**Minutes of the ONR Board**

**30 April 2024**

 **MS Teams and Boardroom, Windsor House**

|  |  |
| --- | --- |
| **Present:** Judith Hackitt - Chair Sarika Patel - Non-Executive DirectorTracey Matthews - Non-Executive DirectorJean Llewellyn - Non-Executive DirectorJanet Wilson - Non-Executive DirectorRoger Hardy- Non-Executive Director[[1]](#footnote-1)Mark Foy- Chief Executive and Chief Nuclear Inspector (CE/CNI) | **In Attendance:**Dave Caton, HR DirectorRachel Grant, Director of Policy and Communications (P&C)[[2]](#footnote-2)Paul Fyfe, Director of Regulation - Civil Nuclear Security and Safeguards and Technical Division[[3]](#footnote-3)Jane Bowie[[4]](#footnote-4), Director of Regulation - New ReactorsSophie Trevenna[[5]](#footnote-5), Head of Risk and Assurance**Observer:** Eva Hales- ProgrammeManager- Sellafield,Decommissioning, Fuel andWaste Division[[6]](#footnote-6)  |

**Secretariat:** Nidhi Misri, Head of Corporate Governance and Compliance (Board Secretary)

|  |  |
| --- | --- |
| **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 Sarah High and from Roger Hardy who hoped to join the meeting later. |
| 1.2 | The Chair noted that part of the meeting would be a closed session and non-Board members would be asked to leave for items 6-7 on the agenda. |
| 1.3 | There were no declarations of interest. |
| **2** | **Minutes, matters arising and action points**  |
| 2.1 | The minutes of the meetings held on 7 and 26 February 2024 were approved as a correct record with one adjustment to be made to the minutes of 26 February relating to recruitment and headcount. |
| 2.2 | The Board noted that all actions were either complete or on track. |
| **3**3.1  | **Chair’s report**The Chair provided an update on activity since the February Board meeting.  |
| 3.2 | The Chair had continued to meet with external stakeholders and had held a number of ‘Meet the Chair’ sessions with staff in ONR’s Cheltenham and London offices. |
| 3.3 | There had also been significant engagement with the MOD over the last few weeks by both the Chair and the CE/CNI. There had been a debate around ALARP (as low as reasonably practicable), where some interest had been expressed in finding an alternative. A planned meeting with Defence Procurement would be an opportunity to explore this further and explain how important ALARP is to proportionate decisions making. |
| 3.4 | The Chair outlined her forthcoming site visits and meetings with ministers. |
| **4.**  | **Executive Board report** |
| 4.1 | The CE/CNI provided assurance to the Board that ONR was performing well, was delivering against commitments both within the ONR Strategy and the Corporate plan for 2023-24. The quality of work was high and was meeting the needs of the public and stakeholders. |
| 4.2 | In discussion the Board:1. Noted that a number of leadership changes had now been embedded, including the new Director of Regulation for the Operating Facilities Division.
2. Discussed the updates on wellbeing across the organisation.
3. Noted that the organisational review was progressing well, with the first stage. The integration of nuclear security into the three primary delivery divisions had gone smoothly and had been well received.
4. On the Post-Implementation Review (PIR), ONR had produced a final report to provide a position statement against each PIR recommendation, providing evidence that all but two were closed out. Exceptions related to the framework document and enduring funding arrangements, both of which were being progressed, and were not within ONR’s control. Our report would be used to inform the Department for Energy, Security and Net Zero’s (DEZNZ) report to ministers. The Board would be provided with the report for comment and agreement to the close-out statement and the opportunity to provide comments by exception. The draft DESNZ ministerial report would also be provided to Board members when available.
5. Agreed that ONR would look at what modifications would need to be made to the existing strategy in order to extend it by 12 months; the full review of the strategy would be deferred by a year. This would allow the new CEO and Chair to lead on the development of the new strategy. The 2024 Board strategy day would include an update on this work.
6. Noted the finalisation of the charging agreement with Rolls Royce SMR Ltd to support its reactor technology entering Step 3 of the Generic Design Assessment (GDA). It was envisaged that it will cover ONR costs up to £40m.
7. Noted the publication of a Ministry of Defence Command Paper which provided a high-level vision across naval nuclear propulsion and strategic weapon programmes, as well as the intent for AUKUS.
8. Oral feedback had been provided by the Department for Work and Pensions (DWP) on their annual assurance assessment (AAA) outcome in response to a letter sent by the CE/CNI. The formal response would be shared with Board members when received.
9. Noted the lease updates for Cheltenham and London which provided greater certainty and stability for teams in those offices.
10. Noted the launch of the new ONR website which was easier to navigate and which meets ONR’s accessibility goals. Feedback had been positive.
11. Noted the forthcoming launch of the National Nuclear Plan for Skills, including a charter to which ONR would be a signatory, and discussed how this would be implemented by the industry.

