**Minutes of the ONR Board**

**26 April 2023**

 **Virtual meeting via MS Teams**

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| **Present:** Mark McAllister - Chair Sarika Patel - Non-Executive DirectorTracey Matthews - Non-Executive DirectorJean Llewellyn - Non-Executive DirectorJanet Wilson - Non-Executive DirectorSue Gray - Non-Executive DirectorMark Foy - Chief Executive/Chief Nuclear Inspector Sarah High – Deputy Chief Executive Donald Urquhart – Executive Director of Regulation  | **In Attendance:**Dave Caton – HR Director Rachel Grant, Director of Policy and Communications Mike Richardson, Superintending Inspector, Marc McBride, Principal Inspector, and Nick Shaw, Principal Inspector, all Nuclear Safety (item 5) Diego Lisbona, Acting Professional Lead, Nuclear Internal Hazards and Site Safety (item 6) Paul Fyfe, Director of Regulation, Civil Nuclear Security and Safeguards and Lynne Mackay, Head of Domestic Safeguards and Nuclear Security Policy (item 7)**Observer:** Stuart Perkins, Inspector, Nuclear Safety Fault StudiesLina Siegl, Sharon Clarke and David Holman from Alliance Manchester Business School (item 5) |
| **Secretariat:** Nikki Howard, Governance and Compliance Manager (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 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 1 February 2023 were approved as a correct record subject to an amendment to paragraph 6.5(i) to amend to ‘the need to be clear on the difference between cost savings, deferred spend and the cash/non-cash elements, including productivity relating to efficiencies’, and paragraph 7.1 to delete ‘OET’ and substitute ‘Organisational Effectiveness Indicators’.  |
| 2.2 | The Board confirmed their decision, made in correspondence, on the appointment of the Audit and Risk Assurance Committee Independent Member.  |
| 2.3 | The Board noted that all actions were either complete or on track, with the exception of action 4 (29/03/2023) - to provide a plan on a page, showing delivery against milestones, as part of the Executive Board Report. The Chief Executive/Chief Nuclear Inspector (CE/CNI) agreed to provide clarity on the information available on the delivery of milestones later in the meeting (paragraph 4.15 refers). |
| **3** | **Chair’s Report** |
| 3.1 | The Chair reported on a recent in person introductory meeting with the joint Permanent Secretary of the Department for Energy Security and Net Zero, at which he was accompanied by the CE/CNI.  |
| 3.2 | He commented on separate catch-up meetings with the Chairs of Magnox, Nuclear Waste Services and the Civil Aviation Authority. |
| 3.3 | Positive feedback was provided on the ONR Leadership and Directorate Team meetings he had attended recently as part of his staff engagement programme which will continue across the organisation. |
| **4** | **Executive Board Report** |
| 4.1 | The Chief Executive/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) and the Finance Director (FD).  |
| 4.2 | He commented on the Windsor House office move and the work being undertaken to make the case for remaining in a central London location (Zone 1) which will need DWP Permanent Secretary endorsement. This will be a challenge given Cabinet Office’s current directive that Arm’s Length Bodies should not be in Zone 1; a robust business case will be needed.  |
| 4.3 | He reported on the future industry skills for nuclear, and the first meeting of industry seniors held this month to establish a fresh collaborative approach to meet the ambitious programme. He added it may be possible to use existing pipelines to help deliver the programme and there is commitment from the Nuclear Sector Skills Board to support the work/activity. He will engage with ONR Board on what is required as part of his considerations on the scope for shared learning. |
| 4.4 | He reported on a recent site visit to Devonport, and the setting of clear expectations for the required improvements which will determine, by the end of the year, if the site is in enhanced or significantly enhanced attention.  |
| 4.5 | The Board referred to significant areas of activity, such as the Organisational Review (OR), Pay Offer and office accommodation, and the involvement of Trade Unions (TUs). The Board was assured that ONR has a positive, open and constructive relationship with the TUs and has engaged with them on each subject. While the TUs recognised and understood the constraints around the pay offer, there is currently a gap between their expectations and the proposed ONR offer and this may lead to protracted negotiations. The Board commented that firm, positive leadership will be required to progress these areas.  |
| 4.6 | The Executive Director of Regulation (EDR) acknowledged the support provided by the Policy and Communications Director in engaging with DWP to progress funding avenues in relation to Alternative Nuclear Technologies (ANTs). |
| 4.7 | He reported on anticipated requests for additional Generic Design Assessments (GDAs) for Small Modular Reactors (SMRs). |
| 4.8 | He referred to Sellafield and a meeting scheduled with their leadership team to discuss areas of concern. In response to a question relating to cyber security, he reported that the leadership activity in this area was much more positive.  |
| 4.9 | He reported that the Director of Regulation (Technical) was due to leave ONR. The Board expressed their thanks and appreciation to him for his impactful and positive contribution both to ONR and the industry. |
