

**Minutes of the Board  
25 July 2017  
St James House, Cheltenham**

**Present:**

**Members**

Nick Baldwin - Chair  
John Crackett - Non-Executive Director  
Oona Muirhead - Non-Executive Director  
Bronwyn Hill - Non-Executive Director  
Penny Boys – Non-Executive Director  
Adrienne Kelbie - Chief Executive  
Richard Savage - Chief Nuclear Inspector  
Dave Caton - HR Director  
Sarah High - Finance Director

**Attendees**

Mark Stanyer - Director of Information and Technology  
Anthony Hart – Technical Director  
Adrian Freer – Director, Civil Nuclear Security (item 11)  
Mina Golshan – Director, Sellafield, Decommissioning, Fuel & Waste (items 1-8)

**Observer** David Garnett

**Secretariat:** Charlotte Cooper, Head of Governance

**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, Dan Grice and Sarah Atherden.
- 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 8 June 2017 were agreed as a correct record, subject to a change in paragraph 2.3 to read ‘this demonstrated the value of Board visits to support a greater and collective appreciation of the issues.’
- 2.2 It was noted that all items on the action log were either completed or on track. The Chief Executive reported that the Engagement and Insight Cross Directorate Group would meet for the first time on 4 August 2017 and that engagement would be a feature at the Board Strategy Session.

**3. Chair’s Report**

- 3.1 The Chair reported that since the Board meeting on 8 June he had:
- 3.2 Attended the HSE Board where discussion had focused on Grenfell Tower. This led to a more general discussion on the regulatory environment and the atmospherics of the whole regulatory debate. The regulatory environment is going to be the subject of public scrutiny and challenge.

- 3.3 Attended a Public Chairs' Forum roundtable event on 6 July at which the Director General of the Civil Service spoke about the Civil Service Reform Plan.
- 3.4 Participated in the shortlisting, held fireside chats with all shortlisted candidates and attended the first of two days of interviews to recruit two ONR Non-Executive Directors.
- 3.5 Oona Muirhead, on behalf of the Chair, attended a Public Chairs' Forum entitled what effective governance looks like. Oona would provide a formal debrief from the event and share the slides with the Chair, Chief Executive and Head of Governance as there were lessons, experience and good practice that would inform the ONR Board effectiveness review.

#### **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.
- 4.2 Good progress is being made with a few stresses and strains. Reference was made to appendix A. Some Corporate Plan milestones had slipped, but improved change control, at Directorate and Corporate level, is helping inform decisions about relative priorities and impact.
- 4.3 *Corporate Plan – Highlights and Exceptions*  
Competency Based Pay Progression had now been rolled out and this may bring some risk to morale in the first year of implementation.
- 4.4 The Executive Management Team (EMT) approved a new behavioural competency framework for implementation in the 2018/19 performance year.
- 4.5 The Communications Team has a number of staff absent which is impacting on the delivery of internal milestones whilst focus is firmly on the delivery of external facing milestones. An appointment had now been made to bring in an interim who can work with the team to provide support and add capability at this time.
- 4.6 Out of 80 comparable indicators in the Staff Survey, 44 had improved, although a number of more difficult cultural issues had not. Focus groups have been established to help us understand some of the results and identify key themes and inform action plans.
- 4.7 The Finance Director would now take the lead on revising the Sponsorship Body Framework document which will include greater clarity on our financial arrangements, for delivery in September.
- 4.8 The Board reviewed all Corporate Plan milestones scheduled for delivery in July and received an oral update against each milestone.

#### 4.9 *Estates – London Accommodation*

We are continuing to negotiate with the Government Property Agency (GPA) to identify suitable premises and have reviewed a number of properties in the public and private sector. The properties offered in the public sector are not viable, and suitable premises which meet our needs and demonstrate value for money have been identified outside of the civil estate. The Chief Executive raised this issue as it has the potential to be novel and contentious. The Board agreed the approach we are taking and reinforced the reasons behind our Public Corporation status and the importance of demonstrating value for money. They were assured that we had explored all options and agreed the management approach to secure the suitable premises identified outside of the civil estate. They noted that a paper would be presented to the Board in November seeking their approval to enter into the lease.

