

**Minutes of the ONR Board  
23 November 2022  
Virtual meeting via MS Teams**

**Present:****Members**

Mark McAllister - Chair  
Sarika Patel - Non-Executive Director  
Tracey Matthews - Non-Executive Director  
Janet Wilson - Non-Executive Director  
Simon Lister - Non-Executive Director  
Mark Foy - Chief Executive / Chief Nuclear  
Inspector  
Sarah High - Deputy Chief Executive  
Geoff Hawker - Finance Director

**Attendees**

Dave Caton - HR Director  
Katie Day - Director Policy and Communications  
Mike Finnerty - Director of Regulation  
Lynne Mackay - Head of Domestic Safeguards  
(item 10)  
Mahtab Khan - Safeguards Delivery Lead  
(item 10)

**Observer**

Caroline Sugden - Nuclear Safety Inspector  
Sharon Clarke - Alliance Manchester Business  
School

**Secretary:** 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.
- 1.2 Apologies for absence were received from Jean Llewellyn, Non-Executive Director and the Executive Director of Regulation. No declarations of interest were received.

**2 Minutes, Matters Arising and Action Points**

- 2.1 The minutes of the meeting held on 29 September 2022 were agreed as a correct record.
- 2.2 All actions on the action log were complete or on track for delivery.

**3 Chair's Report**

- 3.1 The Chair provided his personal reflections on three key events in the reporting period: the ONR Industry Conference 12 October; the ONR Board Strategy Session 25 and 26 October; and the NGO Forum 16 November. He passed on this thanks to all those involved and to staff who had joined him and Janet Wilson, Non-Executive Director (NED) at the recent Safeguards Specialism Team meeting on 17 November.
- 3.2 He provided feedback on his separate meetings during October 2022 at which he discussed matters of mutual interest with the Chairs of: the Nuclear Industry Association (NIA); Dounreay Site Restoration Limited (DSRL)/Magnox Limited; Atomic Weapons Establishment (AWE); Civil Aviation Authority (CAA): Sellafield Limited; and EDF. He confirmed that we would be holding a joint Board, including site visit with the AWE Board in 2023. The Board Secretary would confirm the date shortly.

- 3.3 He acknowledged that this would be Simon Lister's final Board meeting prior to him standing down as a NED on 30 November. On behalf of the Board he thanked Simon for his sterling contribution over the last four and a half years and wished him well for the future.
- 3.4 He concluded by touching on delivery of our regulatory mission which remains strong but reinforced that we must not become complacent. He recognised that progress in driving simplicity and efficiency was slower than anticipated, particularly given the size of the organisation. This would continue to be a key area of focus with the Executive Directors, adding that the NEDs would help and support in any way they could.

#### **4 Executive Director Report**

- 4.1 The CE/CNI presented his summary report on key strategic, operational and financial matters and respective summary assessments from the ONR Executive Team (OET) and Finance Director (FD).
- 4.2 On common good charging he advised Board that BEIS has confirmed that it will repay ONR the circa £450k required to enable us to make full restitution to our non-Government funded customers/dutyholders in the current financial year, which will enable timely closure of this issue. We are now working on the details of individual payments.
- 4.3 He provided an oral update on Hinkley Point C following the tragic fatality on 18 November. ONR is working closely with Avon and Somerset Police who have initial 'primacy' and are currently leading the investigation on the site.
- 4.4 He provided an update on Great British Nuclear (GBN) where he expects further information to be available post the November mini-budget, specifically the level of Government's support for new nuclear against the ambition for 24GW nuclear capacity by 2050. In the interim, ONR has agreed to provide a secondee to BEIS to support its work on future technology selection and competition design, which they will fully fund. The competition is likely to run from 2023 to early 2024.
- 4.5 He confirmed that BEIS has advised that six vendors have confirmed an intent to apply for GDA entry in the next three months; they will be seeking to utilise the £125m Future Nuclear Enabling Fund (FNEF) to fund the work. We will support BEIS in its review to determine the acceptability of these applications. He would be meeting with senior BEIS officials shortly to seek clarity on overall government policy and strategy for new build.
- 4.6 He confirmed that overall feedback from the ONR Board Strategy Session had been positive with recognition of the value of the external attendees. Given the challenges around focus, pace and agility he confirmed we would shortly be appointing individual leads for efficiency and culture, with succession planning delivered through business as usual by HR.

