proposed changes. The CNI commented that this was about ensuring accuracy, quality and consistency with the Summary Regulatory Plan.

4.9 Given the time constraints involved, the Board agreed the changes to the Regulatory milestones and delegated any final changes to the Corporate Milestone Plan to the Chief Executive prior to publication.

#### 4.10 *Board Strategy Day – September*

The Chief Executive has received a topic list from Directors which would be discussed by the Executive and Regulatory Management Teams in August. Following which the finalised plan would be shared with Non-Executive Directors for consideration. In the meantime suggestions from Non-Executive Directors would be very welcome by the Chief Executive.

4.11 In discussion the Board commented that:

- i. It would be helpful in the report to (1) name the risks that are being highlighted, particularly where those risks are RED, and (2) to include a graphic presentation showing any slippage to the delivery of milestones.
- ii. The ARAC received a full report at their meeting on 7 June on the Information Security risk and the reasons for the lack of progress in this area. There was also discussion on how we represent our risks through use of a probability impact diagram. It would be helpful to replicate this in the Chief Executive's Board report.
- iii. It is important that senior officers understand the role of a Senior Responsible Officer and what this means.
- iv. Generic Design Assessment (GDA) uncertainties to be reflected in the financial risk report in July.
- v. At the forthcoming Board Strategy Day it would be helpful to have an overview of the energy sector in the medium to longer term.

4.12 The Board noted the report.

### **5. Chief Nuclear Inspector's Report**

5.1 The CNI presented his report to provide assurance to the Board that ONR is meeting its statutory regulatory obligations that our regulatory activities had been effective across the nuclear sector; influencing to enable safety and nuclear security delivery and holding industry to account on behalf of the public.

- 5.2 The CNI reported that three milestones within his Summary Programme Plan had been completed as planned and 67 remain on-track to complete to schedule with the exception of one, which is at risk of delay. The CNI set out the reason why this was the case.
- 5.3 Significant focus remains on supporting the secure delivery of the Exotics Programme in a safe, secure and accelerated manner.
- 5.4 An oral update was provided on the CNI's visit to AREVA's Le Creusot facility in May. The atmosphere and approach during the visit was open. Both NNB and AREVA welcome our intent to return towards the end of the year as part of the CNI Inspection.
- 5.5 *UK Safeguards Regulatory Regime*  
An oral update was provided on the recommended courses of action regarding ONR's support to BEIS in the initial phases of the work to deliver a UK State System of Accounting for, and Control of, Nuclear Material (SSAC) to meet international safeguards obligations post BREXIT. A paper would be presented to the EMT next week setting out (1) the proposed arrangements for the ONR project to deliver a UK SSAC and (2) our interface with BEIS.
- 5.6 The Board welcomed the update and requested that this become a standalone agenda item for Board consideration in the coming months.
- 5.7 *CNI Engagement*  
The Safety Directors' Forum took place on 7 June 2017. The CNI highlighted that the Annual Report and Accounts, incorporating the 2017 CNI Statement, is on schedule for completion in June. He also summarised regulatory achievements over the year to date, ONR's plans for 2017/18, referencing our Security Assessment Principles, Enforcement Management Model revision, Licence Conditions review, embedding Enabling Regulation and Supply Chain interventions.
- 5.8 *International Safety Standards*  
We continue to engage with BEIS, the HSE and other interested parties with regard to how the EU Basic Safety Standards Directive will be transposed. Once policy proposals are confirmed and legislation drafted, the extent of ONR activity to support legislative changes will be clear. This issue is around a change of role for the CNI and new responsibilities for Local Authorities. It affects our regulation of emergency response, radiological protection and small carrier radioactive transport. The CNI described the overarching risk in this work regarding emergency planning distances and confirmed that ONR would be setting up a Project Board under the Technical Director to oversee and coordinate our input.
- 5.9 An oral update was provided on the appointment of the Director of Civil Nuclear Security, Regulatory Division.

5.10 In discussion the Board commented that:

- i. As part of the standalone item on UK Safeguards Regulatory Regime it would be helpful to highlight, in future CNI Board reports, any interactions with other regulatory milestones and the external environment.
- ii. On the back of the International Safety Standards discussion and, in particular the overarching risk, Board members agreed that if we have difficult issues that the Board have not been made aware of, a separate briefing note should be prepared setting out the issues and lead officer. The Board noted that this issue had some way to run and looked forward to further updates.
- iii. It was pleasing to see a significant strengthening of relationships and regular senior level meetings taking place with the Health and Safety Executive. This was a good step forward.
- iv. Sought confirmation of the position with regard to replacing the Director, Civil Nuclear Resilience, BEIS. The CNI provided an oral update.

