**Minutes of the ONR Board**

**31 July 2024**

**MS Teams and Denman, St James House**

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| **Present:**  Judith Hackitt - Chair  Sarika Patel - Non-Executive Director  Tracey Matthews - Non-Executive Director  Jean Llewellyn - Non-Executive Director  Janet Wilson - Non-Executive Director  Roger Hardy- Non-Executive Director  Mark Foy- Chief Executive and Chief Nuclear Inspector (CE/CNI)  Paul Fyfe, Senior Director Regulation | **In Attendance:**  Lorraine Medcalf, Head of  International Strategy and Public  Correspondence[[1]](#footnote-1)  Katie Riley, Senior Finance Business Partner[[2]](#footnote-2)  Sophie Trevenna, Head of Risk and Assurance[[3]](#footnote-3)  Simon Coldham, Chief  Information Officer[[4]](#footnote-4)  Donald Urquhart, Special  Advisor to the Chief Executive  and Chief Nuclear Inspector[[5]](#footnote-5)    **Observer:**  Chris Hannaway, Deputy Head of Communications |

**Secretariat:** Nidhi Misri, Head of Corporate Governance and Compliance (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 Sarah High, Rachel Grant and Leanne Weild. |
| 1.2 | There were no declarations of interest. |
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| **2** | **Minutes, matters arising and action points** |
| 2.1 | The minutes of the meetings held on 12 June 2024 were approved as a correct record. |
| 2.2 | The Board noted that all actions were either complete or on track. |
| **3** | **Chair’s report** |
| 3.1 | The Chair provided an update on activity since the June Board meeting. She reflected on her recent visit to Dounreay which had prompted thinking on where we are on decommissioning and the legacy issues that needed to be addressed. |
| 3.2 | 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 and was delivering against commitments. |
| 4.2 | He highlighted the success of the recent All Staff Conference. Over 90% of the organisation, more than 600 members of staff had come together in June for ONR’s first staff conference in seven years. The event had been a success with lots of positive comments and feedback received from staff. There was considerable collaboration and engagement throughout, and a number of key themes had emerged which would be taken forward. |
| 4.3 | He provided an update on recruitment. Work was in progress to fill the CE/CNI role. The new Finance Director (FD), appointed following a competitive recruitment process, would take up duty on 1 October. Following completion of the FD recruitment, the process to recruit a Human Resources (HR)/People Services Director would commence shortly. |
| 4.4 | He updated the Board on the challenging of ONR’s SZC licensing decision. Government Legal Department costs up to and including a final hearing, would be between £45,000 and £50,000 per claim. He informed the Board that these would be paid by Department for Work and Pensions (DWP) as ONR’s sponsor body. |
| 4.5 | He updated the Board on work being done to understand the implications of the recent change in Government. ONR were pursuing early engagement with new ministers and an introductory meeting had already taken place with The Rt Hon Lord Hunt of Kings Heath OBE, newly appointed Minister of State for Energy Security and Net Zero at the Department for Energy Security and Net Zero (DESNZ). |
| 4.6 | He highlighted that ONR continued to engage with EDF Nuclear Generation (NGL) in an enabling manner in respect of potential life extensions and Advanced Gas-cooled Reactors (AGR) transfer to Nuclear Restoration Services. |
| 4.7 | He highlighted that the Smarter Regulation Directorate, within the  Department for Business and Trade, had progressed proposals to  establish a Regulator Council. This was intended to provide a dialogue between Government and regulators to understand what was working well and what could be improved; share best practice and experience; and to implement the reforms to improve the regulatory landscape. |
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| 4.8 | The Senior Director of Regulation provided an update on key areas from the Regulatory Directorate (RD). He noted that on Nuclear Site Health and Safety (NSHS), following the adoption of a new approach to NSHS statistics which will be reflected in the annual CNI Report 2023/24, injury rates related to sector performance were comparable to the UK average. |
| 4.9 | He highlighted actions being taken following the 2024 stakeholder survey which would include plans for a series of short two to three minute videos on different areas of regulation, ensuring that they were targeting the right audiences. |
| 4.10 | The CE/CNI informed the Board that a project mandate for SharePoint had been approved and initiation activities had begun. The plan was to deliver SharePoint to replace ONR’s intranet, management system and document storage platforms over 18-24 months. The intranet would be the first to prove the migration technology and process. Opportunities to speed up delivery would be balanced against risk and quality. |
| 4.12 | An overall moderate assurance for 2023/24 had been provided by regulatory assurance activities. Key themes from reviews included: requirement for enhanced knowledge management; improved compliance and consistency with internal processes; reduction in siloed working including a consistent resourcing model; and improvements in data management. |
| 4.13 | He noted that the remaining lease reviews for London and Bootle were progressing to plan. Design for the new London Office had been finalised with a likely opening date of 6 August. |
