



Regulatory directorate financial justification template for goods and services greater than £5,000 inc. TDA/Responsibility/Post Creation/Increase in working hours and other Allowances

The purpose of the financial justification is to provide the authorised signatory with a business justification for procurement of personnel, goods or services **greater than £5,000**. This will include a good description of what is being purchased, why it is being purchased, how much the item will cost (including VAT where applicable), if it is a budgeted item and that proper procedures are being followed.

No expenditure may be committed without evidence of approval.

Division	Civil Nuclear Security & Safeguards
Divisional Director	Paul Fyfe Director Civil Nuclear Security & Safeguards
Originator / contact	Paul Shanes Professional Lead Cyber Security & Information Assurance
Date	2 March 2022

Title of requirement

Continuation (for Band 2s) and uplift (for Band 3s) of existing Market-based Retention Allowance (MbRA), following a HR commissioned, independent review of pay and reward for Nuclear Security Inspectors employed in Cyber Security Roles wef 1 April 2022.

Summary of the requirement and how it is intended to be met (description of goods / services)

At present, a non-consolidated MbRA of £8,500 per annum is paid pro-rata monthly to adequately SQEP Band 2 and 3 Nuclear Security Inspectors employed in cyber security roles.

This allowance was previously endorsed to increase the financial attractiveness of the recruitment proposition for SQEP cyber security staff within RD, minimise likelihood of resignation, and where this could not be avoided, gain as much advance warning of resignations as possible. The MbRA was further extended to take account of and align with the proposed ONR Pay and Grading Review¹.

This case seeks to continue the existing MbRA of £8,500 per annum for adequately SQEP Band 2 and uplift the existing MbRA of £8,500 per annum to £14,000 per annum for adequately SQEP Band 3 Nuclear Security Inspectors employed in Cyber Security Roles wef 1 April 2022. This follows an HR commissioned, independent review of pay and reward for these specific roles undertaken by Hays Recruiting Experts. The review was commissioned due to the inability to recruit at the existing allowance level to the Band 3 level.

The Cyber Security and Information Assurance (CS&IA) specialism has a maximum approved establishment of 19FTE. Within that headcount 2 posts are allocated to the PL and Dep PL, a further 2 for Nuclear Associates (Band 4) and 1 for a Band 3E. These posts are not eligible for the allowance. This case is therefore applicable to the remaining 14 roles at Band 2 and Band 3,

¹ CM9 2020/221915 dated 20 Jul 20 refers.

currently 3 posts at Band 2 and 11 at Band 3 (several of which are vacant, but for which approval is sought to enable forward recruitment action).

Although this case relates to posts rather than the incumbents, at the time of writing incumbents affected by this change would include:

Band 2 Nuclear Security Inspectors: [REDACTED], [REDACTED], [REDACTED]

Band 3 Nuclear Security Inspectors: [REDACTED], [REDACTED], [REDACTED], [REDACTED]
[REDACTED], [REDACTED], [REDACTED], (+4 Vacant Posts Awaiting Recruitment in April)/

Payment of the MbRA is subject to individual agreements not to resign in the next 24 months (or exceptionally lesser periods agreed by Dir HR and DCI CNSS). If individuals resign then the monies are repayable. This is a sub-optimal solution in the longer term, and the HR commissioned, independent review of pay and reward by Hays Recruiting Experts has concluded that revised pay ranges be considered as part of the longer term Pay and Grading Review.

The independent report notes that the pay grades used by the ONR cannot quickly be changed as they must be negotiated between several parties, including trade unions. Consequently, a retention allowance could be used to bridge the gap between the current pay bands and the recommend pay ranges. Rounded to provide a whole number to the nearest thousand, a retention allowance of £14,000 is recommended at Band 3, this allowance would bring the package to the recommended pay range. The conclusion of the same report is that the existing MbRA of £8,500 remains adequate for Band 2.