5.11 The Board noted the report.

## **6. Finance Report**

6.1 The Finance Director presented a paper providing an update on ONR's financial performance at the end of April 2017 (period 1). At 30 April 2017 the full year forecast was £81m against a budget of £81.1m. The in-month underspend of £0.6m includes £0.5m relating to expenditure which had been re-forecast to later in the financial year.

6.2 An update was provided on ONR's grant requirement for 2017/18 which included the impact of delaying the implementation of Fees Regulations. There is an additional funding pressure for Brexit-related Safeguards resource which is shown as a pressure in our funding bids. Negotiations are taking place with BEIS and whilst BEIS has confirmed they will underwrite the additional requirement, a confirmation letter had not yet been received. The Finance Director confirmed that she is seeking clarity on scope, coverage, timescale and IT platform.

### *6.3 Gifts and Hospitality*

The ARAC, at their June meeting, noted a report on the Gifts and Hospitality received by, and offered by, ONR Staff during the period 1 April 2016 to 31 March 2017.

### *6.4 Letters of Delegation*

The Chief Executive issued Letters of Delegation to all EMT members on 8 May 2017 which have been signed by all Directors. Sub delegations for the Regulatory Divisions had also been issued by the CNI to his Divisional Directors.

### *6.5 New Build Reactors*

There is a significant degree of uncertainty within the New Build arena at present. Given the uncertainty, ONR is liaising with all parties and will assess the impact when decisions are made. In the meantime resource is being re-deployed within the business and we do not anticipate any adjustment to our

recruitment plans at this stage. Associated Technical Support Contract spend will reduce with the opportunity for savings. Further updates would be provided to the Board in due course.

6.6 *Shared Services Connected Limited (SSCL)*

SSCL continues to operate employee-related HR, payroll and expenses administration, financial accounting, procurement and relevant IT processes to ONR as part of a wider service to Government. We have received and considered the letter of assurance, where opinion is qualified, from the Director of Shared Services for Government, in respect of SSCL's performance. There is no material impact on ONR's financial statements and SSCL has committed to address the issues. Additionally Cabinet Office will follow up each individual action to ensure adequate controls are put in place. ONR will monitor progress against the remedial action plan.

6.7 In discussion the Board commented that:

- i. The letter of delegation / assurance process provided confidence that the correct control and monitoring processes are in place.
- ii. It is correct to recognise GDA/New Build Reactors in our risks. Given the uncertain economic environment, it will be important to have a plan in place if our growth projections do not materialise.
- iii. The work to deliver the transition from our current Resource Management System (RM) to the Single Operating Platform (SOP) has been delivered on time. The Board passed on their congratulations to the Finance Director and her team for a really good piece of work.
- iv. They would like assurance that the cash flow in place was sufficient and confirmation that we have got all the levers in place that we need including testing the draw-down facility. The Finance Director confirmed that this was the case. The Chief Executive added she was confident, on the basis that the Board were content we could use the overdraft facility if required. The Board confirmed that this was the case.

6.8 The Board noted the report.

**7. HR Director's Report**

7.1 The HR Director presented a paper to enable the Board to assure itself that people issues are being managed appropriately and that ONR is getting the best out of its people.

7.2 He commented that the people data is limited in the report but that quarter 1 data and trend analysis would be included in July's report.

7.3 *Technical Specialist Recruitment*

The 2017 external recruitment campaign for nuclear Safety and Security specialists went live in May 2017. We have a target of recruiting up to an additional 37 specialists, across ten disciplines, to provide a further net growth of 21 to meet additional need, including safeguards.

#### 7.4 *2017 Staff Survey*

Following on from the earlier discussion, the HR Director confirmed that the Employee Engagement Index had increased to 70% which is in the upper quartile of organisations and confirmed a detailed report would be presented to the Board in July.

7.5 No new discipline or grievance cases were initiated in April 2017. Two cases were satisfactorily concluded and an oral update was provided.

7.6 In discussion the Board commented that:

- i. The graduate recruitment figures are positive and that the retention of new starters would be a helpful mini indicator of how we were doing.
- ii. It was unsatisfactory at appendix B, exit interviews, that 16% of leavers decline or are not available to attend an exit interview. The Board noted the HR Director was addressing this through a structured leaving process.