#### 4.10 In discussion the Board:

- i. Welcomed the interim appointment that had been made in the Communications Team.
- ii. Noted that whilst the slippage in the NGO milestone wasn't ideal, it was helpful to see that the meeting scheduled in September would proceed.
- iii. Sought clarity on the understanding of the role of Senior Responsible Owner (SRO) in ONR, assurance that appointments had been made at the right level, and confirmation that formal delegation letters would be issued. The Chief Executive confirmed that formal delegation letters would be issued and agreed to provide the Board with a table in her next Board report clearly setting out all SROs and who is responsible for what.
- iv. Asked who would be representing ONR as we participate as a witness in a Select Committee hearing about Brexit: Energy Security in September. The Chief Executive confirmed that this would be the Director, Sellafield, Decommissioning, Fuel and Waste and, once the scope had been received from the Clerk to the Committee, support would be given to ensure that she was suitably prepared.
- v. Sought confirmation why Fees Regulations was not included as a Corporate Plan milestone. The Chief Executive confirmed that this would be included at some point and that the Finance Director would provide a full report at item six.
- vi. Sought confirmation that ONR was able to deliver the BEIS request to write a Radiation (Emergency Preparedness and Public Information) Regulations (REPPiR) Code of Practice. The Technical Director confirmed that an ONR Project Team had been established and a meeting had been scheduled to take place with BEIS on Friday to talk through what the request means in practice.

#### 4.11 The Board noted the report.

## 5. Chief Inspector Report

- 5.1 The Chief Nuclear Inspector presented his report to provide assurance to the Board that ONR is meeting its statutory regulatory obligations and that our regulatory activities had been effective across the nuclear sector; influencing to enable safety and nuclear security delivery and holding industry to account on behalf of the public.
- 5.2 The CNI thanked Mark Foy who did a good job at deputising during the CNI's annual leave. The Chair passed on his thanks to Mark and his team for the speed at which they responded to an emerging issue with BEIS during this period.
- 5.3 All six milestones due in Quarter 1 had been delivered on time.
- 5.4 The CNI provided an oral update on senior management changes at EDF Energy, the detail of which is embargoed until 27 July 2017.
- 5.5 *Enforcement*  
ONR has served Improvement Notices on EDF Energy and Doosan Babcock requiring improvements in management of work at height at Hinkley Point B nuclear-licensed site.
- 5.6 *International Engagement*  
The CNI attended the European Nuclear Safety Regulators Group (ENSREG) Conference in Brussels in June, at which the CNI was elected as the Vice Chair of ENSREG. The Board passed on their congratulations on the appointment of the CNI and also on Mark Foy's appointment as Vice Chair to the Nuclear Energy Agency's Committee on Nuclear Regulatory Activities (CNRA).
- 5.7 ENSREG agreed the Western European Nuclear Regulators Association's (WENRA's) guidance on the timely implementation of reasonably practicable safety improvements at nuclear power plants. ONR played a major role in the development of this guidance and its adoption represents a major achievement.
- 5.8 *Budget*  
The New Reactors Division has forecast a potential underspend of £2m by the end of the financial year, largely due to a reduction in Technical Support Contracts. The situation remains dynamic, with lots of uncertainty which will be managed closely through the financial year.
- 5.9 An oral update was given on the latest position to enable ONR to develop and deliver future capability for regulating Small Modular Reactors (SMR) technologies.

5.10 A separate Board briefing note was provided on consolidation of Dounreay Exotic Materials at Sellafield. The Programme is a UK Government priority. It is a schedule-driven and technically challenging programme which is likely to get even more challenging before it is completed. The Board were briefed on the issues, the current status including the risks to ONR and our regulatory strategy. They understood the clear position that the CNI and DCI have adopted and communicated to stakeholders; permissions will be made through existing and established ONR review and assessment of the licensees' safety cases and security plans against our relevant principles and considerations of relevant good practice. It was noted that this has not resulted in placing unnecessary requirements on the licensee and ONR has and will continue to adopt an enabling approach throughout. In recent weeks, our permissioning assessments of certain aspects had identified shortfalls against safety standards and the legal framework which the duty holders' acknowledged and accepted. The Board gave its full support to this regulatory position.

5.11 In discussion the Board:

- i. Were keen to ensure that the CNI / Regulatory Directorate were not being stretched too thin, particularly in light of our international engagement. The CNI confirmed this was not currently the case and the situation would be kept under review.
- ii. Thanked the Director, Sellafield, Decommissioning Fuel and Waste for her comprehensive briefing on the consolidation of Dounreay Exotic Materials at Sellafield.
- iii. Were pleased to see the progress that had been made at Sellafield following the successful removal of the first concrete monolith from the Pile Fuel Cladding Silo which is another significant step forward in enabling accelerated safe and secure waste retrievals from this legacy waste silo.

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 30 June 2017.

6.2 At 30 June 2017 the full year forecast was £80m against a budget of £81.1m.

6.3 The Finance Director informed the Board that during this period we processed one single tender action that was not considered to be contentious. A further single tender request is being considered which does fall into the novel and contentious category and therefore requires Board approval. Based on the detail provided by the Finance Director the Board agreed to approve the single tender request.

