



Minutes of the Board
24 April 2018
Rose Court, London, SE1 9HS

Present:

Members

Nick Baldwin - Chair
Penny Boys – Non-Executive Director
Oona Muirhead – Non-Executive Director
Bronwyn Hill – Non-Executive Director
Sarika Patel – Non-Executive Director
Simon Lister – Non-Executive Director
Adrienne Kelbie – Chief Executive
Mark Foy – Chief Nuclear Inspector
Sarah High – Finance Director
Dave Caton – HR Director

Attendees

Anthony Hart -Technical Director
Katie Day - Director Policy and
Communications
Mina Golshan – Director Sellafield,
Decommissioning, Fuel and Waste/
SSAC SRO (items 8 and 9)
Lynne Mackay – Senior Policy Adviser
(Board observer)

Secretariat: 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. Apologies for absence were received from Jonathan Baume, Non-Executive Director.
- 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 27 March 2018 were agreed as a correct record.
- 2.2 It was noted that all items on the action log were either completed or on track. Action 3 from the March 2018 Board was now closed. The draft service standards were circulated to the Board on 20 April 2018.

3 Chair's Report

- 3.1 The Chair reported that since the Board meeting on 27 March he had attended the Chairs' of Safety Regulators network meeting on 10 April hosted by the Chair of the Civil Aviation Authority. Issues discussed included Brexit, the potential impact of the Grenfell tower tragedy on regulators, the gender pay gap and cyber security.
- 3.2 An introductory meeting with the DWP Minister for Disabled People, Health and Work, ONR's Sponsor Minister, would take place on 8 May 2018. Accompanied by the Chief Executive and Chief Nuclear Inspector, discussion would focus on our role, strategy, priorities and challenges including those arising from the UK's decision to leave the European Union and Euratom.

- 3.3 The Chair congratulated Katie Day and Charlotte Cooper on their recent promotions, Katie Day as the new Director of Policy and Communications and Charlotte Cooper as Head of Corporate Governance.
- 3.4 The Chair asked that the four standing reports are taken by exception to ensure sufficient time to focus on the UK State System of Accountancy for and Control of Nuclear Material (SSAC) given the importance of the issue.

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.

Overview

- 4.2 The Chief Executive reported on delivery of corporate and regulatory milestones for 2017/18. In March, ten of fourteen milestones were delivered. Slippage is recovered in May for two: publish Directorate business plans for 2018/19 and Implement revised Framework document. The remaining two: Selection of an IT Provider and 27 Regulatory Directorate milestones had been discussed previously.
- 4.3 KPIs show we fell below in some (local authority transport compliance, and two regulatory milestones); all reflect pragmatic prioritisation of higher priorities in year.
- 4.4 Of our 65 Corporate Plan milestones, 53 were achieved and 12 were not delivered:
Strategic Theme 1 – 27 RD milestones; Basic Safety Standards Directive.
Strategic Theme 2 – Stakeholder Insight Hub; Industry Finance Meeting.
Strategic Theme 3 – Personal Reward Statement; Staff Survey.
Strategic Theme 4 – Selection of new IT provider; Data Warehouse; Data Reporting Priorities; Publish 2018/19 Directorate Business Plans; and implement revised Framework document. The last two are expected to be delivered in April 2018.

ST1 – Influencing Improvements in Nuclear Safety and Security

- 4.5 Two NIA 65 vires matters are closer to resolution.

ST2 – Inspiring a climate of stakeholder respect, trust and confidence

- 4.6 Plans for the ONR industry conference are underway and the delegate list remains on track. 23% of delegates registered are female and from the industry.
- 4.7 The ONR Corporate Plan 2018/19 is due to be published on 1 May 2018.
- 4.8 The DWP / ONR Framework document has been delayed slightly due to HMT interest. DWP is seeking to resolve.
- 4.9 The CNI provided an oral update on the CNI report on Hinkley Point C and subsequent Guardian Freedom of Information request which informed coverage.