**Action: ONR Chair and CE/CNI to invite Mark Rouse, Nuclear Skills Taskforce to a future Board meeting to provide an update and view on the skills charter.** |
| 4.3 | The CE/CNI updated the Board on end of year performance. He highlighted the following key updates:1. ONR was progressing well against the indicators set out against the objectives set in the 2025 strategy. He outlined the milestones that were at risk and the actions being taken to support these.
2. The IT re-tender had been delivered in year but had been mis-recorded in the report provided to the Board.
3. The Sellafield milestone (assessment of Sellafield Ltd’s readiness to return to a routine level of regulatory attention for physical security) had been changed from missed to delivered.
4. A recent increase in staff turnover was being monitored and would be brought back to Board if any trends were identified or if an upturn in figures were seen.
 |
| 4.4 | In discussion the Board proposed that ONR re-considered what was constituted as a project by the organisation. This would help focus discussions on lessons learnt.  |
| 4.5 | The Board noted the report. |
| **5** | **Organisational Review** |
| 5.1 | The Director of HR provided an update to the Board on progress of the Organisational Review project. These included opportunities taken to streamline the approach and the proposed high level structure and immediate next steps. |
| 5.2 | The project board had been streamlined which allowed it to focus on its key deliverables and governance. An advisory forum had also been created to retain the perspectives of those formerly on the Board and to create champions for the project across the organisation.  |
| 5.3 | By June, staff would be briefed on what the directorates would look like, line management structures and how the matrix model would be addressed. This reflected feedback received from the organisation. |
| 5.4 | He provided an overview of the key design principles of the review which had been used to create the proposed ideal high-level structure. This included a model of a combined CE/CNI, supported by a Chief Operating Officer (COO) which would be the ambition for the organisation.  |
| 5.5 | Recognising the impact of the Chair and CE/CNI recruitment, he outlined a proposed timeline and interim arrangements prior to full transition to the new structure. This would give a streamlined structure, provide balance across the organisation and gives the benefit of known departures and exits. The proposal would also provide scope to develop existing staff. |
| 5.6 | Board discussion focused on a number of areas:1. The Audit Risk and Assurance Committee members questioned the model of a combined Finance and HR Director and the skills that would be needed within a single role.
2. How the organisation would move from the interim solution to the destination model that had been highlighted and sought understanding of the reporting lines.
3. Noted that the role of the DCE would continue and the role of COO would be deferred until the new CE/CNI was embedded.
4. Queried the combination of skills in relation to the Finance and HR Director; there would be benefit in sharing that rationale with Board at the appropriate time. With the transition to a three-director model, there may be better consolidation of capabilities than the current proposal.
5. Stressed the importance of individual development plans and opportunities for all existing staff.
6. Noted the need for a temporary appointment into a Finance Director (FD) role. The permanent role would primarily be an FD role but with the possibility of expansion to take on other responsibilities which had not yet been decided.
7. Noted the transition to a combined senior leadership group and the importance of learning lessons from its previous formation.
 |
| 5.7 | The Board:1. Agreed the proposed destination model for the high-level structure.
2. Agreed the proposed interim steps towards corporate services high level structure.
3. Endorsed proposals to move to implement senior leadership governance arrangements with reduced director cadre. This will be done at the appropriate time and when the permanent chair and the new CEO/CNI are in place.
4. Agreed the structure in terms of numbers of senior posts in Corporate Services. This would provide greater flexibility and less prescription in the roles themselves to reflect the size of ONR and allowing staff to take advantage of their talents.
5. Agreed that development plans needed to be in place for all Directors within Corporate Services.
6. Agreed the temporary appointment of Director of Regulation to Exec role to be part of the Board along with DCE and CEO/CNI.
 |
| **6** | **Succession Planning for the CE/CNI role** |
| 6.1 | The CE/CNI introduced the item which outlined the proposed approach for the Board to take forward on the appointment of a successor when the current CE/CNI was due to retire in October 2025. |
| 6.2 | He set out activity to date, which included a discussion at the Remuneration and Resilience Committee (RRC) who had considered the proposals in the paper. RRC had endorsed the recruitment of a new CE/CNI over the next 12-months but required confirmation on two matters: acceptability of using a third party headhunter organisation and the acceptability of maintaining reserved post status. |
| 6.3 | In discussion the Board:1. Thanked the CE/CNI for the initial work done so far and confirmed that next steps would be for the Board members to meet separately and agree a process going forward. The Chair would also engage with DWP on this process.
2. Supported the approach to maintain the CE/CNI as a combined role.
3. Requested clarification on whether the role would need to be a reserved post, noting the security level of briefings and information to which the post holder would be privy.
4. Agreed that the post holder would need to be a warranted inspector or working towards securing a warrant to be a credible CNI in the eyes of ONR staff and stakeholders.
5. Thanked the CE/CNI for setting out the options clearly and offering flexibility beyond October 2025 if necessary.
 |