6.4 The Finance Director confirmed that there had been no spend on consultancy in the period and confirmed that this would be referenced in future reports even if there was a nil return.

6.5 Following on from the discussion at item 4, the Finance Director confirmed that we would look to submit the business case for our London Estate to the Government Property Agency and Cabinet Office later this week.

6.6 *Fees Regulations*

The Finance Director provided a detailed oral update with regard to the current position on Fees Regulations. In light of Brexit and the inevitable pressures on the Parliamentary calendar, DWP, supported by BEIS, had advised that legislative change should not be pursued unless absolutely necessary. ONR focus is on maintaining the existing methodology established with industry and that is compliant with managing public money, whilst exploring every opportunity to reduce ONR's reliance on grant funding.

6.7 In discussion the Board:

- i. Asked the HR / Regulatory Directorates to ensure there is a policy in place setting out how long before someone is sufficiently independent once they have left ONR before being asked to do further work for ONR.
- ii. Passed on their thanks to all those involved in ensuring the ONR Annual Report and Accounts 2016/17 and the Corporate Plan 2017/18 were laid in Parliament on 6 July 2017.
- iii. Noted the common sense, pragmatic approach being taken on Fees Regulations and the efforts of the Finance Director on ensuring quality planning forecasts, communication and engagement with industry. The Board accepted that the compromise was that ONR would not move to an ONR specific branded suite of fees regulations.
- iv. Noted that we are awaiting clarification from BEIS on the requirements specification, scope and timescales for the Brexit-related Safeguards resource in advance of establishing a formal charging agreement. The Finance Director confirmed that we are accounting for all the work we are undertaking for BEIS.

**Action 1:** Ensure there is a policy in place setting out how long before someone is sufficiently independent once they have left ONR before being asked to do further work for ONR - HR / Regulatory Directorates.

6.8 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 its people.

7.2 It had been a productive quarter one with a number of significant and high profile deliverables. Of the 38 milestones due, 34 had been delivered with four delayed. The reason for delay was set out and it was confirmed these would be delivered within year. An additional 58 milestones are on track with a further four agreed, through change control, to move to later in the year. Key Performance Indicators were met at Quarter one with the exception of two which are both on track to be met by year end.

- 7.3 The HR Director highlighted one area of concern in relation to the Regulatory Training area and delivery of the ONR Academy. Backfilling had taken place to address an immediate gap however, staff sickness has now created another gap. Work is ongoing to mitigate the risk.
- 7.4 As at 30 June 2017, ONR employs 540 full time equivalents, this reflects an overall ONR net increase of five staff since 1 April 2017. Our workforce plans propose recruitment of up to 37 specialists to provide a 2017-18 net growth of 21. Previous trends would suggest approximately 15 successful candidates may emerge from our current round of technical specialist recruitment and this would keep us on track to meet targeted growth.
- 7.5 Work has begun planning for the development of a new Pay Deal, for pay bands one to six, from 1 April 2018, following expiry of the present three and a half year arrangement. This provided significant stability for the organisation and, given the continued economic climate and delays in expected progress of new build, has ensured that our total reward package remained in the upper quartile with low turnover and high recruitment levels. Early discussions had taken place with the Trade Unions and external benchmarking is being carried out. A paper on the negotiating remit is scheduled for Board consideration in October, following which negotiations would take place in readiness for implementation 1 April 2018.
- 7.6 In discussion the Board:
- i. Asked the HR Director to confirm the full diversity figures, based on the information available, in his next Board report.
  - ii. Noted the Diversity and Inclusion Action Plan would be a substantive item at Board in October.
  - iii. Asked the HR Director to think beyond the headline figure for the 2018/19 Pay Deal and look at other things we may wish to consider. It is important to be clear that this is a pay deal for all ONR staff in the pay band one to six. The Board requested a comprehensive briefing pack, in advance of the Board Strategy Day, to help inform discussion and subsequent decision at the October Board. The Board welcomed the early update.

**Action 2:** Full diversity figures to be included in HR Director's report – HR Director.

**Action 3:** Comprehensive briefing pack on the 2018/19 Pay Deal to be circulated mid-September, in advance of the Board Strategy Day 26 September – HR Director.

- 7.7 The Board noted the report.

## **8. Response to the NERA Report on Economic Impact of ONR's Regulation**

8.1 The Director Sellafeld, Decommissioning, Fuel and Waste presented a paper setting out ONR's response to NERA Economic Consulting's (NERA) report on the economic impact of ONR's regulation. The response highlighted ONR's intended management actions to address the findings and clarified ONR's position where any finding is not considered appropriate, given the legal framework within which we operate. The Board was invited to comment on the full report and to note the management action plan.