1. Strategic Case

Please provide a brief description (including timescales) of the initiative and how procurement supports delivery of the ONR strategic objectives and delivery targets. Please detail the benefits, the options considered and the risks incurred by not proceeding.

Background

ONR delivers regulation of civil nuclear cyber security through the Civil Nuclear Security and Safeguards Division. In order to effectively regulate cyber security ONR needs to employ competent, capable and demonstrably SQEP cyber security inspectors. There is currently an established baseline of 19FTE within the specialism, inclusive of a PL, Dep PL, 2 x Band 4 Nuclear Associates and a Band 3E. This leaves 14 posts available at Band 2 and Band 3 for inspectors.

In the four years following vesting in 2014 ONR received 9 resignations from cyber security inspectors, many of whom left the organisation due to the growing demand and global shortage of security skills across all sectors. In December 2018 a new MbRA of £8,500 was endorsed to increase the financial attractiveness of the recruitment proposition for SQEP cyber security staff within RD, minimise likelihood of resignation, and where this could not be avoided gain as much advance warning of resignations as possible.

Despite this allowance being in place the specialism continued to experience unsustainable staff churn as inspectors resigned. In 2021 alone ONR received three resignations from cyber security inspectors, all of whom were in receipt of the additional allowance. It was noted these departures were predominantly at Band 3, indicating a retention challenge at this grade.

Conversations with departing staff, and discussions with those interested in applying for our roles often hinge around pay, and the non-consolidated and non-permanent nature of the MbRA is often a primary cause of concern for staff who feel they cannot rely upon this payment when considering their personal and financial circumstances. There is also a reoccurring concern from both current and departing staff that the intended Pay and Grading Review has understandably had to be delayed allowing the organisation to focus on emerging matters such as COVID, which has prevented permanent resolution of this matter.

This high level of churn and the timescales to deliver a warranted inspector severely undermines ONR's regulatory capability at a time when the threats from cyber has never been more prevalent.

During the interregnum that follows any staff resignation, it is normal to have to reallocate regulatory responsibilities (inspections, issues), to reassess regulatory plans, and to take risk against current commitments. There is also a significant burden on other inspectors and dutyholders as staff become familiar with their newly assigned areas of responsibility. This affects our workforce and the dutyholder community and ultimately results in increased cost.

All these factors take time out of the regulatory calendar, create the basis for staff stress due to additional unplanned responsibilities, and disrupt dutyholders who have invested in the cyber security inspector's knowledge of their activities.

We experienced this high churn rate for cyber staff in common with all other employers and it was happening because of the recognition of cyber risk in all businesses. The explosion in the use of computers and the internet to support all aspects of Government and industrial capability has been matched by a significant exposure to cyber risk. Accordingly all employers are seeking to strengthen their staff capability in this area and there is an international and domestic shortfall in qualified capable cyber security experts. The size of the gap is often expressed as being in the hundreds of thousands, and significant wages are available to staff that are well-trained and experienced.

We are working to ensure that we are judged a good employer by trying to maximise work/life balance, offering quality relevant training opportunities, a supportive management style and an attract pension. We are aiming to maintain a resilient cyber security staff baseline of 19 warranted inspectors (inclusive of PL, Dep PL, associates and equivalents) to ensure resilience and diversity. Our aim is to reduce churn to an optimum rate of about 1 inspector per year.

Objectives

In order to develop this strong base for cyber security regulatory inspectorate, our objectives are:

1. increase the financial attractiveness of the recruitment proposition,
2. minimise the number of resignations,
3. minimise reliance on non-permanent and expensive consultants, and
4. create and maintain a healthy and positive offering for all staff within the specialism, aligned to ONR's values.

Current Allowance

With the support of HR, and consultation with Weightmans solicitors, we previously devised a Market-based Retention Allowance that would see nuclear security inspectors currently deployed in SQEP cyber security positions invited to agree not to resign for a 24-month period (exceptionally a shorter period could be agreed by Dir HR and DCI CNS) in return for the allowance.