| 4.14 | The CE/CNI updated the Board on end of year performance. He highlighted updates on ONR’s corporate milestones and Organisational Effectiveness Indicators. |
| 4.15 | In discussion the Board:   1. Commended the Strategy and Corporate Affairs team for their organisation of the All Staff Event. The Board noted feedback from some staff to the effect that they had expected a more forward looking event. The Board commented that the ONR Board Strategy Day would be a forward looking event which would provide a good communications opportunity for sharing the outcomes of the discussions with staff. 2. Highlighted the need for clarity on the senior structure within ONR from CE/CNI to Band 1. 3. Reflected on the insights from the Chair’s and CE/CNI’s introductory meeting with The Rt Hon Lord Hunt of Kings Heath OBE, newly appointed Minister at DESNZ. 4. Noted that plans for the two special Independent Advisory Panel meetings were progressing well. 5. Confirmed that responsibility for any decisions to prosecute a licence holder sat with the CE/CNI as it was a regulatory decision, whilst the Board’s was to hold the CE/CNI to account on any decisions made. 6. Noted the updates on the Sizewell C Judicial Review. 7. Highlighted the need for a strategic ONR voice on the Regulator Council and a need for further thinking about who would represent the organisation, noting that the forum would not be regulatory focused but rather looking more strategically at the role of regulators and Government. 8. Noted the number of ministerial reportable events since 2021-22. 9. Reflected on the Chair’s and CE/CNI’s recent visit to Dounreay and the thinking it had prompted on the importance of a strategic approach to nuclear regulation and whole lifecycle planning from the outset of any nuclear project. 10. Noted the position from Prospect and PCS trade unions on the 2024 pay offer. 11. Noted the current turnover position which remained stable .   **Action: Mark Foy to consider and report back to Board on ONR’s representation at the Regulatory Council.**  **Action: Director of Strategy and Corporate Affairs to share with Board the senior level staff structure.** |
| 4.16 | The Board noted the report. |
| **5** | **ONR's International Regulatory Influence** |
| 5.1 | Mark Foy introduced the item which sought to update the Board on ONR’s international influence and benefits realisation. He set out the international standards and guidance which outlined the standards in nuclear safety, security and safeguards against which the whole international regulatory community aligned. It was important that ONR contributed to these forums, looked after the UK’s interests and understood international good practice. |
| 5.2 | He reported that the UK was a signatory to international treaties and conventions which place legally binding obligations on the UK, as a Contracting Party. On behalf of the UK Government, in relation to Conventions, ONR demonstrates compliance with the Articles of each, coordinating the production and acting as lead author for the UK National Reports; actively supporting and participating in the peer review process for National Reports; and leading the UK delegation and presenting the UK National Reports at the review meetings in Vienna. Producing the UK Reports, on a three-year cycle funded by DESNZ, is a significant piece of work for ONR involving a wide range of organisations, other regulators and stakeholders. He highlighted that the draft UK Report for the Joint Convention on Spent Fuel and Radioactive Waste Management was currently under review by DESNZ. It would subsequently be reviewed by the other Contracting Parties with the opportunity to raise questions with the UK. ONR would coordinate responses, consulting as necessary with the UK Report contributors. |
| 5.3 | He noted that there had been significantly improved governance on international engagement with more challenge by the Strategy and Corporate Affairs Directorate on any requests for international engagements, in particular for those falling within Category C (Other elective engagements that ONR could undertake to support technical and L&D drivers). |
| 5.4 | There were a number of bi-lateral relations, some of which gave value to emerging or embarking nations. ONR also benefited from peer reviews. There were a number of international collaborations ongoing, led by different bodies that provided opportunities for learning, to be efficient and effective, and current - assessment of new reactors and other areas innovation. |
| 5.5 | He outlined the strengths of international bodies, including Western European Nuclear Regulators’ Association (WENRA), Committee on Nuclear Regulatory Activities (CNRA) and the European Nuclear Safety Regulators’ Group. |
| 5.6 | Board discussion focused on a number of areas:   1. For the areas that were charged back to industry, the Board questioned whether the dutyholder who paid would be able to see the benefit of the collaboration. Charging was broken down by direct and indirect charging. Standards was treated as an indirect charge to the industry, so a benefit to the whole UK and not to a specific dutyholder. Specific benefits to individual duty holders was not articulated and had not been sought. 2. On costs, there was clarity on funding allocations but it would be important to internally analyse and document to show; the benefits to duty holders (directly or indirectly), and benefits to government policy and standards. How these benefits were measured would be key, and doing so annually against outcomes from each international engagement, in terms of changes in-year for ONR, the UK, other regulators or other dutyholders would be a useful data point to track. This could be done in the CE/CNI annual report of regulation. It could also be weaved into the narrative on any social media reports on international engagements. 