8.2 The Director added that engagement had begun with NERA. The value of this engagement was around clarifying a number of misunderstandings, discuss the basis and prominence of some detailed findings relative to the evidence base, and correct some factual inaccuracies. These do not detract from the value of the four potential areas for consideration. ONR accepts the recommendations and has proposed actions to implement them. Owners against each action in the management plan have been identified and timescales for implementation agreed.

8.3 It was noted that whilst the security function of ONR was not within the scope of NERA's review, in considering NERA's recommendations, ONR had reviewed their relevance to security and the management action plan had been developed with these functions fully in mind.

8.4 In discussion the Board:

- i. Welcomed the progress that had been made, ONR's well written response and development of the management action plan.
- ii. Made a number of minor comments on the ONR response which the Director was asked to reflect.
- iii. Suggested the CNI considers the appointment of a senior Economist to his Independent Advisory Board, with a wider understanding and good communication skills, and who could get into the real detail of this work.
- iv. Commented that it would be helpful to consider a pilot, in parallel to this work, looking at costs as a result of our Security Assessment Principles (SyAPs).

8.5 It was agreed that this would be discussed at the official meeting with BEIS on 28 July and be an agenda item at the Chair's meeting with the BEIS Minister on 8 August. A formal letter would then follow from the Chair to the BEIS Minister.

8.6 The Board noted the report and passed on their thanks to the Director on an excellent piece of work.

## **9. Implementation of Phase II of the Licence Conditions Review**

9.1 The Technical Director presented a paper seeking Board approval to implement Phase II of the Licence Conditions Review. The amount of ongoing change is the key factor in recommending what ONR should do with regard to

implementation and the paper sets out three options for Board consideration. Each option clearly sets out arguments in favour and against implementation.

9.2 The Board, having considered advice from the Regulatory and Executive Management Teams is asked to agree to implement option three, to proceed with initial elements of Licence Conditions Review implementation, but to postpone a decision on further implementation until a later date. Option three allows ONR to take an important step towards our vision of a modernised set of Licence Conditions fit for the next decade and beyond, but without yet committing ONR to make any particular changes in the immediate term.

9.3 In discussion the Board:

- i. Noted the oral update on the industry's appetite for change.
- ii. Viewed option three as engagement with a view to implementation. This is about streamlining, simplification and modernisation.
- iii. Noted the engagement that would take place with the Safety Directors' Forum.
- iv. Recognised the need to take wider soundings beyond industry.
- v. Commented on the need to develop a communications plan in parallel to our engagement.

9.4 The Board agreed the third option set out in the paper. This is a big step towards implementation and enables the Board to make a more informed decision on implementation within the next year. In reaching its decision the Board noted that timing considerations suggested that now is not the time to proceed with implementing the Licence Conditions Review.

9.5 The Board noted that a paper would be presented to the Board in April 2018 seeking an implementation decision and that this would include advice from the Regulatory Management Team (RMT).

## **10. ONR Enforcement Management Model (EMM) – Review Project – Proposals for Implementation**

10.1 The Technical Director presented a paper to inform the Board of the progress made on the proposed ONR Enforcement Management Model (EMM) and to seek their views on the approach.

10.2 The paper proposes a single ONR EMM to be used for all of ONR's enforcement decisions. Subject to Board comments, a paper would be presented to the RMT to agree the principles underpinning the ONR EMM and to initiate an implementation project. If implementation is agreed, the project will work towards delivering a new ONR EMM to meet the associated Regulatory Directorate Milestone set for March 2018.

10.3 The EMT is supportive of the proposals set out in the paper.

10.4 In discussion the Board sought clarification on the risk set out in the paper from adopting the proposed process relating to ONR and HSE operating slightly different processes for regulating conventional health and safety risks.

The Director confirmed that recent benchmarking suggested that the two processes give rise to broadly the same outcomes other than potentially in very low risk situations. Discussions had taken place with the HSE and engagement will be maintained.

10.5 The Board welcomed the approach which provided greater transparency.

10.6 The Board noted the report.

**Action 4:** A short note to be sent to the ONR Chair confirming positive assurance on ONR's approach from the HSE – the Technical Director.

#### **11. ONR UK State System of Accountancy for and Control of Nuclear Material (SSAC) Project Position Paper**

11.1 The Director CNS Division presented a paper to update the Board on the position regarding the ONR Project to deliver an effective UK State System of Accountancy for and Control of Nuclear Material (SSAC) by 29 March 2019 as part of the UK's exit from the Euratom treaty.