7.7 The Board noted the report.

### **8. Annual Report and Accounts 2016/17**

8.1 The Finance Director presented a paper informing the Board of developments in the production and audit of the 2016/17 Annual Report and Accounts and to provide assurance on the progress to publishing the document and laying in the House of Commons library following certification by the Comptroller and Auditor General.

8.2 Two minor working changes requested by the ARAC at its meeting on 7 June had been addressed and the recommendation of ARAC, confirmed by the ARAC Chair, is to seek Board approval to the Annual Report and Accounts and authorise the Accounting Officer to sign the document.

8.3 The Board confirmed that their earlier comments had been addressed, noted the ARAC recommendation and authorised the Accounting Officer to sign the Annual Report and Accounts 2016/17.

### **9. Security Committee Terms of Reference**

9.1 The Security Committee Chair presented a paper to inform the Board of the outcome of the Security Committee internal effectiveness review and seek Board approval to proposed changes to the Committee's Terms of Reference (ToR).

9.2 She commented that one of the proposed revisions to the ToR provided the Chair with delegated authority to deal with issues specific to the Committee between meetings and report any action taken to the next meeting.

9.3 The Board agreed the revised Terms of Reference, subject to the word 'reserved' being changed to 'delegated to' in paragraph 20.

## **10. People Strategy**

10.1 The Board agreed that the final People Strategy should be the subject of further discussion and not presented for information.

10.2 In discussion the Board commented that:

- i. We needed to set out ONR expectations of our staff. Currently focus is around what ONR can do for you. It was felt that more balance was needed.
- ii. Professional development needed to be given more prominence, focusing on the non-financial aspects of working at ONR, particularly given the current economic climate.
- iii. They would like to see the Diversity and Inclusion Action Plan, referred to in Appendix A, at a future Board meeting.

10.3 The Board asked the HR Director to reflect the comments made by the Board in the final version.

**ACTION 2:** Address Board comments on the People Strategy – HR Director.

**ACTION 3:** ONR's Diversity and Inclusion Action Plan to be discussed at a future Board – HR Director / Head of Governance

## **11. Communications and Stakeholder Engagement Strategy**

11.1 The Board agreed that the final Communications and Stakeholder Engagement Strategy should be the subject of further discussion and not presented for information.

11.2 In discussion the Board commented that:

- i. The Strategy still felt one sided focusing on pushing the messages out and less so about getting messages back. The Board suggested that more balance was needed.

11.3 The Board asked the Chief Executive to ensure the Director of Policy and Communications reflected the comments made by the Board in the final version.

**ACTION 4:** Address Board comments on the Communications and Stakeholder Engagement Strategy – Director of Policy and Communications.

## **12. Audit and Risk Assurance Annual Report**

12.1 The Committee Chair presented a paper to inform the Board of the key work of the Audit and Risk Assurance Committee in 2016/17. The Annual report demonstrated that the Committee had been effective in its scrutiny and oversight of ONR's processes.

12.2 He commented that the detail set out in the report is reflected in the Annual Report and Accounts 2016/17, both of which refer to the challenges in addressing the risk posed by ONR's IT infrastructure.

12.3 The Board noted the report.

### **13. Security Committee Annual Report**

13.1 The Committee Chair presented a paper to inform the Board of the key work of the Security Committee in 2016/17.

13.2 She commented that the Regulatory Assurance (RA) function independent assurance review activities of the CNS Division resulted in an overall moderate assurance rating for 2016/17.

13.3 The Security Committee had continued to provide assurance to the Board that the ONR is providing efficient and effective regulation of the nuclear industry with respect to risk and malicious intent.

13.4 The Board noted the report.

### **14. Remuneration Committee**

14.1 The Committee Chair presented a paper to inform the Board of the key work of the Remuneration Committee in 2016/17.

14.2 She commented that the Committee had acted in accordance with the powers delegated to it by the Board and taken decisions based on sound advice.

14.3 The Board noted the report.

### **15. Any Other Business**

#### **15.1 *Observer Feedback***

Katie Day, Head of Policy commented that it was immensely helpful to observe the Board five weeks into the role. It was good to see direction and challenge from the Board and reassuring to hear discussion on a number of 'big ticket' policy issues that were already on her list.

15.2 There was no other business raised.

### **16. Papers for information**

16.1 The Board noted the information papers as follows:

- 1) Board Forward Look
- 2) Audit and Risk Assurance Committee - minutes 19 April 2017.

Minutes approved by the Board:

Signed Nick Baldwin  
Nick Baldwin, ONR Chair

Date 25/7/17