3. There was a strategic framework in place, with every international engagement having a clear alignment with ONR’s international workplan. As part of the business plan commission, each directorate within ONR completed an individual workplan that shows the totality and benefits back to ONR to the industry and UK. 4. It was important that there be dissemination of learning following attending an international engagement. 5. Whether ONR was sat at the right tables. There would be benefits in exploring more broadly than the nuclear sector; within health and safety regulation as well as key topic areas such as innovation and artificial intelligence. The CE/CNI Special Adviser was currently fact finding on this area, and his work would play into the thinking of the long term strategy for the organisation.   **Action: Mark Foy/Lorraine Medcalf to consider how best to articulate on a page the benefits to dutyholders (directly or indirectly), and benefits to government policy and standards from international engagements.** |
| 5.7 | The Board noted the update and the improvements on the focus and control around international engagements. The Board noted the points raised on broadening ONR’s horizons beyond just the nuclear forums highlighted. |
| **6** | **Q1 Finance Update** |
| 6.1 | The Senior Finance Business Partner introduced the item to Board which provided an update on the Q1 Financial position. Q1 showed a revised forecasting, following a thorough review, of £111m compared to the £114m forecasted position. There had been positive engagement with the business during the quarter which suggested a shift in mindset across ONR. There was a more holistic approach being taken to free up underspend across the organisation and to re-prioritise in other areas and bring projects forward from 2025-26 where capacity allows. |
| 6.2 | The £3.3m underspend was driven by the difference in pay award compared to budget assumptions, recruitment and other project slippage, and cost savings. In terms of the recruitment profile there was a revised forecast position of 682 FTE, against a budget of 685 FTE. |
| 6.3 | There was £0.7m of expenditure awaiting active decisions to be made in RD, relating to Research, Technical Support Contracts (TSCs). There were also some known risks and pressure around new nuclear activity if required, and further potential opportunities around recruitment and Generic Design Assessment (GDA) slippage |
| 6.4 | She highlighted the movements and cost savings within the quarter which included cost savings from projects, cost increases due to the acceleration of the SharePoint project and Information, Technology and Delivery (ITD) directorate efficiencies relating to new licences agreements and two posts not being recruited to. |
| 6.5 | In discussion the Board:   1. Queried whether the lower FTE was driven by efficiencies and had been previously reported as positive outcomes from the efficiency review. At the start of the year, an FTE figure of 685 had been agreed that ONR would drive to, maintaining the level of resourcing. There had been a consolidation of productivity improvements in 2023-24 financial year and commitment to finding further productivity improvements this year. 2. Requested clarity in relation to what had been achieved on efficiencies, how that had been sustained and what the expected FTE workload was beyond those banked efficiencies. 3. Noted that the recruitment profile was to deal with attrition but the graph included in the papers did not reflect this narrative. 4. Asked for the Q2 report to the Board, to outline what the impact of these slippages and savings would have on the budget for next year (2025/26) and for a revised forecast for the year to be provided. 5. Noted that the Senior Leadership Team (SLT) had discussed the slippage on T&S and research and had requested analysis on the cumulative impact to the organisation if underspend continued in the areas of science and research.   **Action: Mark Foy to share with Board members an updated ONR FY FTE Movement graph that provides better clarity to Board members.** |
| 6.6 | The Board thanked Katie for the update and noted the report. |
| **7** | **Risk Management and Annual Review of Strategic Risk**  **Register** |
| 7.1 | The Head of Risk and Assurance introduced the item which provided an update on the current status of risk management within ONR. |
| 7.2 | The Chair highlighted that it was important for the Board to consider the profile that they wanted the subject to have at Board. Although a lot of the oversight of risk management was delegated to the Audit, Risk and Assurance Committee (ARAC), it was important that the Board had an active role in considering what the risks and controls are. |
| 7.3 | The Head of Risk and Assurance reported that there had been substantial improvements in risk management within ONR over the last 12 months but there was more to do to embed it within the organisation. Over the last year, risk processes had reduced internally and the risk profile across ONR had increased, particularly at an operational level. Training had been increased across the organisation and the team had implemented critical control testing in line with the Orange Book. |
| 7.4 | She reported that steps for the next year were to continue embedding risk management across the organisation, embedding risk within higher governance levels and the identification of strategic risks which had been static over a number of years. |