| 6.4 | The Board approved the proposed approach for appointing a successor for ONR’s current CE/CNI as agreed by RRC at their meeting on 19 April 2024.**Action: Head of Corporate Governance and Compliance to arrange a meeting between the Non-Executive Board members and Director of HR to discuss next steps in the recruitment of the CE/CNI.** |
| **7** | **Executive Director Appointments** |
| 7.1 | The CE/CNI presented the paper which updated the Board on ONR Executive Director vacancies and one presently inactive due to ongoing absence. He was seeking agreement to appoint individuals as Executive Directors to ensure effective functioning of the ONR Board and leadership of the organisation in the immediate and longer term. |
| 7.2 | He asked the Board to consider and agree the appointment of Executive Directors, and the approach for appointing an interim Finance Director and to note the impact on governance arrangements. |
| 7.3 | In discussion the Board:1. Agreed the appointments as set out in the paper but asked for the recruitment of the permanent Finance Director be accelerated and the job description shared with Board members. It would be recruited as an FD role with the potential for expanding and broadening responsibilities in the future.
2. Asked the CE/CNI to arrange for formal mechanisms to be put in place to support the Interim Finance Director in their role. This would include support from the Chair of ARAC and a coach/mentor to provide support and development as a member of the Board.
3. Recruitment for the Finance Director would be accelerated, and a job description re-circulated to the Board members.
4. Asked the CE/CNI to write to all staff to provide an update on the Executive Appointments, the CE/CNI recruitment and Organisational Review.
5. Agreed that the Director of Policy and Communications would step into the role of being a Board member until the return of the DCE. This would be a temporary step and reporting lines would need to be decided.
 |
| 7.4 | The paper was noted. |
| **8** | **Pay Offer 2024/25** |
| 8.1 | The Director of HR presented the paper which outlined the recommended approach for the 2024-25 staff pay offer. |
| 8.2 | In discussion the Board noted the alternative options presented but agreed the preferred option indicated in the recommendations. |
| **9** | **January 2024 Nuclear ‘Moment’ – Implications for ONR** |
| 9.1 | The Director of Regulation - New Reactors introduced the item setting out where ONR was and the potential pipeline of work. |
| 9.2 | She highlighted the following key points:1. There was potentially a very significant forward programme of work across new nuclear. ONR was doing everything it could to address the pipeline of work as efficiently as possible. This was through a range of new processes such as early engagement that aimed at reducing regulatory engagement through a tiered approach. The principal way of accelerating and streamlining would be through leveraging overseas assessments and greater collaboration. This is not new to the regulatory environment.
2. ONR had agreed with DESNZ that they would provide support in helping to manage the pipeline by undertaking due diligence tests. This would help to ensure that the ONR was deploying regulatory resource in line with government priorities.
3. Connectivity across Whitehall was key to this work in keeping abreast of developments and thinking in order to maximise ONR’s ability to influence.
 |
| 9.3 | In discussion the Board:1. Noted that ONR now had sight of a number of government commitments providing a clearer pipeline of activity. The Board questioned whether there were opportunities to match each programme and requirements of ONR to evidence that resource requirements had been moderated. A multi-legged approach was required with a focus on resource modelling, resource utilisation and clear prioritisation and included current under utilisations within the specialisms, together with better risk-informed targeting, proportionality and greater focus on targeting.
2. Noted that there would be benefit in returning to the Board with a recommendation on the programme horizon scan outlining the risk appetite and extent to which the programme had been resourced against. This work was currently being done through the strategic workforce plan and each of the projects had an associated confidence level against it. These conversations were taking place across both civil and defence.
3. Discussed the benefits of ALARP and how ONR’s view should be played into discussions which were triggered by the DESNZ Hackathon event.
 |
| 9.4 | The Board noted the report. |
| **10** | **Risk Appetite**  |
| 10.1 | The Head of Risk and Assurance introduced the item which provided an update on the proposed new Risk Appetite levels for 2024-2025 and statements. |
| 10.2 | In discussion the Board:1. Noted the movements in risk appetite by exception.
2. Discussed the benefit of considering risk tolerances at a project level within the technology directorate.
3. Noted the risk appetite for reputational risks and challenged whether the cautious approach to this was appropriate.
4. Embedding the Risk Appetite Statements and using them as a framework for decision making within ONR was key.
 |
| 10.3 | The Board noted the update and approved the risk appetite statements and levels for 2024/2025. |
| **11** | **Summing up and Close** |
| 11.1 | In summing up, the Chair noted that this was the last Board meeting where the Director of HR would be a regular attendee before taking partial retirement. She thanked him for his contributions to the Board. |
| 11.2 | There was no other business raised. The Chair formally closed the meeting. |
|  | **Date and Location of Next Meeting:** 12 June 2024, Microsoft Teams. |
|  | **Reports for Information:*** PMO Quarterly Update
* Audit and Risk Assurance Update – 15 April 2024
* Audit and Risk Assurance Minutes – 24 January 2024
* Board Forward Look
 |

1. Joined the meeting from item 8 [↑](#footnote-ref-1)
2. Left the meeting for items 6-7 [↑](#footnote-ref-2)
3. Left the meeting for items 6-7 [↑](#footnote-ref-3)
4. Attended for item 9 [↑](#footnote-ref-4)
5. Attended for items10 [↑](#footnote-ref-5)
6. Left the meeting for items 6-8 [↑](#footnote-ref-6)