- 4.7 He concluded with an early update on an emerging issue on our direct and indirect costs which had highlighted the amount of direct costs being significantly less than expected. The information is indicative at this stage whilst we investigate further to better inform the projected future resourcing needs of the Regulatory Directorate and the approach we take to recruitment.
- 4.8 The Deputy Chief Executive (DCE) confirmed that good progress is being made on the Organisational Review. The research stage has produced a wealth of findings that we have reviewed. Feedback from the Trade Unions on the level of engagement in the data gathering/research phase has been positive. Colleagues are particularly eager to hear how the pay and grading element is progressing. An update was provided at the recent ONR Connect session to assure staff that the lapse of time since staff engagement in the summer has been necessary so we could fully analyse and explore the findings and be clear on the rationale for any recommendations before sharing the details more widely.
- 4.9 She provided an update on the work with DWP to progress the Framework Document (FD) refresh and the record of evidence for the ALB Annual Assurance Assessment (AAA). Progress has been slower than anticipated on the FD due to resource pressures at DWP and the impact of ministerial changes. We will share the AAA evidence and proposed risk ratings with ONR's Audit and Risk Assurance Committee (ARAC) before formal moderation by DWP. We will now decouple the ONR Scheme of Delegation (SoD) from the FD so as to not delay publishing our updated Scheme any further. A draft of the SoD will be shared with the ARAC early January prior to seeking Board approval.
- 4.10 She highlighted the OET performance dashboard that is being developed in parallel to assessing the data quality to support our operational Key Performance Indicators. The ambition is to provide a 'one stop shop' for OET level performance data and management information. As expected, the maturity of our data, assessed against a range of criteria, is typically low across the organisation. The Data and Analytics team will present their maturity delivery plan to OET, along with the proposed OET dashboard reporting Q2 performance data.
- 4.11 She confirmed the draft priorities for 2023/24 below for Board consideration. The priorities have been developed in consultation with ONR Directors and are for inclusion in our Corporate Plan:
1. Drive demonstrable improvements at those sites that are in significantly enhanced or enhanced attention and influence long-term improvements across the sector for the themes highlighted in the CNI report.
  2. Ensure a programme of work is developed and delivered by relevant stakeholders that grows capability and demonstrates the adequacy of the UK's response to a nuclear emergency, including support to a 2024 national Level 3 emergency exercise.
  3. Influence an industry wide approach to building and sustaining a resilient and capable workforce that is fit for the future, with the capacity to deliver future programmes safely and effectively.

4. Simplify and streamline how we work across all our functions to deliver tangible productivity and efficiency improvements to create capacity and increase agility to respond to future demands.
5. Enhance and embed a supportive and inclusive culture in ONR, that is fair to all, where people are realistic in ambition and empowered to lead and drive work successfully, at pace.

4.12 The Director of Regulation provided an update on his visit to the AWE Burghfield site to view the Mensa facility, and to discuss progress against declared programmes. Although there remains a substantial amount of work to be done, the level of progress now made raises confidence that the facility will indeed be ready for operation in advance of the existing Assembly Technology Centre (ATC) ceasing operations by September 2026.

4.13 He highlighted that we continue our enhanced focus on conventional health and safety on nuclear sites to ensure that this remains a focus for industry improvements.

4.14 He provided a positive update on the Well-Informed Regulatory Decisions (WIReD) project which achieved another significant milestone this month with the successful passing of the 'stage gate' process for 'Go-Live' of the new permissioning process. He also confirmed that the WIReD 'stage gate' for the 'Go-Live' of the reporting and issues components of the 'Dutyholder portal' was also passed, with release due later in the month pending some further staff awareness training.

4.15 The FD confirmed that, after an unusually protracted period since its completion, ONR's Annual Report and Accounts (ARA) for 2021/22 was laid in Parliament and published on 3 November. This had been a collaborative effort across ONR, along with engagement and support from DWP and the National Audit Office (NAO). We will identify where improvements can be made and will be engaging with the NAO and DWP on the timetable for laying the accounts next year. He confirmed the outline timetable will be shared with ARAC in January.

4.16 He confirmed that as this Board meeting falls outside the quarterly risk reporting cycle, focus has been on developing the business understanding of the risks, mitigating actions and effectiveness of controls. All strategic risks continue to be actively managed by risk owners.

4.17 In discussion the Board:

- i. Asked whether we are tracking serious incident data for any underlying trend information.
- ii. Acknowledged the emerging issue on direct and indirect costs and, following further analysis by the Executive, requested an update on this issue at their next meeting.
- iii. Sought further information on delays to finalising the FD, the approach being taken by DWP, and engagement with other Government Departments.
- iv. Asked for a demonstration of the OET performance dashboard when it is ready to launch.

- v. Noted the outline timetable for laying the ARA next year would be discussed with ARAC in January.
- vi. Supported the approach to explore opportunities to streamline the ARA and combine with it other key corporate publications where appropriate.
- vii. Endorsed the priorities for 2023/24 for inclusion in the Corporate Plan.

**Action 1:** Following further analysis, provide an update to February Board on the emerging issue on direct and indirect costs – Finance Director (FD).