| 7.5 | Recognising the necessity for a more dynamic and robust risk management approach, she reported that ONR had initiated a zero-based review to comprehensively reassess ONR’s risk landscape. |
| 7.6 | In discussion the Board:   1. Noted the development of a procedural document for managing risks, tailored to ONR that would support training at an operational level. 2. Noted the ‘Risk in the Boardroom’ training for Directors being delivered by the Institute of Risk Management and discussed the benefit of Board members joining this training to show their support for the importance of the topic. 3. Noted that board papers did not routinely reflect which strategic risks they were aligned to. This could be a useful lens for future board papers. 4. Questioned whether decisions at a local level were considering the organisation’s risk appetite. 5. Noted the ARAC discussion on the zero based review. 6. Noted the need for better discipline in the Board identifying strategic risks which could reflect back onto the risk register. 7. Noted the process for de-escalating risks from the strategic risk register but are kept in view and managed elsewhere. There were also bubbling risks, high important operational risks not managed at a strategic level but important for Board to have sight of. 8. Noted the risk on organisational capacity and capability and the outputs from a deep dive at SLT on this strategic risk. 9. Noted the effective change of risk ownership sitting with the SLT.   **Action: Board Secretary to work with Head of Risk and Assurance on strengthening the templates for Board Papers to ensure better alignment with strategic risks and mitigations.**  **Action: Board Secretary to extend the invitation of the ‘Risk in the Boardroom’ training to Board members.**  **Action: Board Secretary to include a space as a standing item at the end of each Board meeting to reflect any impacts on the risk register following the board discussion.** |
| 7.7 | The paper was noted. |
| **8** | **Synergy (Single Operating Platform (SOP) replacement)** |
| 8.1 | The Chief Information Officer introduced the item which provided an update on the Synergy project and the potential impact of this project and its implications for ONR. |
| 8.2 | He informed the Board of insights following recent government announcements on spending and the impacts that this could have on the project. |
| 8.3 | Currently ONR was part of the old SOP system. There were a number of ONR current systems that the new Synergy platform was looking to replace, including timesheet and position management, financial and HR management and procurement. There was an exercise to look at each system when coming up for renewal and taking a decision on whether we could legally extend current systems or go out to market. |
| 8.4 | He reported on the main financial risk of the project, which was the ONR overhead time being spent on the project. The primary impact of this was on the HR and Finance teams. |
| 8.5 | He reported on the current position with the Department for Work and Pensions (DWP) on funding who confirmed that any ONR time spent up until the final business case was approved would be at the organisation’s risk. |
| 8.6 | In discussion the Board:   1. Noted the business case costs and efficiency savings outlined in the business case that had been presented to HM Treasury. 2. Discussed the current political environment and the impact on ONR for maintaining and managing current systems over the next three to five years and commented that understanding the trigger points and acting early when systems were up for renewal would be key. A full timeline had already been produced to support programme planning. 3. Noted an upcoming deep dive on Safeguards Information Management and Reporting System (SIMRS) at ARAC which would cover the risks and mitigations in place. 4. Supported continuing with the project but highlighted the need for support from other bodies. |
| 8.7 | The Board noted the report and agreed to continue engagement with the Synergy Programme and commit resources at risk. |
| **9** | **New Nuclear Communications** |
| 9.1 | The Deputy Head of Communications presented the paper which informed the Board of plans for a proactive communications campaign to address a perception in some quarters that ‘nuclear regulation’ was a blocker to the timely delivery of GB nuclear ambitions. |
| 9.2 | He noted the recent change in Government and initiatives such as Great British Energy (GBE) provided a good opportunity for ONR to accurately position its role and responsibilities, while providing public reassurance on the importance of our role as a regulator. |
| 9.3 | The team were proposing to be more proactive in ONR’s communications. Other organisations would also play a part in this and ensuring misinformation from third parties was appropriately managed would be key. He noted that a case study in the CNI Annual Report had been proposed that would summarise ONR’s review of its impact on the design evolution of the EPR at Hinkley Point C. |