| 4.10 | Reference was made to the West Berkshire Council’s (WBC) refused planning application for a housing development in the AWE Detailed Emergency Planning Zone which had now escalated to a full planning inquiry. While ONR has been asked to provide their views on regulation and emergency preparedness and response, it is the Local Authority’s responsibility to provide the case to support their refusal. If the appeal is successful the Local Authority will need to demonstrate that the plans in place are sufficient to protect the public.  |
| 4.11 | The Deputy Chief Executive (DCE) reported on the contract for the Shared Services Single Operating Platform (SOP) which has now been signed, extending it to 2025. This will now enable synergies going forward in the preparations for a new contract in November 2025.  |
| 4.12 | The DCE reported on the OR and the significant focus on the resource pack which has now been shared with staff. The resource pack provides: an insight into the phase one activity and the high-level research findings; the design principles to inform the direction of travel for phase two; and frequently asked questions with responses which will continue to be updated as activity progresses. Engagement sessions have been planned across the organisation recognising the different areas of potential concern, adopting an empathetic approach while also setting out ONR’s position and expectations. Feedback to date has been positive.  |
| 4.13 | The Board discussed a recent engagement session on the OR and the positive feedback which indicated consistent visible leadership from the ONR Executive Team (OET). The Board noted the considerable interest/engagement on the information circulated to staff.  |
| 4.14 | The DCE referred to our current IT provider and the work being undertaken by the Chief Information Officer to improve capacity and capability for new areas of work.  |
| 4.15 | The CE/CNI presented the end of year performance information using the MiONR application which provided live data on Organisational Performance Indicators (OEIs), Key Performance Indicators (KPIs) and corporate milestones. He highlighted that there is some further work to do to ensure up to date information on a number of OEIs/KPIs, and those categorised as ‘at risk’ are due mainly to them rolling over to the next year. There will also be a further look at the RAG rating so those which are partially met are categorised appropriately.  |
| 4.16 | The Board was advised that directors are responsible for ensuring that the updates are made and this is an important activity as it informs ONR’s publications. The Executive Office had been instrumental in pulling the information together but the aim is to get to a stage where updates are done automatically. Other areas to capture going forward include efficiency measures and recruitment targets, and these will factor into the programme for improving and optimising performance data.  |
| 4.17 | In discussion, the Board:1. Commented it was good to see the positive progress in performance on equality and diversity.
2. Suggested a snapshot of performance could be made available to Board Members.
3. Commented that resource decisions and external publications are informed by this data so updates have to be embedded into business as usual activity.
4. Suggested any cost impact of a missed milestone should be included in the data going forward which will help with budget planning.
5. Noted the MiONR application will continue to be available for Board members when they move over to the virtual desktop.
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| 4.18 | The Board noted the report. |
| **5** | **Alliance Manchester Business School Culture Assessment Findings**  |
| 5.1 | The Principal Inspector, Nuclear Safety, introduced the presentation on the findings of an independent assessment of ONR’s culture carried out by Alliance Manchester Business School (AMBS), fulfilling a commitment made following the UK Integrated Regulatory Review Service (IRRS) Mission 2019.  |
| 5.2 | Lina Siegl, AMBS presented their findings on ONR’s culture, how it affects the delivery of its mission, including cultural strengths and vulnerabilities, and how ONR’s stated values compared with those demonstrated in the organisation. Lina provided a summary of the data collected, a model of ONR’s culture and the strong emphasis on ONR’s reputation, highlighting (a) key themes in relation to professionalism and technical expertise; challenge, risk, change; and leadership and accountability, (b) cultural values and how they relate to ONR’s four Strategic Themes, (c) potential threats to culture and (d) implications of cultural tensions. |
| 5.3 | In discussion, the Board:1. Commented on the need to have a plan in place to move forward and make a difference - but this does not need to be a separate project - and OET need to drive and role model the values.
2. Noted these findings will help to inform engagement activity going forward, especially on the OR.
3. Commented on the need to not lose focus on professionalism and reputation, it is about having the right balance between actual and desired behaviours, and while this needs to start with OET, having insight and challenge from Non-Executive Director (NED) colleagues will add value.
4. Referred to consensual leadership, and the desire to get agreement from all before moving forward; while this has its benefits it can delay action/change. There needs to be the right balance between consensual and consultative leadership, especially around the amount of change moving forward in the organisation which will require more courageous leadership.
5. Referred to comments made on NEDs overstepping their ‘advisory roles’ and clarity was provided on the Board’s support, challenge and decision-making responsibilities.