4.10 The Nuclear Safeguards Bill passed its Third Reading in the House of Lords on 27 March 2018 and will now return to the House of Commons for consideration of the amendments made in the Lords. The amendments did not directly relate to the ONR's SSAC project.

4.11 ONR has received the BEIS prioritisation letter which sets out the detailed asks of ONR and handling of requests. We are consulting internally to finalise an agreed letter by the end of May 2018.

ST 3 - Getting the Best out of our People

4.12 ONR Behaviours Framework training had seen 94% of staff attending the training. Implementation is taking place through various means, including a behaviour message in key meetings. There is lots more to do with all Directors leading by example.

4.13 An update was provided on EMT capacity and key recruitment.

4.14 The HR Recruitment Team had been shortlisted for an award by HR Excellence for 'most effective recruitment strategy' reflecting the substantial enhancements to our recruitment in recent years.

ST 4 – Developing a High Performing, Sustainable Organisation

4.15 The ONR Academy had achieved another first in delivering multi-site training via our new Academy IT. Having now received our final report about organisational capacity and training needs analysis, we intend to agree a long term plan to address gaps or weaknesses.

4.16 Project preparation had begun on the business process review / knowledge management review (project name WIReD) to set up procurement and this would feature at our forthcoming Industry Conference. We will be engaging with two key licensees on inspector on-line working.

4.17 A draft IT separation plan had been discussed at the Executive Management Team (EMT). The Finance Director is working to secure better operational and commercial information and is taking advice on how to be more assertive within the confines of a service management agreement. The Chief Executive set out the rationale for the two staged approach for an Interim Director of IT to provide strategic lift and the permanent Head of IT to take us through this period and beyond.

4.18 In discussion the Board:

- i. Asked what the HMT interest was in the DWP/ONR Framework document. The Finance Director confirmed this was around delegations and freedoms.
- ii. Asked for assurance that improvements had been put in place to ensure we redacted information when appropriate, following the Hinkley Point C incident. The CNI confirmed that a lessons learnt paper / handling plan had been agreed by the Regulatory and Executive Management Teams.
- iii. Understood the IT challenge and were assured that this was now back on track.

- iv. Noted that the WIReD business case would come back to the Board for approval later in the year.
- v. Passed on their congratulations to the HR Recruitment Team in reaching the final of the HR Excellence Awards.

Action 1: WIReD business case to be presented to the Board for approval later in the year – Chief Executive.

4.19 The Board noted the report.

5 Chief Nuclear Inspector's Report

5.1 The Chief Nuclear Inspector (CNI) presented his report to provide assurance to the Board that our regulatory activities have been effective across the nuclear sector; holding industry to account on behalf of the public and influencing to enable safety and nuclear security delivery.

Overview

5.2 In March, six milestones were due for completion; three have been delivered, three have been missed. Of the 72 Regulatory Directorate milestones, 66 are complete and 6 were missed. These are:

1. complete ONR activities to support implementation of the Basic Standards Safety Directive (BSSD);
2. complete assessment and make a formal decision regarding the consent for the construction of the Hinkley Point C Pumping Station;
3. undertake compliance inspections on Local Authorities in accordance with duties under the Radiation (Emergency Preparedness and Public Information) Regulations 2001 - Target 100%;
4. conduct radioactive material transport compliance inspections in accordance with sector specific regulatory intervention plans - Target 95%;
5. complete implementation of the Enforcement and Investigation Recommendation;
6. publish the Regulatory Business Plan 2018/19.

5.3 All Improvement Notices (INs) due for closure by end of March 2018 had been completed and closure letters issued. There are five open investigations which are coming to conclusion. The CNI provided an oral update on the investigations.

5.4 The Director, Civil Nuclear Security Division had become a member of the SSAC Project Board as the senior end user. The CNI had ensured the Regulatory Management Team (RMT) has appropriate oversight of the SSAC work to ensure that it is able to inform developing solutions that are fit for purpose and enable effective safeguards regulation, post Euratom exit.

