**Minutes of the ONR Board**

**12 July 2023**

 **Hybrid meeting via MS Teams and the Boardroom, Windsor House, London**

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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 Communications Business Partner - Sellafield, Decommissioning, Fuel and Waste and NGO engagement (item 6)**Observer:** International Policy Lead |
| **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 08 June 2023 were approved as a correct record subject to an amendment to paragraph 4.13 to amend to ‘A letter has been sent to Sellafield, which was subsequently forwarded by them to the Nuclear Decommissioning Authority’, and paragraph 11.5 to amend to ‘The Board agreed, as this will be an additional budget pressure of c.£1m, the budget for 2023/24 will need to be increased as this amount cannot be absorbed through efficiencies’.  |
| 2.2 | The Board noted that all actions were either complete or on track. |
| **3** | **Chair’s Report** |
| 3.1 | The Chair reported on a recent radio interview with the interim Chief Executive of Thames Water highlighting this as a good case study in how to address difficult issues, and he provided an update on Non-Executive Director recruitment.  |
| 3.2 | He provided feedback on his separate individual meetings during June and July with Chairs of the Environment Agency; Sellafield Limited; Nuclear Decommissioning Authority; Nuclear Transport Solutions; UK Government Investments; the interim Chair for Great British Nuclear; and the Chief Executive Officer of EDF Energy.  |
| 3.3 | He also gave feedback from his attendance in June and July at three Institute for Government (IfG) events: a summer reception; an IfG Net Zero Conference and a meeting with IfG researchers to discuss their work on regulatory matters. |
| **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). |
| 4.2 | The CE/CNI reported on the successful ‘Leading ONR’ event held in June, the focus of which was on the findings from the Alliance Manchester Business School’s (AMBS) study into ONR’s culture. The session was very well received and there was a demonstrable commitment from all to recognise their collective role in setting the right tone for ONR and its people. OET will now reflect on the session and consider next steps.  |
| 4.3 | He provided an update on pay negotiations; the results from the recent Prospect Trade Union ballot indicated that the majority of its members had accepted the revised pay offer. Although PCS were still in national dispute he confirmed that we would proceed to implement the offer for all staff.  |
| 4.4 | He reported that HM Treasury is leading a major public sector productivity programme across all government departments which will include arm’s- length bodies. ONR will be included and further details are awaited. ONR’s Efficiency Lead is already progressing this work and has been engaging with other government departments on their approach.  |
| 4.5 | He confirmed that the request from the International Atomic Energy Agency (IAEA) to seek volunteers from ONR to support its oversight missions at nuclear facilities in Ukraine had been discussed at length by the OET. The OET have taken the decision not to seek volunteers from ONR at this time. |
| 4.6 | He reported that formal Generic Design Assessments (GDA) are still anticipated in the near future.  |
| 4.7 | He provided an update on the Sizewell C Judicial Review, indicating that while the challenge from the campaign group had been rejected, a subsequent appeal has now been submitted.  |
| 4.8 | The Executive Director of Regulation (EDR) reported on the recent fatality and serious injuries at AWE. Thames Valley Police will have primacy over the AWE investigation before handing it over to ONR. In the meantime ONR will be enhancing its focus on conventional health and safety.  |
| 4.9 | The EDR reported on a recent meeting with the leadership team at Sellafield, at which there was a clear commitment given by Sellafield to progress the required improvements. ONR stressed the need to see outcomes which ONR will continue to monitor. |
| 4.10 | He commented that the predictive recruitment had not progressed as anticipated given the mismatch of discipline needs against potential appointees following the previous recruitment exercise. However a further recruitment campaign is now underway. In response to a question on any potential impact the delay could have on delivery and the budget, the EDR advised that there is no significant impact at the present time and he is looking at productivity alongside recruitment which could help ONR to achieve its target. With regards to productivity improvements and the cultural challenge, the EDR commented on the links to the culture exercise undertaken by the AMBS, and the progress made since receiving their findings (paragraph 4.2 above refers).  |
| 4.11 | He referred to recent discussions at Devonport on potential changes at Board level.  |
| 4.12 | In relation to SMRs, the EDR specifically commented on licensing and permissioning and the need to progress with the Department for Energy Security and Net Zero its gatekeeper role for all new nuclear. He highlighted that this needs senior-level engagement to ensure the right controls are in place.  |
