



Health and Safety  
Executive

## **HSE NUCLEAR DIRECTORATE'S RESPONSE TO THE THIRD REPORT FROM THE GDA PROCESS REVIEW BOARD**

**SEPTEMBER 2010**

## Introduction

This is the HSE Nuclear Directorate's response to the third report of the independent Generic Design Assessment (GDA) Process Review Board (PRB). A table setting out the key recommendations and our progress in implementing them is included at Annex A.

The PRB was established in 2007 by Mike Weightman, HM Chief Inspector of Nuclear Installations and head of the HSE's Nuclear Directorate (ND), to provide external scrutiny and oversight of the GDA process (Terms of Reference are included at Annex B). I commissioned this third review to consider, in particular, the following five issues.

- The effectiveness of the actions implemented to the GDA process based on the recommendations of the earlier PRB, DECC and AMTEC reports.
- The effectiveness of existing stakeholder relationship management, including the public involvement process.
- The impact of overlap between GDA process completion, site licensing, and early procurement and construction activity by the future Licensee(s).
- The management of the end of GDA Step 4, together with the assessment and clearance of GDA Regulatory Issues during Step 4, and of resulting 'exclusions' to any GDA Design Acceptance Confirmation after Step 4.
- Views on delivery confidence for a meaningful Step 4 assessment.

I welcome the PRB's report and, in particular, the view that the likelihood of a successful outcome to GDA has improved significantly since their last review at the end of 2008. However, I also recognise that there is still a lot of work to be done if we are to meet our June 2011 timescale for completion of the GDA assessment and for publication of the reports detailing the outcome of that assessment.

In addition to reviewing and making recommendations on the GDA process, I asked the PRB to provide an assessment of their confidence in the 'delivery' and successful completion of GDA. To help facilitate this, the membership of the PRB team was extended to include an accredited OGC Gateway assessor. I accept the finding that: 'delivery confidence' is most appropriately judged as 'amber', which in the OGC Guidance is defined as follows - *'successful delivery appears feasible but significant issues already exist requiring management attention. These appear resolvable at this stage and if addressed promptly, should not present a cost/schedule overrun'*.

I am pleased that the PRB has recognised the significant progress that has made over the past fifteen months, not least because of the success in recruiting and inducting additional assessors/inspectors based on new pay and rewards packages. Additionally, this is in no small part down to the efforts and co-operation of the whole GDA team, together with support from others in HSE and the Environment Agency. I would like to take this opportunity to thank them all for that.

I would also like to thank each of the PRB members for their hard work, both in conducting their review and in preparing their report, as well as all those who supported the review in an open and transparent way. I welcome and accept the PRB's 10 key recommendations, and we will implement the resulting actions outlined in this report in full in addressing the recommendations.

This report and our response should be seen in the wider context of change and transformation within Nuclear Directorate that is being led by others. This was not the subject of the PRB's review or of which they had any substantial knowledge.

Kevin Allars  
Programme Director for New Nuclear Civil Reactor Build

September 2010

RECOMMENDATIONS OF THE PROCESS REVIEW BOARD (3<sup>rd</sup> report) – HSE NUCLEAR DIRECTORATE'S RESPONSE

Ref	Recommendation	Position	Status	Comments
1	<p><b>Technical Support Contractor: Conflicts of Interest</b> - Internal Audit should review as a matter of urgency the question of possible conflict of interests that arise because some of the Technical Support Contractors are also undertaking contract work for the Requesting Parties (paragraph 2.9).</p>	Accepted	In progress	<p>We recognise the amount of assessment work currently being supported by contractor resource, and the significant amount of work that remains to be completed to meet our objective of completing our assessment of the design safety cases by June 2011. We agree with the PRB that the use of Technical Support Contractors to support our assessment work needs careful handling, particularly relating to those contractors also undertaking work for the Requesting Parties or within the wider new build industry sector. We accept the PRBs recommendation that we review the management and contractual arrangements to identify all potential conflicts of interest, and our independent HSE Internal Audit Group has, last month, completed an audit of both the overall management of such contracts and also, specifically, of the management of potential conflicts of interest. The reports of the audits are at: <a href="http://www.hse.gov.uk/newreactors/other-assessment-reports.htm">www.hse.gov.uk/newreactors/other-assessment-reports.htm</a>, and confirm that, overall, effective controls are in place, with strong governance and active management, to ensure proper management of the potential risks. Some minor areas are identified for improvement – these will all be implemented over the next few months, with the final one complete by November 2010 (as shown in the reports).</p> <p><b>Target date for completion of Audit actions: November 2010</b></p>

