**Minutes of the ONR Board**

**6 December 2023**

 **MS Teams and Boardroom, Windsor House**

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| **Present:** Mark McAllister - Chair Tracey Matthews - Non-Executive DirectorJean Llewellyn - Non-Executive DirectorJanet Wilson - Non-Executive DirectorSue Gray - Non-Executive DirectorMark Foy- Chief Executive and Chief Nuclear InspectorSarah High – Deputy Chief Executive Donald Urquhart – Executive Director of Regulation  | **In Attendance:**Dave Caton, HR Director Rachel Grant, Director of Policy and Communications (P&C)Paul Dicks, Director of Regulation -Sellafield Decommissioning Fuel and WasteAlan Wylie, Nuclear Safety Operational InspectionPaul Fyfe, Director - Nuclear Security and SafeguardsKobina Lokko, P&CIan Barlow, Head of Transport Competent AuthoritySarah Brown, Head of PolicyLeanne Weild, Head of Finance & Commercial**Observers:** Michael Connolly, Divisional Delivery Support Team Leader, New ReactorsDame Judith Hackitt, Incoming Interim Chair (Items 7-11) |

**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 Sarika Patel, Non-Executive Director and Geoff Hawker, Finance Director. |
| 1.2 | There were no declarations of interest. |
| **2** | **Minutes, matters arising and action points**  |
| 2.1 | The minutes of the meeting held on 27 September 2023 were approved as a correct record. |
| 2.2 | The Board noted that all actions were either complete or on track. |
| **3**3.1  | **Chair’s report**The Chair provided an update on activity since the September Board meeting. This was his last Board meeting as Chair of ONR and he thanked board members for their contributions over the last few years. He noted the advancement at Board level in engagement with stakeholders which had made a big difference. Bringing together nuclear partners had provided a great forum for strategic conversations which would continue. |
| 3.2 | He noted the work of officials and partnership teams at ONR’s Sponsor Department, the Department for Work and Pensions (DWP) and the Department for Energy Security and Net Zero (DESNZ) who had worked to support the Board during his tenure as Chair of ONR. |
| **4.**  | **Executive Board report** |
| 4.1 | The Chief Executive and Chief Nuclear Inspector (CE/CNI) presented the summary report on key strategic, operational and financial matters and respective summary assessments from the ONR Executive Team (OET). |
| 4.2 | He reported on the focus ONR was applying on efficiencies that was beginning to deliver benefits that covered both productivity and cash releasing efficiencies. |
| 4.3 | He referred to recent announcements on changes to the senior leadership of the organisation. The Executive Director of Regulation (EDR) would be taking partial retirement and moving to a new role within ONR. The Director of Regulation, Operating Facilities Division had accepted a position with International Atomic Energy Agency (IAEA) in Vienna. Interim arrangements were being worked through and would be delivered through the ongoing Organisation Review (OR). |
| 4.4 | In discussion the Board:1. Discussed succession planning both internally and externally and the ways to create stability within the organisation.
2. Noted the opportunities to look at spans of control to create attractive roles that staff would want to move into.
3. Noted the work of the OR and the impact this would have on the structure of ONR.
4. Noted the continuing challenge of funding with DWP and the levy arrangements. A working group was in place to look at future funding arrangements.
5. Noted that the publication of the Civil Nuclear Roadmap had been delayed and would likely be published in January 2024.
6. Noted early engagement from the new DWP minister and their interest in ONR.
7. Noted upcoming publication of the Gender Pay Gap report which highlighted a continuing disparity caused by historic demographic issues in the nuclear industry meaning more men in technical roles at ONR are currently towards the top of the pay scales due to longer service. ONR had a clear position on how these were being addressed but that this was not an equal pay issue.
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| 4.5 | The Deputy Chief Executive (DCE) outlined the significant planning activity on the OR to establish timescales for the three main workstreams: pay and grading, organisational structure and integration.  |
| 4.6 | In discussion the Board:1. Discussed the role of trade unions in the pay and grading workstream.
2. Noted that the Annual Report and Accounts had been successfully laid and ONR’s request to publish the 2024-25 report pre-recess.
3. Noted the significant work of staff with ONR in working with DESNZ on the development of the nuclear roadmap.
4. Noted the significant step forwards taken on the Environment Social Governance strategy which had been taken to OET, and discussed ways that ONR could invite focus and advocacy by weaving it into its corporate plans.
