

Health and Safety Executive Board		Paper No: HSE/11/59	
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<b>Chair of the Office for Nuclear Regulation Report to the HSE Board</b>			

## Summary

1. ONR's Programmes, including Generic Design Assessment, Fukushima Programme and the Change Programme are generally on track. Achievements during the period include: Consents to allow two reactors to return to service; acceptance by the DECC of the Joint Convention Report on the safety of spent fuel and radioactive management; production of the national progress report in response to the European Stress Tests, and the publication of ONR's first quarterly report.
2. Media interest in nuclear safety and security continued. ONR provided media briefing on the proposed construction of the new nuclear power plant at Hinkley Point. In addition, a journalist, from whom ONR has received several FOI requests, may be making a documentary about Sellafield. ONR has not been approached regarding this yet.
3. The availability of resources continues to be the most significant concern for ONR, specifically the length of time needed to recruit permanent staff.
4. Further details of ONR's achievements, financial position and resource issues are provided below.

## Fukushima nuclear accident

### Chief Nuclear Inspector's final report

5. The submissions of information for the Chief Inspector's Report into the Fukushima nuclear accident and the responses to the Interim Report recommendations that were received by the end of July deadline have been considered by ONR. Sections of the draft Final Report have been reviewed by both internal nuclear topic leads and the Technical Advisory Panel of independent nuclear experts, and the report is now at an advanced stage. ONR is on target to deliver the final report to the Secretary of State for Energy and Climate Change during September 2011. The report will be made public once it has been presented to Parliament. ONR anticipates significant media interest when the report is published and a communications and media-handling plan is in place.
6. ONR has decided to produce a Fukushima close-out "implementation report" in autumn 2012. This will involve the consideration of information received by ONR after the July 2011 deadline. The report will provide information on the outcome

and peer review of the European Stress Tests and, the latest position regarding the addressing of the recommendations made in the Final Report on Fukushima. Once the “implementation report” is issued, ONR intends to close its Fukushima Programme, which was set up to provide the reports to the Secretary of State and to co-ordinate work on the European Stress Tests, and will deal with any subsequent emergent information as part of its normal regulatory business.

### European Stress Tests

7. In relation to the European Stress Tests, ONR has received progress reports from all UK nuclear power plant licensees and has produced a national progress report for submission to the European Council in September.

### **Generic Design Assessment**

8. Responses to the GDA Issues are being received from the Requesting Parties (RPs) who are continuing with the GDA process, and ONR’s assessment of the Issues has begun. Unfortunately, the RPs missed some of their early delivery dates, but have put in place plans to recover the situation with the aim that the provision of information to allow ONR to consider issuing a Design Acceptance Confirmation at the end of 2012 is not threatened.
9. Discussions with the RP, who put their participation in the GDA process on hold, continued regarding their extensive comments in response to some of ONR’s Step 4 Assessment Reports,

### **Operational Delivery Programmes**

10. All programmes are generally on schedule. Key outcomes achieved during the period include:
  - the satisfactory completion of inspection and assessment of the licensee safety justification for the return to service of two reactors. ONR granted the necessary Consents;
  - the submission to the Department of Energy and Climate Change of the Joint Convention Report on the safety of spent fuel and radioactive waste management, which will be presented and discussed at the International Atomic Energy Agency in May 2012;
  - a positive response from the Sellafield Executive regarding five site-wide areas in which ONR has identified concerns and has an expectation to see quicker, and more effective, delivery of improvements. ONR will continue to seek evidence from the highest level to demonstrate Sellafield’s commitment to improvement.
  - in addition to planned work, the Defence Programme managed a number of reactive permissions in relation to emergent safety issues. These permissions were delivered, often to short timescales, to meet the licensee’s programmes.

## **Formal enforcement**

11. No formal enforcement action was taken in the period. However, action is being considered in relation to an event which occurred towards the end of the reporting period, but which was not reported by the licensee until early September. In addition, the poor recent record of another licensee regarding maintenance and related issues continued; any further deficiencies may lead to an Improvement Notice being issued.

## **Stakeholder engagement and media interest**

12. As part of ONR's ongoing commitment to openness and transparency, the first ONR quarterly report was published. The report focuses on key themes and developments within the regulatory programmes and the ongoing changes within the organisation.
13. A survey of 16 senior heads of nuclear site licensed companies and 2 prospective licensees was undertaken recently. There was an 88.8% response rate and, 87% of respondents indicated that they were either very satisfied (31.25%) or satisfied (56.25%) with their relationship with ONR. ONR intends to produce a full report of the survey results, which will be publically available.
14. Media briefing took place to explain the regulators' roles in the proposed construction of the new nuclear power plant at Hinkley Point. ONR gave interviews to the BBC, ITV and local media. Feedback received was generally positive.
15. ONR is in the process of providing responses to eight FOI requests from the same journalist. These are likely to result in press articles on a range of topics over the coming months. The same journalist is believed to be intending to produce a Channel 4 documentary about Sellafield. The Environment Agency has been approached regarding this but so far, ONR has not.