If staff were to have resigned within that period, the payment would have to be repaid. Those retained on this basis were issued with a legally binding contract which was signed by both ONR and the individual. This contract covered the arrangement for repayment in the circumstance of an individual accepting the allowance and then subsequently withdrawing and resigning. Although successful as an interim measure this was never intended to be a permanent solution.

ONR Pay and Grading Review Alignment

The ONR Pay and Grading Review conducted on by PwC in October 2019 recommended *"ONR continue to pay this allowance as long as skills are still deemed to be critical to the business following December 2020."* The allowance was therefore extended for 15 months covering the period of Jan 21 to Mar 22. This was aimed at alignment with any future intent under the Pay and Grading Review, noting that PwC also highlighted that *"ONR should consider the strategic requirement for this skill set in the longer term...[and]...**roll allowance into base pay to closer align ONR to the market for this skill set.**"*

Allowance	ONR practice	Market alignment	PwC recommendation	Considerations
Cyber Security allowance	A specialist skills allowance currently being paid to the Cyber Security team until 2020 December as their roles are core to the business during this period.		Specialist skills allowances are fairly common in the market for roles that are crucial to this business. However, they are typically dealt with under one retention policy rather than specific ones for each skill set. PwC would therefore suggest that ONR continue to pay this allowance as long as skills are still deemed to be critical to the business following December 2020.	ONR should consider the strategic requirement for this skill set in the term. If required for the foreseeable future, consideration should be made to be made to roll allowance into base pay to closer align ONR to the market skill set. Should ONR cease allowance provision they should understand the impact on overall EVP for this population and ensure careful communication to ensure the required level of retention and motivation.

Figure 1: Extract (Page 17) from ONR Pay and Grading Review: October 2019

Potential Options

The allowance has been in place since 1 December 2018 (with extensions) and although successful as an interim measure this was never intended to be a permanent solution. Given current circumstances a number of options have been considered ahead of the current expiry of the allowance in Mar 22:

- 1. Do Nothing;** allow the allowance to cease in Mar 22. This option will result in a return to the previous challenges faced with recruitment and retention and cause a significant detrimental effect to the existing workforce, noting that the shortage of cyber SQEP personnel remains across all sectors and staff remain highly sought after. ***This option has therefore been discounted.***
- 2. Extend Allowance 'As-Is';** extend the existing allowance for an agreed period of time, for eligible staff without material change to the terms and conditions. Note a new contractual agreement would need to be signed. This in effect continues the status-quo which is deemed to have lost its effectiveness as evidenced by the numbers of staff resigning, particularly at Band 3. ***This option has therefore been discounted.***
- 3. Adopt Revised Payscale;** cease the existing allowance wef Mar 22 and revise the pay scales for CS&IA inspectors in line with the recommendations of the HR commissioned, independent review of pay and reward by Hays Recruiting Experts wef Apr 22. ***This option was noted as being worthy of future consideration*** however it was preferred to align consideration to the timing of the wider ONR Pay and Grading Review. ***This option has therefore been discounted (until that time).***
- 4. Revise Existing Allowances;** continue the existing MbRA of £8,500 per annum for adequately SQEP Band 2 and uplift the existing MbRA of £8,500 per annum to £14,000 per annum for adequately SQEP Band 3 Nuclear Security Inspectors employed in Cyber Security Roles wef Apr 2022 in line with the HR commissioned, independent review of pay and reward by Hays Recruiting Experts. ***This is the preferred option.***

Preferred Option

Option 4: Revise Existing Allowances; continue the existing MbRA of £8,500 per annum for adequately SQEP Band 2 and uplift the existing MbRA of £8,500 per annum to £14,000 per annum for adequately SQEP Band 3 Nuclear Security Inspectors employed in Cyber Security Roles wef Apr 2022 in line with the HR commissioned, independent review of pay and reward by Hays Recruiting Experts.