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| 5.4 | The Principal Inspector reported on the strong engagement from staff and external parties commenting that ONR was one of few nuclear regulators worldwide to undertake such a comprehensive approach. The draft report had now been received from AMBS and engagement will commence with staff to help embed the findings. The CE/CNI commented that the IRRS follow up mission will review progress, therefore ONR will need to be able to demonstrate improvements. A ‘Leading ONR’ event has been organised at which roles and responsibilities to drive forward improvements will be clarified.  |
| 5.5 | The Board thanked ONR colleagues and AMBS for an informative presentation, highlighting that this will be a helpful reference document to drive forward the cultural improvements required to help ONR to be a more agile, flexible and efficient organisation.  |
| **6** | **Nuclear Site (Conventional) Health and Safety – Update and** **ONR Strategy** |
| 6.1 | The EDR reported that the Annual Review of Regulation (ARoR) had identified Conventional Health and Safety (CHS) as an area which needs to be reviewed and refreshed. There was a need to obtain more cultural leverage in this area to ensure a fully integrated and more effective approach.  |
| 6.2 | The Acting Professional Lead, Nuclear Internal Hazards and Site Safety presented an update on developing an ONR-wide strategy for Nuclear Site CHS, highlighting: the nuclear sector drivers; the outcome from the ARoR to explore avenues to better influence industry CHS performance through a more consolidated and strategic approach to delivery; and the vision and initial strategy strands (a) developing ONR’s nuclear site health and safety (NSH&S) capability across all purposes, (b) enabling risk-informed intelligence-led integrated NSH&S, (c) evolving ONR’s processes and guidance, and (d) leveraging industry for integration and improvements in NSH&S compliance.  |
| 6.3 | In discussion the Board:1. Commented that dutyholders will welcome this integrated approach.
2. Referred to engagement with nuclear leaders and the need for a communications plan to ensure this is given the right level of attention, and that results are captured to inform this journey.
3. Commented that referring to this as a strategy may give the impression this is a new area of work. ONR has the skills and expertise within the organisation; it is about a more preventative, rather than reactive approach, with all inspectors looking at this as part of normal business.
4. Agreed the need to focus on the areas of greatest risk but not solely on construction; it should include operation and maintenance activities, and demolition.
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| 6.4 | The CE/CNI and EDR reported that their aim is to influence senior level meetings, highlighting their focus to bring a different and more strategic leadership approach to CH&S, and to secure buy-in on the same objectives. |
| 6.5 | The Board thanked Diego Lisbona for an informative presentation. |
| **7** | **UK State System of Accounting for and Control of Nuclear Material - Quarterly Update** |
| 7.1 | The Director of Regulation, Civil Nuclear Security and Safeguards (CNSS) provided an overview of the delivery of the UK State System of Accounting for and Control of nuclear material (UK SSAC).  |
| 7.2 | In discussion the Board: 1. Welcomed the progress on additional recruitment which has helped to address a significant resource issue.
2. Commented on the integration of CNSS interventions into other regulatory purposes noting that, as this progresses, the benefits will become more evident and efficiencies can then be captured.
3. Referred to the Safeguards Information Management and Reporting System (SIMRS) and the ambition/timeline to take over the licence for this, noting a co-ordinated plan and handover will be developed early next year.
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| 7.3 | The Board noted the report.  |
| **8** | **ONR Pay Offer – 2023-24** |
| 8.1 | The HR Director provided details of the ONR Pay Offer 2023/24, setting out the context for the proposed offer, and the ONR position. He highlighted the ONR proposal which included:1. A pay award of up to 5% for all eligible staff.
2. Progression pay to be maintained (46% of staff eligible).
3. Non-consolidated performance awards aligned to the public sector approach.
4. A small number of pay ranges harmonised at no addition cost.
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| 8.2 | He set out the costs and implications associated with the ONR proposal and highlighted the next steps.  |
| 8.3 | The Board approved the ONR proposal with best endeavours for it to be delivered within budget.  |
| **9** | **Any Other Business, Summing Up and Close** |
| 9.1 | There were no other items of business. |
| 9.2 | Stuart Perkins thanked the Board for the opportunity to attend the meeting. He commented on the sheer volume, depth and variety of discussion, highlighting there was an appropriate level of challenge and support, with the Board displaying good meeting behaviours, acting as a strong critical friend.  |
| 9.3 | The Chair thanked everyone for their attendance and contribution, and summarised each item and the agreed way forward. The Chair formally closed the meeting at 13.00. |
|  | **Date and Location of Next Meeting**: 8 June 2023 - Denman Room, St James House, Cheltenham, GL50 3PR. |
| **10** | **Item for information:**Board Forward Look |