11.2 The paper sets out the three options to deliver a UK SSAC and highlighted the BEIS preferred option which is subject to Ministerial agreement.

11.3 He commented that the delivery of a UK SSAC is being managed through an ONR Project interfacing with the BEIS Euratom Exit Progress. ONR internal governance arrangements are in place and the Senior Responsible Officer of the ONR UK SSAC project sits on the BEIS Euratom Exit Programme Board.

11.4 He highlighted the ONR capacity needed to deliver the envisaged UK SSAC and arrangements that had been put in place for this. On ONR capability, work had begun on identifying the necessary training and how this can be delivered.

11.5 £2.5m had been allocated by Government to the ONR UK SSAC project for the first year and discussion is ongoing regarding the precise areas of expenditure included.

11.6 In discussion the Board:

- i. Referred to the CNI Board update which says establishment is on track for 29 March 2019. This needs to be more reflective of the actual position.
- ii. Sought confirmation on our engagement with BEIS on how we can play more of an influencing role.
- iii. Asked for a timeline to be prepared against each of the three options, in which we need to quantify the cost and set out the critical path on what could be delivered if a Ministerial decision is made in the coming weeks or months.

iv. Recognised that the CNI was operating in a period of uncertainty.

11.7 It was agreed that this issue would be discussed at the official meeting with BEIS on 28 July and be an agenda item at the Chair's meeting with the BEIS Minister on 8 August.

**Action 5:** Timeline to be prepared against the three options including quantifying the costs and the critical path – CNI.

11.8 The Board noted the report.

11.9 The Chair, on behalf of the Board, passed on his thanks to the Director, CNS for his contribution to ONR and his leadership of the security function and wished him all the best in his retirement.

## **12. 2017 Staff Survey Findings and Approach**

12.1 The HR Director presented a paper to inform the Board of the key findings of the 2017 Staff Survey carried out by BMG, independent survey providers. A copy of the full 87 page BMG Report was made available to Board members.

12.2 He highlighted the steps already taken to communicate the findings to ONR staff together with the actions both taken and planned to address the key areas.

12.3 He summarised the key findings setting out the positive areas identified from the survey and the areas of concern.

12.4 In discussion the Board:

- i. Welcomed the focus of EMT and Directors on developing and implementing the agreed actions and milestones before the April 2018 Staff Survey and the actions plans that are being monitored by EMT.
- ii. Agreed the approach in looking at the cultural issues corporately, and the focus on a small number of issues where it really matters and where we can really make a difference.
- iii. Commented that participation in the survey was exceptional.

12.5 The Board noted the report. They added that the Management Teams should take pride in the improvements. There are still cultural issues that need addressing but this is a big step forward. They welcomed the quarterly updates which would be included in the HR Director's Board reports.

## **13. ONR IT Strategy**

13.1 The Information and Technology Director presented a paper containing the new Information and Technology Strategy 2017-20 which had been agreed by the EMT. The Board is asked to formally approve the Strategy.

13.2 He commented that this is the first strategy of its kind for ONR and as such has had to encapsulate the changing landscape with the HSE and already developed plans within ONR. We are at a pivotal moment in our technology support for ONR and the strategy has been developed to be fit for purpose and essential to the present and future needs of the business, its staff and stakeholders.

13.3 In discussion the Board:

- i. Commented that this is a big step forward and fits with our mission to provide efficient and effective regulation of the nuclear industry.
- ii. Asked that we look to strengthen the purpose of IT and our vision and include our top level risks and resources required to deliver the strategy. We also need to be clear on our ONR interfaces with third party regulatory systems.

13.4 Subject to the comments made the Board agreed the Information and Technology Strategy 2017-2020 and delegated final sign off of the Strategy to the Chief Executive.

#### 14. Any Other Business

##### 14.1 *Observer Feedback*

David Garnett, Civil Engineering Specialist Inspector, thanked the Board for their welcome and for putting him at ease. He commented on the positive behaviours, patience, knowledge, mutual respect and constructive challenge. He had learnt a lot about the workings of a Board which had been very beneficial to him and commented that he would encourage his peers to attend future meetings.

14.2 There was no other business raised.

#### 15. Papers for information

15.1 The Board noted the information papers as follows:

- 1) Board Forward Look
- 2) Audit and Risk Assurance Committee minutes – 7 June 2017
- 3) Security Committee minutes – 23 May 2017

Minutes approved by the Board:	
Signed	 Nick Baldwin, ONR Chair
Date	25 October 2017