**Minutes of the ONR Board**

**24 February 2025**

**MS Teams**

**Present:**

**Members**

Judith Hackitt - Chair

Jean Llewellyn - Non-Executive Director

Sarika Patel - Non-Executive Director

Tracey Matthews - Non-Executive Director

Janet Wilson - Non-Executive Director

Roger Hardy- Non-Executive Director

Mark Foy - Chief Executive / Chief Nuclear

Inspector (CE/CNI)

Paul Fyfe- Deputy Chief Nuclear Inspector and Senior Director Regulation

Rachel Grant- Director, Strategy and Corporate Affairs

Linda Aylmore- Finance Director

**Secretary:** 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. There were no declarations of interest. |
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| **2.1** | **Draft Corporate Plan and Budget 2025/26** |
| 2.1.1 | The CE/CNI introduced the item, setting the context for the discussion. A different approach had been taken, taking up a more joined up approach to the corporate plan and budget and ONR would be looking at consolidating and building on that in future years. |
| 2.1.2 | He noted that the ask was for the Board to approve the proposed budget of £110.7m for 2025-26, this included a 2% efficiency target and a significant proportion (£6m) associated with technical support contracts for GDA, new build work. |
| 2.1.3 | He noted the current fiscal climate constraints and ONR’s role in demonstrating 2% efficiencies which was being applied to ‘all costs’ across the organisation. He noted that the 2025-26 cost base and FTE was lower than 2024-25 levels. A recruitment freeze had been implemented within the organisation which would be kept in place next year with recruitment only approved by exception. |
| 2.1.4 | He highlighted the leadership team’s belief that the budget presented the right balance of responsibility within the current fiscal climate whilst also allowing ONR to regulate the industry and keep the public safe and secure. |
| 2.1.5 | He acknowledged that there was more to be done, and this thinking would be worked through in terms of doing things smarter and in different ways. The underlying principle was that this work should not be compromising ONR’s ability to regulate effectively. |
| 2.1.6 | On the corporate plan, it followed the same format as 2023-24. He recognised the need to provide appropriate performance measures against delivery. ONR would be looking to develop something suitably transparent. |
| **2.2** | **Corporate Plan 2024/25** |
| 2.2.1 | The Director of Strategy and Corporate Affairs introduced the corporate plan. She noted that the same format had been used, but was more concise than previous years with the aim to go even further in 2025-6. |
| 2.2.2 | Feedback from Department for Work and Pensions (DWP), Department for Energy Security and Net Zero (DESNZ) and Ministry of Defence (MOD) had been incorporated into the plan presented to the Board. |
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| 2.2.3 | This work would align with the budget and the work on the interim bridging document, and clearer performance measures and metrics would be developed for the strategy period to give a clearer picture of performance in-year. |
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| 2.2.4 | The plan referenced ONR’s role in supporting growth following feedback from DESNZ. The plan also sought to reflect more clearly ONR’s role in the wider energy mix and role in the wider energy cycle. She noted that regulatory planning assumptions in the plan had been reduced significantly. |
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| 2.2.5 | The intention was for the plan to be laid in May to allow for ministerial clearance and recess. |
| 2.2.6 | In discussion the Board:   1. Noted that the budget would be approved by DWP before 1 April 2025. 2. Discussed the need to quantify efficiencies already noted and requested a target be implemented for the year ahead. The Finance Director (FD) noted that there were trackable cashable and productivity efficiencies which were captured and presented at each Board meeting. Looking ahead to 2025-26 it had not yet been identified where efficiency savings would come from. SLT would need to provide an action plan. 3. Highlighted the need for the narrative on efficiencies to be sharper and articulate where efficiencies would continue to be carried forward through to the next financial year. 4. Asked that in-year efficiency savings be made explicit in the corporate plan for 2025-26 to provide assurance on what had already been achieved. 5. Noted the 2% efficiency saving target but questioned how that was broken down and how much had already been achieved through the continuation of existing measures. 6. Highlighted the importance of being clearer about what ONR was trying to achieve to build confidence that it was ahead of the curve and not being driven on these efficiencies. 7. Noted the need for the corporate plan to reflect the up to date strategic risks following agreement at the Audit, Risk and Assurance Committee (ARAC). 8. Highlighted the need to articulate in the plan that the scale of ambition for the current year was constrained due to the review’s potential impact on the longer term structure of the organisation. 9. Highlighted the need to strengthen the wording around the regulatory taskforce which was currently neutral but should be highlighted as an opportunity. 10. Discussed the importance of striking the right balance in the narrative on positive efficiency gains whilst not impacting capability within ONR. 11. Highlighted the need to engage with the NGO forum in relation to ONR’s growth agenda as outlined in the plan. |
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| 2.2.7 | The Board agreed the corporate plan subject to changes commented on in the meeting and confirmed that it should be circulated to the Board for agreement via correspondence. |
| **2.3** | **2025/26 Budget** |
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| 2.3.1 | The FD introduced the paper which outlined that this was a challenging but achievable budget. It provided a positive approach that continued to test the mindset shift to allow ONR to think and work differently. It had a focus on value for money and efficiency, focusing on how ONR could deliver more in a growth environment with the same people to achieve our business-as-usual activities and our future strategy. |