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| 4.7 | The EDR provided an update to the Board on the Nuclear Decommissioning Authority (NDA) leadership event and the second Annual Review of Regulation (AROR) which had recently taken place. |
| 4.8 | In discussion the Board: 1. Noted that the strategic direction of the Regulatory Directorate was reviewed in light of the feedback from internal and external stakeholders at AROR.
2. Noted the openness of senior industry representatives and their positive reflections on ONR regulation, contribution and approach to developing strategic senior relationships.
3. Noted the current recruitment position and opportunities to learn from other sectors.
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| 4.9 | The Board noted the information. |
| **5** | **Regulation of Sellafield – update** |
| 5.1 | The CE/CNI updated the Board on ONR’s position in relation to the issues highlighted in recent articles about Sellafield published in the Guardian, specifically the article associated with cyber security on the site. |
| 5.2 | In discussion the Board:1. Discussed opportunities for journalists to visit the Sellafield site.
2. Noted that much of the content of the article was existing information within the public domain.
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| 5.3 | The Director of Regulation, Sellafield Decommissioning Fuel and Waste introduced the deep dive on Sellafield and provided an overview of strategy and strategic priorities, corporate and directorate milestones, achievements and learning opportunities. |
| 5.4 | In discussion the Board:1. Noted the focus on strategy and risks.
2. Discussed a recent awayday where the team had reflected on the approach to entering delivery and cross prioritisation.
3. Discussed the strength of the Sellafield management team which had undergone changes.
4. Discussed the corporate and directorate milestones and the risks to delivering these on time given their close proximity to the end of the financial year.
5. Noted engagement and relationship with Sellafield and the NDA and how ONR could support them in getting the right focus.
6. Noted that Sellafield and NDA had attended the September Security Committee meeting to present their plans to address cyber security challenges.
7. Noted the strong approach to integration and the cultural changes at Sellafield.
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| **6** | **Alliance Manchester Business School (AMBS) Cultural Assessment report** |
| 6.1 | The CE/CNI introduced the report which formally documented ONR’s response to the findings of the independent culture assessment and sought Board approval on its content. The Board were also invited to comment on the adequacy of ONR’s overall response to the conclusions of the AMBS report and provide a steer on any additional activity that it may be beneficial to undertake. |
| 6.2 | In discussion the Board:1. Approved the content in the report.
2. Noted that good progress had been made in addressing the issues arising but maintaining momentum would be key.
3. The Board highlighted the need for these cultural learnings to be taken into account as part of the ongoing work on the OR.
4. Noted that there had been good reflections at the Board Strategy Day in October on cultural journeys in other organisations and linking in with those stakeholders and capturing learning would be beneficial.
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| **7** | **Transport Regulation** |
| 7.1 | The CE/CNI introduced the item which was an opportunity for the Board to understand ONR’s approach to regulation of transport.  |
| 7.2 | The Head of the ONR Transport Competent Authority (TCA) presented the paper. He spoke about what transport regulation was, changes that had been made across the team and the challenges currently faced. |
| 7.3 | ONR was one of several competent authorities for the civil carriage of UN Class 7 dangerous goods.  |
| 7.4 | He took the Board through the two main areas of TCA’s regulation which were package approvals and compliance inspection. |
| 7.5 | There had been a number of changes to TCA over the last two years and it was re-constituted as single point for all transport safety-related regulation in 2022. This had enabled a harmonised approach across nuclear and non-nuclear sector activities and enhanced interfaces with other ONR purposes. |
|  | He took the Board through recent efficiencies, innovative solutions and current challenges. |
| 7.6 | In discussion the Board:1. Discussed what cross-fertilisation and lessons could be learnt from the Ministry of Defence (MoD) and from joint inspections that had previously been undertaken.
2. Discussed the number of safety incidents and whether there needed to be a standardised induction for new industry entrants to reduce future incidents.