**Action 2:** Arrange Board demonstration of the OET performance dashboard – DCE.

4.18 The Board noted the report.

## **5 2022/23 Mid-Year Financial Position and Forecast**

5.1 The FD provided an update on the latest ONR financial position up to Period 6 (September) based on the recent quarter 2 forecasting exercise.

5.2 The Period 6 year to date position shows an underspend of £2.8m against budget.

5.3 The Quarter 1 forecast of £98.1m reflected a £0.8m overspend against the full-year budget of £97.3m, which was driven primarily by the 4.5% pay award. Since that exercise, the Finance Business Partners have conducted the formal re-forecasting exercise for Quarter 2, which has provided a significant shift in the budget position.

5.4 The Quarter 2 re-forecast reflects a new full year forecast position of £96.1m against a budget of £97.3m reflecting a £1.2m underspend. This is a £2m reduction in forecasted spend from Quarter 1 and is primarily driven by slippage and optimism bias in recruitment planning.

5.5 We are currently preparing for the 2023/24 budgeting exercise. This will be a constrained budget based on the period 7 forecast out-turn.

5.6 In discussion the Board:

- i. Commented that the forecast remains optimistic.
- ii. Sought confirmation on the timing of the analysis relating to the direct / indirect costs issues and how this would inform the budget setting process.
- iii. Noted the key challenge would be in agreeing the 2023/24 pay deal given the volatility of the pay situation and that this would require a number of scenarios to be developed, including using our flexibilities as a public body whilst being mindful of wider public sector constraints.
- iv. Suggested that February's Board consideration of the 2023/24 budget should be based on a series of principles.

5.7 The Board noted the report.

## **6 Autumn Budget Statement**

6.1 Discussion on the Autumn Budget Statement was addressed at item 5.

## **7 ONR Initiatives Appetite and Root Causes**

7.1 The DCE presented a paper on initiatives currently underway or planned in ONR that are over and above core business. This exercise has proved more extensive than anticipated and has helped to clarify the scale of the proposed work, emerging themes and root causes that have led to the current position.

7.2 The 'Initiatives Map' identifies a proliferation of work that is not collectively visible at a strategic level and / or governed appropriately. Recognising the root causes that have led to this has helped us in starting to identify opportunities for improvement. This is not just in respect of process, planning and governance, but also the leadership role of OET / ONR Directors in providing strategic direction.

7.3 OET will invest time to focus on understanding and clarifying the drivers and implications underpinning the observed root causes so we can take appropriate steps to address them. OET will further consider the detail and timescales for harnessing opportunities to work better, smarter, differently and address the wide-ranging root causes. There is also time scheduled to consider this in more detail with all Directors in December with a focus on advocacy, governance and prioritisation in addition to confirming two or three initiatives that we will focus on to demonstrate we can deliver successfully to time and at pace in response to the challenge from Board at the Strategy Session in October.

7.4 In discussion the Board:

- i. Welcomed the stock take in an attempt to illustrate scale.
- ii. Commented that many of the initiatives shown were business as usual or continual improvement activity.
- iii. Stressed the importance of being explicit on the measures of success as these are not evident. If they cannot be articulated, then the work should not proceed.
- iv. Reinforced the importance of OET direction and sponsorship of this work as part of the new arrangements and suggested the efficiency lead should be connected to the OET conversations.

7.5 The Board noted the report.

## **8 Annual Update on the Economic Impact of our Regulation**

8.1 The Director of Regulation gave a presentation on the economic impact of our regulation setting out the background and comments from Board in 2021.

8.2 He set out the approach and recommendations from a pilot study conducted in both the Electrical, Control and Instrumentation (EC&I) specialism and the defence subdivision. Recommendations included: training on the economic impact of regulatory activities should be made available to ONR inspectors; formal assessment

of the economic impact should be limited to where there is a difference of opinion between ONR and a dutyholder's position in relation to implementation of a safety enhancement measure; and engagement with the dutyholders to reinforce use of the Regulator Nuclear Interface Protocol (RNIP) in cases where there is a difference of opinion.

- 8.3 He provided an update on senior level engagements including the planned Annual Review of Regulation scheduled early December where key dutyholders have been asked to provide balanced but frank feedback on our consistency and/or proportionality. He also highlighted benchmarking activity with the wider regulatory community which had indicated that ONR costs are reasonable in comparison with other regulators.
- 8.4 He concluded by confirming that in 2022 we have continued to consider the economic impact of our regulation, both in terms of proportionate regulatory decision making and efficient working. The economic impact pilot study had identified circumstances where a formal economic impact assessment may be beneficial. Further economic benchmarking has been conducted indicating ONR costs are reasonable and senior level engagement has been uniquely valuable in providing clear feedback.
- 8.5 In discussion the Board:
- i. Commented on the importance of making this an integral part of our regulatory activity to demonstrate our understanding and awareness of the cost impact.
  - ii. Asked whether the pilot had highlighted any behavioural considerations that needed to be addressed.
  - iii. Asked how staff involved in the pilot were acting as advocates.
  - iv. Commented that no sense of frustration on our costs had emerged at the Chair level of engagement.
- 8.6 The Board thanked the Director of Regulation for a positive update.