| 9.4 | In discussion the Board:   1. Noted that the CNI Annual Report had a limited distribution and the factual information from the case study would need to be disseminated further to support ONR messaging. 2. The recent change in Government provided an opportunity to reposition ONR’s role and go beyond communicating primarily on new nuclear. There was a bigger job to do which would need significantly more work on ONR’s position on decommissioning and new nuclear policy. 3. Discussed the need for responding at pace, and while recognising the need for a swift response, providing a statement that would not require the factual detail to ensure any headline did not remain focussed on ONR. The Board commented on the need for a more immediate mechanism to counter misinformation more widely. 4. Recognised the tension between communications and regulatory teams in language used in describing what ONR does but noted the need for communicating to a different and non-nuclear audience on ONR’s stance. 5. Highlighted the need for benchmarking against other technical regulators and how they communicate. 6. Asked for the broader debate on ONR and its communications to be a substantive agenda item at the upcoming Board Strategy day. 7. Noted the increased public correspondence received by ONR and the resourcing and prioritisation needed. 8. Highlighted the demand that would be needed in maintaining responses to proactive engagement. 9. Noted that re-visiting the boundaries of what ONR’s functions were would be the first step before developing the messages that, once developed, could be used with stakeholders. 10. Noted the need for SLT ownership on developing ONR’s position on issues. |
| 9.5 | The Board supported the proposed activities outlined in the paper but felt that the ambition of the proposals did not stretch far enough. The Board emphasised the need to revisit the boundaries of ONR’s ambitions before developing the narrative to take. This would be a significant step change in ONR’s approach to communications. The Board noted that there would be some pre-work needed in advance of the Board Strategy Day in October. |
| **10** | **CE/CNI Special Adviser Quarterly Update** |
| 10.1 | The Special Advisor to the Chief Executive and Chief Nuclear Inspector introduced the paper which provided an update on matters relating to the modernisation of regulation. |
| 10.2 | He reported that his focus had been on a number of priorities; the first was representation on the commission of safety standards (IAEA lead committee), trying to give a greater sense of coordination amongst nuclear representatives on the Commission on Safety Standards (CSS). He had also been looking at benchmarking ONR against both public and private sector organisations in relation to modernisation. |
| 10.3 | He reported that this work would assist and stimulate conversations at SLT on regulating the UK’s nuclear future and how ONR would need to modernise going forward in order to be an optimal and efficient regulator. |
| 10.4 | He highlighted ten main themes around modernisation that had been identified, which would provide a number of opportunities for ONR. |
| 10.5 | He reported that he had been exploring artificial intelligence user cases within ONR. This had been done through a wide range of external stakeholders and an ONR thought group. A number of candidate user cases had been generated, all of which were viable opportunities for application by ONR. He had been working with ONR’s efficiency lead and the knowledge management communities about the appetite for early experimental work in this area. |
| 10.6 | He reported the benefits of efficiency gains that could be obtained through the areas he had highlighted, but also noted the opportunity for ONR to show leadership by early adoption of some modernisation and data science and digital technologies that would give those whom ONR regulates the confidence to do the same. |
| 10.7 | In discussion the Board:   1. Noted plans to take this thinking forward with the Senior Director of Regulation, Director of Strategy and Corporate Affairs and Efficiency lead to explore short term opportunities, and medium and long term opportunities that could be included in the next ONR Strategy beyond 2025. 2. Noted plans for integrating this work and driving it throughout ONR. 3. Highlighted the need for collaboration with other regulators to develop a joined up approach to modernising regulation to maximise benefits. 4. Noted the opportunities for ONR to work differently with other regulatory bodies and organisations to generate better synergistic leverage both within modernisation and regulation. 5. Discussed the need for prioritisation of the opportunities presented. 6. Emphasised the need for this work to focus on what ONR needs to be doing in its next strategy cycle and the next imperatives on which ONR would need to deliver. 7. Discussed the opportunity for using digital data to have a risk- based approach to regulation. 8. Noted the need to give a broader spectrum of ONR staff an opportunity to engage and input on what the environment of work was likely to be over the next five to ten years. |
| 10.8 | The Board noted the report and next steps for putting structures in place around the approach that would be taken forward. |
| **11** | **Summing up and Close** |
| 11.1 | The Board noted the revised format for the Corporate Security and Resilience Dashboard, thanking the Chief Information Security Officer for the improved, more user friendly design. |
| 11.2 | There was no other business raised. The Chair formally closed the meeting. |
|  | **Date and Location of Next Meeting:** Board Strategy Day, 7&8 October |
|  | **Reports for Information:**   * Horizon Scan * Corporate Security and Resilience - Q1 Dashboard * Audit and Risk Assurance Committee - Minutes – 15 April 2024 and 02 July 2024 update * Remuneration and Resilience Committee Update – 16 July 2024 * Board Forward Look |

1. Attended for Item 5 [↑](#footnote-ref-1)
2. Attended for Item 6 [↑](#footnote-ref-2)
3. Attended for Item 7 [↑](#footnote-ref-3)
4. Attended for Item 8 [↑](#footnote-ref-4)
5. Attended for Item 10 [↑](#footnote-ref-5)