3. Discussed the impacts of the new Energy Act on transport regulation.
4. Discussed the efficiencies that had been levered through the use of ONR’s Well-Informed Regulatory Decisions (WIRED).
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| 7.7 | The Board noted and welcomed the information. |
| **8** | **Futures Scenarios and Strategy 2025 +** |
| 8.1 | The Director of Policy and Communications introduced the item which provided an update on progress since the Board’s Strategy event in October. The event had aided the development of the scenarios and broader thinking on the shape of the future ONR Strategy.  |
| 8.2 | The Head of Policy updated the Board on a series of workshops that had been conducted with ONR staff in advance of the Board event, combined with inputs from Board members, and 420 drivers for change had been identified. These had been shortlisted to five drivers and the Go Science Futures toolkit methodology was used to develop two axis; economy, which was linked to technological progress and; nations, being open/collaborative vs protectionist/hostile. |
| 8.3 | Much new useful foresight information had been published on the Cabinet Office Hub which included analytical information from across Whitehall and which identified similar trends to that arising from the Board strategy session. |
| 8.4 | These scenarios had been developed over the last few weeks and input was being sought from DESNZ and ONR colleagues which would be used over the next year to inform development of the strategy. |
| 8.5 | In discussion the Board:1. Commented on how these scenarios would inform the strategy. The scenarios would help to broaden thinking when developing and shaping the strategy.
2. Commented that utilising the methodology was beneficial but it would now be necessary to understand ONR’s role in each scenario to reflect them, if appropriate, in ONR’s new strategy.
3. Commented on the benefit of collaboration with other organisations, such as the MoD, which may be helpful in solidifying some of the scenarios or understanding outliers.
4. Commented on the need for stakeholder engagement as development of the strategy took shape.
5. This work could inform ONR’s strategic risk register given the synergies between them.
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| **9** | **Budget Update** |
|  | **Mid-Year Financial Position** |
| 9.1 | The Head of Finance & Commercial introduced the paper, which provided an overview of the mid-year position based on the second quarter forecasts, and provided assurance on the 2024-25 budget setting approach. |
| 9.2 | At Q2, ONRs position was at £105.4m, reflecting a £2.2m overspend. This related to some research contracts which needed to be started earlier than planned in the profile and some unbudgeted, unexpected costs. Much had been done across ONR in finding efficiencies, deferred spend and savings, and £4m had been saved across those categories. It would be a challenge to meet the budget, but work was continuing to look at the forecasting and mitigations which could be put in place and there was likely to be a small pressure against the Board approved budget at the end of the year.  |
| 9.3 | In discussion the Board:1. Commented that, as in previous years, recruitment had failed to be as fast as anticipated which had impacted the budget.
2. Questioned, in an overspend situation, who was accountable for the costs. It was confirmed that dutyholders received a forecast at mid-year which was a trigger for notifying them of any additional costs, in addition to holding regular discussions with them.
3. Noted that the biggest challenge for dutyholders was the variation of costs and the 2024/25 budget-setting approach seemed a sensible way forward (paragraphs 9 below refer) to help mitigate this issue.
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| **(b)** | **2024/25 Budget Setting** |
| 9.4 | The Head of Finance & Commercial set out the new approach to 2024/25 budget setting. A smoother and more efficient approach to budget-setting had been developed. The Board would see the final budget at a special Board meeting to take place in February 2024. The finance team had started to migrate all activity that was brought forward, giving them a RAG rating which would aid discussions at star chambers.  |
| 9.5 | A high level multi-year budget view would continue and be provided to Board. |
| 9.6 | The principles for budget setting would be: a clear and realistic baseline; and previous year vacancies re-justified before being taken forward and not assuming a one for one recruitment. The process was significantly more robust, holding Directors to account. |
| 9.7 | In discussion the Board:1. Questioned whether the finance team had visibility of the regulatory baselining.
2. Commented that the budget-setting approach seemed realistic and would be likely to provide a better baseline.
3. Commented on the responsibility and accountability of Directors in working with business partners to scrutinise budgets, hold Directors to account and support them in decision-making.
4. Endorsed the approach of Board seeing the Budget only once.
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| 9.8 | The Board thanked the Head of Finance & Commercial for their update and noted the information in the report. |
| **10** | **Summing up and Close** |
| 10.1 | In summing up the Chair highlighted that this would be his last formal Board meeting and reiterated his thanks to the Board. |
|  | **Date and Location of Next Meeting:** 6 and 7 February 2024, ONR/AWE Joint Site Visit and Board meeting. |
|  | **Reports for Information:*** + - * Remuneration and Resilience Committee Update – 14 November 2023
			* ARAC Minutes- 12 and 21 September 2023
			* Security Committee Minutes – 14 September 2023
			* Board Forward Look
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