Ref	Recommendation	Position	Status	Comments
2	<b>Implementation of Highlight Reports</b> - A new Key Indicator of progress for management reports (e.g. the Highlight Report), should be introduced; this being the rate of convergence between raised TQs/ROs and closed TQs/ROs (paragraph 2.10).	Accepted	<b>Complete</b>	We welcome the PRB's acknowledgement of the significant progress that we have made in strengthening our project management processes. In response to this recommendation we have further developed the monthly metrics and have included in our monthly Highlight Report, which includes the information we share with the Requesting Parties, key information on monitoring the rate of convergence between raised TQs/ROs and closed TQs/ROs. We also intend to include a summary of this information in our future GDA Quarterly Reports.
3	<b>Succession Planning</b> - More attention to be given to succession planning to strengthen the longer term resilience of the new-build programme within ND. Such plans should be kept under regular review to ensure they are always up-to-date (paragraph 2.12).	Accepted	<b>Complete</b>	We have a fully resourced GDA team in place, and plan to keep that team substantially in place to the end of our assessment the GDA safety cases (June 2011), and then to maintain on GDA work those who are needed to clear any GDA Issues still in place beyond that date. ND already has another programme of work in place for site specific regulation of nuclear new build, which was not the subject of this review. This will be built up in line with resources becoming available and needed. There is a wider issue about succession across ND with its demographic profile (around 13% over 60 years and 30% over 57). This is being addressed through the ND Management Board Career Development Review arrangements and further recruitment.
4	<b>Co-ordination and streamlining of meetings</b> - Review the meeting structure and schedules for the new-build programme with the aim of better co-ordinating and streamlining the arrangements for	Accepted	In progress	We welcome and accept the PRB's recommendation. In line with changing the Governance arrangements for GDA and New Civil Reactor Build Regulation (see Recommendation 10), we are putting in place new Governance arrangements. The new structure will reduce any potential for duplication, thereby improving the effectiveness of the decision-making process not

Ref	Recommendation	Position	Status	Comments
	improved efficiency and elimination of any overlap/duplication etc. (paragraph 2.16.)			only for GDA, but for the transition between the generic and site specific phases of the new build programme. The streamlining of governance/meeting structures will be an early deliverable to the new Programme Board within a revised Programme Manual.  <i>Target date for completion: 30 October 2010</i>
5	<b>Flexibility of HR Policies</b> - Appropriate flexibility regarding HR policies and practices should be shown by HSE in relation to the JPO, particularly concerning duration of contracts and recruitment procedures to ensure that the unit is able to recruit, develop and retain the staff it needs to support the new build programme to completion (paragraph 2.20).	Accepted	<b>Complete</b>	We recognise the need to apply HR policies flexibly in order to meet our business objectives, but we also recognise the further constraints we are currently under as part of the Government's efficiency drive. However, we also recognise the key role of the JPO in providing business support essential to the successful delivery of GDA. We will therefore have in place, by the end of September 2010, the necessary temporary staff to bring the JPO up to the required strength to support properly the programme until such time as we can identify and transfer permanent support staff from elsewhere in HSE or address the issue in other ways.
6	<b>Stakeholder Engagement</b> - The action plan for stakeholder engagement should be further developed particularly in relation to the 'measurability' of the various outcomes expected. (paragraph 3.3).	Accepted	In progress	We welcome the PRB's comments on the joint HSE-Environment Agency Stakeholder Engagement Strategy. The Strategy, and, in particular, the associated Action Plan, is designed to be a living document and is regularly reviewed. We are currently undertaking a review of the Strategy, which will include improved indicators to better measure our openness and transparency. However, in taking forward this review, we also need to recognise that the nuclear regulators, along with all other public bodies, are currently under pressure to make efficiency gains, and this is likely to impact on our ability to