| 2.3.2 | She reflected on previous ONR budgets and lessons learned from year on year underspend. It was noted that underspend in previous years had predominantly been on three areas; the first was the phasing of Generic Design Assessment (GDA). GDA was an unpredictable spend for ONR. The volumes and how that activity came through to the organisation was largely dependent on Great British Nuclear (GBN) and government ambitions. By showing this spend as a clear and separate line it will be possible to track performance on the rest of the budget. The second area was the recruitment phasing- these issues had been resolved through better budget assumptions and a recruitment freeze in place for next year. The third area was IT projects- this had come through as an underspend due to projects being delivered faster and cheaper and ONR was starting to reap the benefits from investment in its IT to date. |
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| 2.3.3 | A baseline review had been formed by the senior leadership team (SLT), with more work to do to provide transparency on numbers which would enable a more mature, cross-working approach. |
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| 2.3.4 | She highlighted that there would be a focus on creating and maintaining a forward look and a three-year financial plan linked to ONR’s strategic intent and a fully developed resource baseline. |
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| 2.3.5 | She noted that a 2% efficiency saving had been applied across all expenditure, based on 2024-25 P7 forecasted cost base, which would mean that all efficiencies already gained had been banked and 2% efficiencies would be added to that. |
| 2.3.6 | She highlighted the ask of the Board to approve a £110.7m budget (including £5.9m for technical support contracts for GDA). |
| 2.3.7 | She took the Board through the areas of controllable and non-controllable costs. Non-controllable costs included the technical support contracts, which had risen from £0.5m to £6m over a three year window, based on the volume and activity of schedules coming through. She noted that ONR was reducing costs through capital and efficiency savings which offset increased staff costs of £4m. |
| 2.3.8 | In discussion the Board:   1. Questioned the extent to which technical work was non-controllable and where choices could be made on whether to sub-contract the technical support work or grow and build capability in-house. The cost had been labelled as ‘uncontrollable’ based on the activities that come through from GBN but how it was delivered, and delivered efficiently was within ONR control. The Board noted that the timings and quality of GDA submissions was also not within ONR control but ONR needed to budget for the technical support framework to do the work if programmes came to fruition through the year. 2. Commented on the label of ‘uncontrollable’ and the need to re-frame it as ‘not within ONR control and dependent on external factors’. 3. Questioned whether the internal workload associated with managing £6m of TSCs was achievable and realistic. 4. Highlighted the need for a line in the budget that   showed how ‘uncontrollable spend’ had been separated out and that it was money that would not be spent unless the strategic demand was forthcoming from government and vendors.   1. Greater clarity to show the impact on the license fee and what activities were funded separately i.e not by license holders. This would help people understand where more money was needed, where ONR was being more efficient and who benefited from that. Aligning the cost recovery breakdown with the budget lines could be beneficial. 2. Questioned whether the statutory National Insurance increase had been included in the categories of spend outlined in the paper. It was confirmed as being included. 3. Highlighted that it would be helpful to add a note to the budget that highlighted that technical support GDA was based on (X) number of GDAs being undertaken by ONR and was under risk if not realised. A note on United Kingdom Security Vetting (UKSV) being pass through would also be helpful. 4. Noted the assumptions that were included within the budget against GDA. 5. Noted the two step approach being taken by the SLT to understand the optimal size of ONR was based on the baseline review and that this work was ongoing, in line with the 2030 strategy. 6. Noted the development of a three year forward look and the mechanisms that could be considered to address the issues on FTE following outcomes of the baseline review. 7. Discussed the need to re-order the mechanisms being considered for future options; with adoption of new approaches and opportunities to redeploy staff appearing above considering severance. This would help to mitigate the risk of losing capability within the organisation and demonstrate the need for flexibility. 8. Highlighted the need that concluding the baseline should specifically mention that one of the overriding factors was to maintain capability and capacity as a pre-condition. 9. Highlighted the need to be pro-active and develop a re-deployment plan, helping people to up-skill. This should be included in the future options being considered by SLT. That work was already being done within the organisation but being more overt was critical. 10. Supported the development of a longer term three year plan. 11. Highlighted that consideration needed to be given on the opportunities to share the approaches being considered with staff. 12. Emphasised the need for alignment and consistency in the wording with the figures in the budget in relation to safeguards and AUKUS. 13. Noted that Board should be stewarding the organisation throughout the year on both the £110.7m (including GDA TSCs) and the £104.4m budget (without GDA TSCs). GDA spend was not headroom on the budget and could only be spent on GDA and was based on government and GBN direction. 14. Highlighted the need to share explicitly with DWP both the £104.4m and £110.7m to demonstrate how ONR had significantly reduced base cost. 15. Commented on the need for the re-forecasting done by the finance team every quarter be shared with Board. |
| 2.3.9 | The Board approved both the **£110.7m 2025/26 budget**, including a 2% budget reduction of £2.1m as an efficiency target and including £5.9m additional technical support contracts for Generic Design Assessment (GDA) delivery and the £105m performance target. This was subject to more work already committed to do on benchmarking, capability and technical division to get better clarity. |
| 2.3.10 | The Board commended the Finance Director for her development of the budget, the improved position and challenge she had brought to ONR. |
| **3.** | **Committee Membership** |
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| 3.1 | The Board approved the proposed changes to Committee membership with effect of 31 March 2025. |
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