The independent report notes that the pay grades used by the ONR cannot quickly be changed as they must be negotiated between several parties, including trade unions. Consequently, a retention allowance could be used to bridge the gap between the current pay bands and the recommend pay bands. Rounded to provide a whole number to the nearest thousand, a retention allowance of £14,000 is recommended at Band 3, this allowance would bring the package to the recommended pay range. The conclusion of the same report is that the existing MbRA of £8,500 remains adequate for Band 2.

If Request is in relation to TDA/Post Creation/Increase in working hours or other allowances please provide information where applicable aligned to the following points;

- i) Confirmation of expected duration of role (with PL comments on short/long term need of the skills)
- ii) Describe steps undertaken to provide an open opportunity e.g. expression of interest or not (and why not).
- iii) Discussions with individual to consider personal development and talent management as well as resilience for the organisation
- iv) Post filling arrangements (promotion/external advert etc.)
- v) Exit arrangements (so time limited or annual review)

This is an enduring requirement which once implemented should fall subject to normal HR led Pay and Grading arrangements and is intended to be subsumed into future Pay and Grading Reviews.

2. Economic Case

Please detail the full life cost commitment of the procurement (cost of contract over life, cost of running, cost of contract management etc) and evidence (eg return on investment) that it demonstrates a 'Value for Money' solution that meets the strategic objectives. Incremental costs, where clear one-for-one increase; where it is clearer to do so, please show gross costs in table below and articulate relevant savings / efficiencies in the text box which follows.

Item	Description	Price Per Unit	Quantity	Total
1.	Band 2 Annual MbRA	£8,500	3	£25,500
2.	Band 3 Annual MbRA	£14,000	11	£154,000
	Total Goods/Services			£179,500
	VAT			
	Total Cost			£179,500*

*It should be noted that these costs represent the maximum payable per annum if all posts were filled. At present there are 4 vacancies at Band 4, however it is hoped to recruit for these roles wef Apr 22, subject to EDO endorsement.

*It should also be noted that these costs do not include costs currently approved, i.e. £8,500 per annum for all inspectors at Band 3 and Band 2. If this is taken into consideration this case represents an increase of £5,500 for the 11 x Band 3 roles which equates to an overall increase on previous years of £60,500.

Please also provide details of timing, highlighting any commitment in future financial years. Evidence of a value for money solution that meets the strategic objectives and savings / efficiencies.

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3. Commercial Case

Please give details of the proposed commercial route, procurement strategy, and degree of competition (please provide a summary of quotes received) for this requirement. NB single tender initiatives will not be permitted, unless from a current framework. If there is any related party interest or possible (perceived) conflict of interest, it must be recorded here.

N/A

4. Financial Case

Please provide confirmation of the availability of the funds and affordability of this requirement.

Is this a budgeted item?

YES

NO

5. Contract Management Arrangements

Please provide evidence that practical and effective management plans will be in place to deliver the objectives. (Governance and control arrangements, to ensure delivery against requirements including eg quality and timescale)

N/A

Approvals

1. Team alignment

If this procurement relates to resources controlled by the following functions, approval from a responsible officer in that function must also be provided as below. Please insert "n/a" where not applicable.

Signature →

Print Name: Debbie Harrison-North, Hd of People Services

Date: 03/03/2022



2. Requesting team

I approve this financial justification and wish to proceed to procurement

PL CS&IA

Signature →

Print Name: Paul Shanes, PL Cyber Security

Date: 03/03/2022



I approve this financial justification and wish to proceed to procurement

Divisional Director CNSS

Signature →

Print Name: Paul Fyfe, Director CNSS

Date: 03/03/2022



I approve this financial justification and wish to proceed to procurement

HR Director

Signature → Print Name: Dave Caton, Director HR Date: 2/03/22	
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I approve this financial justification and wish to proceed to procurement	Accountable Directorate Director with budgetary authority
Signature → Print Name: Donald Urquhart, EDO Date: DD/MM/YY	