## **9 ONR Publications: Observations and Proposals for Further Efficiencies**

- 9.1 Further to discussion at the March Board, the Director of Policy and Communications (P&C) gave a presentation on ONR publications and proposals for further efficiencies, streamlining where appropriate whilst satisfying the requirements of the Energy Act 2013 (TEA13).
- 9.2 She set out the work to date in consolidating the three key corporate publications and continuous improvement activity focusing on quality, length, use of plain English and consistency.
- 9.3 She commented that, whilst we need to fulfil our obligations and ensure we maintain stakeholder confidence in us, it is within our control to be more efficient in how we meet these demands without seeking a change to the legal framework, the requirements of which are proportionate compared to other regulators.
- 9.4 She highlighted a number of proposals for further efficiency and sought Board's appetite for change.

## 9.5 In discussion the Board:

- i. Supported the proposals for further efficiency demonstrating Board intent for 'less is more.'
- ii. Discussed the opportunities and options open to us to combine documents or present them in different ways.
- iii. Recognised the value the organisation derives from debate and formulation of these documents, in particular the Chief Nuclear Inspector's Annual Report which supports a shared understanding of what has happened, what is going to happen and what we are going to do.

9.6 The Board passed on their thanks to the Director P&C and wished her well in her new role.

## 10 UK State System of Accounting for and Control of Nuclear Material (UK SSAC) Quarterly Update

10.1 The Head of Domestic Safeguards presented a paper to provide an overview of the delivery of the UK State System of Accounting for and Control of Nuclear Material (UK SSAC).

10.2 She confirmed that all operational activity in the Safeguards Subdivision has proceeded as planned and that we continue to deliver all required reporting to the International Atomic Energy Agency (IAEA) on time, and to facilitate IAEA safeguards activities in the UK effectively. Recent successful and planned recruitment campaigns should alleviate resource pressures in time as new recruits develop their safeguards skills and experience. Until then we will continue to target resources to the higher impact, most safeguards sensitive areas to protect our credibility and retain our confidence and safeguards coverage.

10.3 She provided an update on our engagement with government. BEIS will review the Nuclear Safeguards (EU Exit) Regulations 2019 (NSR19) next year, to conclude by 31 December 2023 in line with the review requirement in the legislation. We will work closely with BEIS throughout the review, which will also seek input from industry. She also provided an update on international engagement activity including at the IAEA Safeguards Symposium 31 October – 4 November which brings together global stakeholders in support of IAEA safeguards.

10.4 The Safeguards Delivery Lead provided an update on the continued long term Safeguards Information Management and Reporting System (SIMRS) availability arising from a lack of technical resilience and sustained investment in the base product from the supplier. This is primarily driven by the very limited international customer base. Under the extant arrangements, we do not have direct access to SIMRS code which limits our ability to directly contract with other suppliers or to bring the technical knowledge in-house. There is no risk to the service in the short or medium term. We have commenced a review and revision of the long-term SIMRS strategy in collaboration with our IT and procurement teams and have begun optioneering and discussions with the supplier regarding access to the code through intellectual property share/outright purchase.



10.5 The Head of Domestic Safeguards concluded by confirming next steps including continuing to carry out our assessments, inspections and reporting as planned, noting the measures in place to manage our resource constraints. Training and integrating new staff to address these constraints is a priority.

10.6 In discussion the Board:

- i. Noted the assurance provided that there was no short or medium-term risk to SIMRS functionality.
- ii. Sought assurance that appropriate mitigations are being put in place to ensure SIMRS functionality longer term.

10.7 The Board noted the report.

## **11 Any Other Business, Summing Up and Close**

11.1 The Chair thanked everyone for their attendance and contribution. He summarised each item and confirmed the agreed actions.

11.2 Caroline Sugden, Nuclear Safety Inspector, Human Factors provided her observer feedback. She thanked the Board for the opportunity to attend the meeting which had been a privilege. She highlighted the openness and transparency of the discussions and the NED's ability to consolidate and understand what was presented and add real value to the discussion.

11.3 Sharon Clarke, Alliance Manchester Business School (AMBS) thanked the Board for the opportunity to attend the meeting which had been helpful in informing the ongoing cultural assessment of ONR being conducted by AMBS and which would report in early 2023.

11.4 There was no other business raised. The Chair formally closed the meeting.

## **12 Information Papers**

12.1 The Board noted the following information papers:

- a) Resource and Resilience Committee (RRC) Update – 15 November 2022
- b) Board Forward Plan.