| 4.13 | He referred to sharing technical information with the US Nuclear Regulatory Commission and a specific export licence condition requiring agreement that this information is not forwarded. The Policy team are working with the Export Control Joint Unit to progress this.  |
| 4.14 | In response to a question on the joint nuclear safety and security investigation into the procurement of grey market goods, the EDR suggested it may be beneficial for a supply chain specialist to attend a future Board meeting to provide a holistic view on this complex issue.   |
| **Action 1:** To invite a supply chain specialist to a future Board meeting to provide a holistic view on the potential impact that the procurement of grey market goods could have on the SMR market – EDR – March 2024.  |
| 4.15 | The Board discussed the role and responsibilities of the Nuclear Decommissioning Authority (NDA) in holding their site licensed companies to account for their safety, security and delivery performances. The EDR commented that the recent letter he had sent to the Chief Executive Officer (CEO) of the NDA had been welcomed. The NDA’s CEO has also accepted an invitation from ONR’s Security Committee Chair to attend their next meeting.  |
| 4.16 | The Deputy Chief Executive (DCE) outlined some excellent outcomes during the period along with some challenges which have tested the team’s capacity and resilience.  |
| 4.17 | The DCE reported that the draft implementation plan for delivery of tactical and strategic workforce planning has been developed for endorsement by OET by the end of July 2023. |
| 4.18 | She provided an update on progress against the Risk Improvement Plan with tangible outputs being delivered including the communications strategy, competency framework and early drafting of a training needs analysis, and confirmed that there will be an increase in pace to continue to deliver the required outcomes over the next few months. |
| 4.19 | She reported on the Organisational Review (OR) and two recent workshops at which there had been open, honest and constructive conversations. A recent update had also been provided to OET on the direction of travel, including integration across the Regulatory Directorate (RD) being added as part of the overall organisational structure workstream, all of which will help to provide a more joined-up holistic approach across all of ONR’s core purposes. |
| 4.20 | She advised that ONR’s draft Annual Report and Accounts 2022/23 will be shared with members of the Audit and Risk Assurance Committee for their comments on 17 July 2023.  |
| 4.21 | She provided an update on the London office and the support provided by the Department for Work and Pensions (DWP) for ONR to remain within the Whitehall hub.  |
| 4.22 | The Board commented on the OR and workforce planning and asked when these activities will become part of business as usual (BAU). The DCE advised that the provisional timeline for the OR is for a preferred option to be submitted, with an implementation plan, in December 2023. ONR’s Efficiency Lead is a member of the OR project board which enables input into the efficiency programme; and workforce planning is already part of BAU. The Board welcomed the inclusion of regulatory integration into the OR structure workstream.  |
| 4.23 | The CE/CNI presented the quarter one (Q1) performance information which now included recruitment data. Of the eight milestones due to be delivered in Q1, six had been achieved and two had been missed (finalising the charging strategy and launching the Academy strategy), both of which will be delivered in Q2. Organisational Effectiveness Indicators (OEIs) are now being measured against year five outcomes, 30 are on track, with seven at risk and work is being done to ensure that these are progressed. He referred to recruitment targets within the RD which had not been achieved, and the work being done to recover this (paragraph 4.10 refers). The EDR reported that there will be an enhanced recruitment campaign during August and while the attrition rate had, to date, been less than anticipated, this is likely to increase by Q4.  |
| 4.24 | In response to a question on the impact of not achieving the recruitment target the Board was advised (a) if the attrition rate is not as predicted, recruitment activity will be reduced accordingly, (b) the budget forecast is based on average salaries, not on individuals, (c) delayed recruitment is likely to create an underspend, recognising any slippage cannot be categorised as an efficiency, and (d) recruitment is centrally co-ordinated and controlled by the ONR’s Recruitment and Capacity Group.  |
| 4.25 | In discussion, the Board:1. Noted the proposed recruitment campaign, during October, to fill a number of vacancies within the Information Technology Delivery Directorate.
2. Advised that ONR’s Efficiency Lead has been working towards establishing the baseline against which efficiencies/savings can be measured and which will provide clarity on the targets to be achieved.
3. Noted the current projected overspend, the forecast increases and the mitigations to address these.
4. Commented on the need for the data to reflect productivity gains and that this will be included in future reporting.
5. Noted the efficiencies which had been achieved.
6. Commented on the need to improve the terminology used in future reporting so there is clarity on what is a saving or deferred cost.