ST 1 – Influencing Improvements in Nuclear Safety and Security

5.5 ONR had issued a Decision Letter to AWE, along with a corresponding letter to the Minister for Defence Procurement, in relation to the periodic review of safety (PRS 2) for the Burghfield Assembly Technology Centre.

- 5.6 The revised Enforcement Management Model (EMM) went live on 28 March. The CNI had written to each licensee and relevant stakeholders, advising them of the change and providing them with a copy of the revised model. Further engagement would take place in the coming months with licensees to provide them with a more detailed explanation of the EMM so that they have a full understanding of how it would be applied by our inspectors.
- 5.7 An oral update was provided on Hunterston B, Reactor 3 following the graphite core inspections completed in March 2018.
- 5.8 A reportable incident occurred at Sellafield in the reporting period which exceeded the notification criteria set out in the Ionising Radiation Regulations, was Ministerially reportable and had been provisionally rated as INES 1.
- 5.9 ONR has reviewed the process and the evidence used to substantiate the closure of two Improvement Notices (INs) related to crane operations at Devonport.
- 5.10 At the recent leadership away day, EMT and RMT reviewed the amount of work we were planning to undertake during 2018/19 and the large number of asks on our regulatory team. It was agreed to defer implementing the Licence Conditions Review for a minimum of 12 months. Whilst this is the current position, the CNI informed the Board that further discussion had taken place in the RMT which would now inform a discussion at EMT on whether we do undertake a small number of modifications that would be welcomed by the industry.
- 5.11 In discussion the Board:
- i. Were assured by the fact that we were looking at overall capacity issues in determining priorities and in particular the active decision to do nothing on the Licence Conditions Review, whilst noting the CNI's comments.
 - ii. Welcomed the appointment of the Director, Civil Nuclear Security onto the SSAC Project Board.
 - iii. Noted the excellent progress made in clearing the backlog of INF1s, with only four reports outstanding, and welcomed the revised process put in place to prevent such a back log reoccurring.

Action 2: Background briefing to be circulated to the Board on prosecutions - CNI.

5.12 The Board noted the report.

6 Finance Report

- 6.1 The Finance Director presented a paper providing an update on ONR's financial performance, governance and risk management to 31 March 2018.
- 6.2 Attention had focused on finalising the 2018/19 corporate planning activity, establishing Programme Management Office (PMO) frameworks and governance and negotiating with landlords to finalise lease arrangements for

office accommodation in London and Cheltenham. We have continued to engage with DWP to establish the most appropriate banking and funding arrangements as part of our activity to finalise the drafting of a new Framework Document.