## **Transition to the statutory Office for Nuclear Regulation**

16. The Legislative Measures Project Group, comprising ONR, HSE, DECC, DWP and Transport, has completed work on a final revision of the policy instructions (except for security) for the creation of the statutory ONR. Over the last month, ONR officials have supplied the group with further detailed commentary on the statutory ONR's proposed functions, including in respect of cost recovery, safeguards, and future working with commercial organisations. These instructions have been sent to the legal teams in DECC and HSE (Treasury Solicitors) for them to start work on drafting the legal instructions for Parliamentary Counsel by the end of October.

## Implementation of the Target Operating Model

17. Progress is continuing towards the implementation of the Target Operating Model. Five, facilitated organisational design workshops will take place to allow a broad cross section ONR staff to contribute to the implementation of the Model. In addition, a suite of documents, which form the Programme Management Office Programme Management Manual, were presented to the PMO Steering Board.

### Financial summary

18. The financial summary for August is provided below. Although a number of budget lines were overspent in August (details below), there is a general year-to-date underspend.

£000's

IN MONTH TOTAL AUGUST 2011/12					CUMULATIVE TOTAL APRIL - AUGUST 2011/12				FORECASTS 2011/12		
BUDGET LINE	ACTUAL	START YEAR PROFILE	VARIANCE		ACTUA L	START YEAR PROFILE	VARIANCE		START YEAR	LATEST (REVIEW 2)	VARIANCE
			£	%			£	%			
PAYROLL	2,543.3	2,459.4	83.9	103.4	12,907.9	12,819.1	88.8	100.7	30,603.4	31,093.1	489.6
GAE	448.3	387.1	61.1	115.8	2,287.3	2,641.3	(354.0)	86.6	6,229.7	5,884.9	(344.8)
PROGRAMME	349.4	631.4	(282.0)	55.3	2,111.1	3,590.3	(1,479.3)	58.8	10,905.5	7,529.8	(3,375.7)
OVERHEADS & CENTRAL COSTS	826.8	855.2	(28.5)	96.7	4,098.4	4,276.2	(177.7)	95.8	10,206.7	10,208.6	1.9
<b>TOTAL GROSS EXPENDITURE</b>	<b>4,167.7</b>	<b>4,333.1</b>	<b>(165.4)</b>	<b>96.2</b>	<b>21,404.7</b>	<b>23,326.9</b>	<b>(1,922.2)</b>	<b>91.8</b>	<b>57,945.4</b>	<b>54,716.4</b>	<b>(3,229.0)</b>

### August spend

19. Items to note regarding actual spend against budget in August are:

- Payroll was overspent by £83.9k due to additional commitments not included in start year forecasts e.g. payroll costs for the ONR Chair, internal HSE staff transfers into vacant ONR posts and the bringing forward of start dates for new recruits.
- GAE was overspent by £61.1k. This was also due to commitments not included in start year forecasts
- Training and Conferences was overspent by £31.6k this is in part relates to a catching up of lower than forecast numbers of invoices processed in previous months.
- Programme costs, which includes Nuclear Safety Studies, was under-spent by £282k. The main contributory factor was the cancellation of Generic Design Assessment bids

## September Forecast

20. The outcome of the mid-year Management review of ONR's financial requirements produced forecast revisions to start year budgets:
- Payroll forecast increased by £489.7k to reflect additional external appointments, transfers into vacant ONR posts from OGDs and HSE and, earlier than anticipated start dates for new recruits already profiled in forecasts.
  - GAE decreased by £344.8k largely due to a decrease in travel and subsistence costs as a result of reprioritised travel plans and cancellation of overseas travel following Westinghouse's notification of their intention to withdraw from the GDA programme.
  - Programme forecast decreased by £3.376m. This is mainly due to the cancellation of Nuclear Safety Studies projects associated with the Westinghouse design application.

## **Resources**

21. All ONR staff not required for GDA have been reallocated to other work in ONR. In addition, Technical Support Contracts have been closed-down but in such a way that they could be restarted should the relevant RP return to the GDA process after December.
22. In relation to the ongoing recruitment campaign, there have been four offers of posts accepted and two declined.
23. A Ministerial submission seeking permission to recruit 80 nuclear safety inspectors and 16 civil nuclear security inspectors over the next two years will be made during September.
24. The process to recruit ONR's Chief Operating Officer began in week commencing 29 August 2011. It is anticipated that any successful candidate will take up post, on a full time basis in April 2012
25. There is significant concern about the length of time needed to recruit permanent staff. For example, the DWP Minister approved the recruitment of permanent Programme Managers in January 2011 but adherence to recruitment procedures mean that the time from approval to having staff in position will be at least 10 months.