7. Suggested the efficiency savings and productivity gains from WIReD (Well Informed Regulatory Decisions) is included in the update to be provided to Board in September.
8. Noted that any potential overspend will result in an increase in the charge to the industry.
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| **Action 2:** To include the efficiency savings/productivity gains from WIReD in the future update to be provided to Board –EDR/Chief Information Officer – September 2023 |
| 4.26 | The Board noted the report. |
| **5** | **ONR's International Work - Scope, Value and Impact** |
| 5.1 | The CE/CNI presented an update on ONR’s international work, highlighting its scope, value and impact. He highlighted: ONR’s international portfolio; the importance of its engagement internationally; its role in leading and influencing the development of global nuclear safety, security and safeguards standards that directly inform the UK regulatory framework; international governance which has been strengthened; and the benefits from this international engagement and the positive feedback on ONR’s approach.  |
| 5.2 | The Board discussed current funding arrangements for international work. It suggested that the different aspects should be included in the budget, along with the need to stress to government departments the importance of this work.  |
| **Action 3:** To clarify the respective funding streams for international work in the budget for next year – Finance Director – March 2024. |
| 5.3 | The Board was advised that ONR reviews and scrutinises its international engagements to ensure they align with its priorities. The Board commented on the importance of drawing out specific benefits of this international work, in addition to its reputational impact. The EDR advised that one of the major benefits of ONR’s engagement and influence is to ensure that there is nothing imposed on us which is not in the national interests.  |
| **Action 4:** To include the wider benefits of ONR’s international work (in addition to its reputational impact) in the next update to be provided to Board – CE/CNI – July 2024.  |
| 5.4 | The Board thanked the CE/CNI for his informative presentation, the contents of which were noted.  |
| **6** | **Stakeholder Survey Results** |
| 6.1 | The Director of Policy and Communications provided a high-level overview of the key findings from the 2023 stakeholder survey. She highlighted that (a) there are a considerable number of positives within the report which evidence increased improvement in some areas, although there are some decreases in others, (b) the stakeholder survey is only one method of feedback, with other sources such as the annual review of regulation (ARoR) and the culture work undertaken by the AMBS providing a broader range of insight, and (c) going forward, it was proposed that the stakeholder survey should be undertaken once every two years.  |
| 6.2 | In discussion the Board:1. Commented that the proposal to move to doing a stakeholder survey once every two years feels appropriate, especially given the OR work that is progressing at the current time and suggested that future (or possible interim) surveys could focus on those areas where the results are less favourable.
2. Commented on the excellent results and highlighted that those areas which received a lower score, such as resources and capability, and stakeholder confidence are key drivers for the efficiency work that ONR is progressing.
3. Asked for a clear programme to address those areas which require improvement which will demonstrate ONR’s commitment/intention to want to improve. The Board noted that having a greater focus on efficient ways of working will help to demonstrate improvements in this area to wider stakeholders.
4. Suggested it would be useful to map out the results from the stakeholder survey alongside those from the ARoR and the AMBS culture work, recognising that these will also factor into the OR.
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| **Action 5:** To develop a clear programme of bespoke stakeholder surveys to give greater insight into those areas requiring improvement, taking into account other activities such as the ARoR and the AMBS culture work – Director of Policy and Communications – July 2024.  |
| 6.3 | The Board thanked the Director of Policy and Communications and the Communications Business Partner for an informative presentation, the contents of which were noted. |
| **7** | **Any Other Business, Summing Up and Close** |
| 7.1 | The CE/CNI advised that the launch of Great British Nuclear would now take place on 18 July 2023. He also referred to paragraph 4.8 and highlighted that the intended site visit to AWE and the joint Board meeting for July had been postponed and will be rescheduled to a future date, yet to be confirmed.  |
| 7.2 | The International Policy Lead thanked the Board for the opportunity to attend the meeting. They commented on the open, honest and depth of the conversations, highlighting that there was an appropriate level of constructive challenge and support, and that it was good to hear that other organisations are learning from ONR.  |
| 7.3 | 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 14.00. |
|  | **Date and Location of Next Meeting**: 27 September 2023 – The Academy, Redgrave Court, Bootle, L20 7HS |
| **8** | **Items for information:*** Annual Data Protection Compliance Report
* Horizon Scan
* Security Committee Minutes – 9 May 2023
* ARAC Minutes – 30 May 2023
* Board Forward Look
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