Ref	Recommendation	Position	Status	Comments
				<p>undertake some stakeholder activity, for example arranging and attending stakeholder events. We may also have to reduce spend on communication, or at least initiatives will take longer to implement. In addition to this, we have already produced a report on the lessons learned from the Step 3 GDA work, and this is being used to inform the development of a wider ND Stakeholder Strategy, which will draw on good practice from across ND, including the work we have done for GDA.</p> <p><b>Target date for completion: 30 October 2010</b></p>
7	<p><b>Stakeholder Engagement</b> - Every opportunity should be taken from now on to profile and promote the role and reputation of ND in relation to the new build programme because of the potential contribution that this can make in building and sustaining public confidence (paragraph 3.6).</p>	Accepted	<p><b>Ongoing action, so considered as Complete</b></p>	<p>We agree with the PRB that openness and transparency is key to enhancing the reputation of nuclear regulation, and we welcome the view that publication of quarterly progress reports, press briefings, joint Regulatory Statements have all played a part in helping to achieve that. We will continue to publish this information and report progress on GDA in a way that demonstrates our independence from both Government and industry. In addition, the new Programme Director will be looking to maintain or develop as necessary appropriate public/stakeholder reporting arrangements for the programme as a whole, including the continuation of producing open Quarterly Progress Reports and web-based information. This will be part of the implementation of a wider strategy across ND to enhance its openness and transparency to seek to earn greater trust and confidence of its stakeholders. In addition, work is being taken forward across ND to identify examples of good practice and increase the amount of information we publish on a routine basis.</p>

Ref	Recommendation	Position	Status	Comments
8	<b>The management of GDA outcomes</b> - Decisions should be taken and widely communicated as a matter of priority about the detailed arrangements for the 'end of GDA' (whether in June 2011 with the publication of the Step 4 reports or later), the nature of the output -- a DAC (with or without qualification), and the allocation of responsibilities within ND through the overlapping Phases 1 and 2 (paragraph 4.2).	Accepted	<b>Complete</b>	On 23 June 2010, we published guidance on the management of the outcomes of the Generic Design Assessment (GDA). This sets out the outcomes that can be expected in June 2011, when we complete our assessment of the safety case of the designs. The guidance simplifies and makes clear what these outcomes mean, and how any outstanding GDA Issues will be managed subsequently within the GDA process. The PRB has seen the guidance and has confirmed that "the guidance captures the status well and the description of the rest of the GDA process has a clarity which is easy to understand and I think will be well received. The joint approach and convergence with EA is particularly good." Importantly, the industry has welcomed the guidance as providing the clarity that it sought on what the outcomes will be in June 2011 and how they will be taken forward to a conclusion. DECC has also included the post June 2011 work within its new build overview programme which was presented to the July 2010 Nuclear Development Forum, and is now posted on the DECC website.
9	<b>The management of GDA outcomes</b> - Decisions should, as a matter of priority, be taken about the particular terminology to be used in relation to the outputs of GDA (notably for any 'qualifications' to be attached to DACs) (paragraph 4.3).	Accepted	<b>Complete</b>	The HSE/EA guidance is available at: <a href="http://www.hse.gov.uk/newreactors/guidance.htm">http://www.hse.gov.uk/newreactors/guidance.htm</a> .  The DECC overview programme is available at: <a href="http://www.decc.gov.uk/en/content/cms/what_we_do/uk_supply/energy_mix/nuclear/new/new.aspx">http://www.decc.gov.uk/en/content/cms/what_we_do/uk_supply/energy_mix/nuclear/new/new.aspx</a>
10	<b>GDA and Site Licensing governance arrangements</b> - The New Build Programme should be led and	Accepted	<b>Complete</b>	We welcome and accept the PRB's recommendation and have announced changes to the Governance arrangements for the Nuclear Directorate's new build programme which address the

Ref	Recommendation	Position	Status	Comments
	<p>managed by a (single) New Build Programme Board, covering both Phase 1 and Phase 2. This would replace the current NCRB and both Project Director meetings in Divisions 1 &amp; 6. (paragraph 4.10).</p>			<p>recommendation.</p> <p>A new Programme has been set up bringing together both the GDA and site specific regulatory phases of new build work, with a new Programme Board, chaired by the Chief Inspector of Nuclear Installations.</p> <p>Kevin Allars (previously the Programme Director for GDA) has been appointed as the Programme Director for the New Civil Reactor Build Programme, with responsibility for programme delivery and stakeholder engagement for the new build programme. In his role as Programme Director, Kevin will report to the Chief Inspector, and will be responsible to the Chief Inspector for reporting to the new Programme Board on delivery of the programme.</p> <p>Changes to other governance arrangements will be addressed through the response to Recommendation 4.</p>

## **GDA Process Review Board Terms of Reference**

The original and substantive terms of reference for the Process Review Board are to:

- confirm that the public involvement process is operating effectively,
- examine whether the arrangements made to co-ordinate the activities of the separate regulators are appropriate and effective,
- consider whether the processes, practices and procedures associated with the Generic Design Assessment are appropriate,
- consider whether the decision-making process is operating effectively, and
- determine the extent to which HSE is following the processes and procedures set out in its guidance and in agreements with requesting parties.