- 6.3 Of the 65 milestones due to be delivered during the 2017/18 financial year, 46 were delivered on time and ten were delivered late. Of the 11 milestones due to be delivered in March 2018, four had been completed on time and three relating to the London lease had been completed late. Four had slipped to 2018/19 (publish Directorate business plans; Ministerial approval of 18/19 budget; 24 month rolling forecasting; and complete London office fit out).
- 6.4 At 31 March 2018 the full year actual spend is £70.4m against a budget of £81.1m. This underspend had arisen due to a variety of factors including the impact of the prior months' year to date underspend of £10.7m. The £10.7m year to date underspend comprised of £6m in the Regulatory Directorate and £4.7m in support Directorates. The Finance Director provided detail on the drivers for the underspend, specifically reduced demand, slippage, efficiency or price.
- 6.5 ONR's net grant cash requirement for 2017/18 was £1.7m which is slightly lower than the original SR15 allocation of £1.8m.
- 6.6 The revised Scheme of Delegation had been reviewed by the Audit and Risk Assurance Committee (ARAC) to provide assurance that it was fit for purpose. The Committee asked for a number of points to be clarified, and agreed for the final draft, incorporating their comments, to be circulated to Board in early May by correspondence.
- 6.7 The Annual Report and Accounts 2017/18 (v1) would be circulated to ARAC on 27 April and would be circulated to the Board around 15 May 2018.
- 6.8 An oral update was provided on the Band 1 Chief Accountant role. The latest recruitment exercise had been unsuccessful and the role would now be changed to reflect the commercial expertise that is needed. We would now look to bring in an interim Head of Finance and Commercial.
- 6.9 In discussion the Board:
 - i. Expressed their concern about the ONR's working capital and the fact that this issue needed to be urgently resolved with DWP. The Finance Director was acutely aware of this issue and was working hard with DWP to resolve the banking and funding arrangements to clarify the options for future banking arrangements and mitigate ONR's working capital challenges.
- 6.10 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 and for its people.
- 7.2 Continued progress had been made against HR Directorate milestones with 97 of 116 milestones delivered.
- 7.3 In year, focus has been on improved governance, planning, professional development, external recruitment and addressing capability and performance issues. This will continue in 2018/19 as the challenges for delivering sustainable organisational change continue.
- 7.4 A number of significant achievements had been made including: development of a behavioural framework; implementation of competency pay progression and a new Pay Deal for 2018; achievement of Disability Competent Level 2 status; launch of ONR's Academy; and continued success in recruiting against our target.
- 7.5 By 30 March 2018, we employed 573 FTE, of which 375 FTE were technical specialists. We had recruited 102 staff during the year including 53 technical staff and 14 apprentices.
- 7.6 The Board noted the report and acknowledged the great achievements made in year.

8 UK State System of Accountancy for and Control of Nuclear Material (SSAC)

- 8.1 The SRO for the UKSSAC Project gave a presentation to provide the Board with an overview of the SSAC project and the context in which the project is operating. The presentation covered:
 - 1. What Safeguards are;
 - 2. BEIS responsibilities;
 - 3. Elements of Euratom exit related to safeguards outside of ONR's remit;
 - 4. The current safeguards regime and plans for the future domestic regime;
 - 5. ONR project structure, governance, project phases and work streams.
- 8.2 In discussion, the Board:
 - i. Asked that we include the different types of sites / facilities (including numbers) in the current and UK future regimes to enable a greater appreciation of size and scale.
 - ii. Asked that we pay careful attention to value for money and optimisation of costs and benefits against potentially changing targets.
- 8.3 The Board thanked the SRO for her very helpful presentation which had supported a more detailed understanding and appreciation of the issues.

9 Infrastructure and Projects Authority (IPA) Critical Friend Report Summary

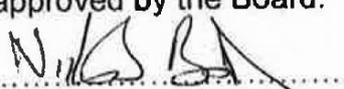
- 9.1 The SRO of the UKSSAC Project presented a paper providing a summary of the recent IPA Critical Friend review findings and associated recommendations. She highlighted the management actions underway or planned against each of the summary recommendations.
- 9.2 The SRO had found the review fair and accurate. The recommendations are insightful and beneficial in providing impetus to maximise deliverability confidence. The SRO is confident that through the effective implementation of the recommendations, the Project would deliver as planned within tolerance.
- 9.3 In discussion the Board reinforced the need to quickly ensure clarity and understanding of what constitutes 'Euratom equivalence.'
- 9.4 The Board noted the report and thanked the SRO for the update. They offered further support / advice should that be needed at any point, given the wealth of experience amongst Board members.

10 Any Other Business

- 10.1 Observer Feedback – Lynne Mackay, Senior Policy Adviser, thanked the Board for the opportunity to observe the meeting. She had found it extremely helpful to observe the discussion on SSAC, a project that she was currently working on. She had found the discussion encouraging and insightful which supported a deeper understanding and appreciation of issues.
- 10.2 There was no other business raised.

11 Information Papers:

- 11.1 The Board noted the following information papers:
- 1) GDPR and ONR IT Separation Update.
 - 2) Audit and Risk Assurance Committee Update.
 - 3) Board Forward Plan.

Minutes approved by the Board:	
Signed	 Nick Baldwin, ONR Chair
Date	10 July 2018