Introduction

1. This paper provides:
   - a brief summary of the first ONR Board meeting;
   - an update on ONR’s ongoing involvement with events in Fukushima, Japan;
   - a summary of progress with Generic Design Assessment (GDA);
   - an update on the outcome of the Boundary Hall Inquiry
   - a summary of ONR’s Operational Delivery Programmes, including operational stakeholder engagement activities and formal enforcement;
   - an update on the progress towards the implementation of the Target Operating Model, including the integration of the Radioactive Materials Transport Team;
   - a financial summary.

ONR Board Meeting

2. The ONR Board met for the first time on 20 June. It met without the full complement of non-executive directors to get the meeting processes established. Recruitment of the two additional non-executive directors is underway, and Judith Hackitt, Nick Baldwin, and an independent panel member will interview candidates on 5 July.

3. The Board adopted a full set of Governance documents, which will be published on the ONR website shortly, to complement the Framework Document. The Board approved ONR’s Corporate Plan, which will also be published on the ONR website, and also approved work to develop a new pay and grading strategy. Among a number of reports, the Board received an update on the legislative programme for the creation of the ONR as a Statutory Corporation and on progress of the Transformation Programme where consultation has started with the Trade Unions.

Report on the Fukushima Nuclear Accident

4. The interim report on the Japanese earthquake and tsunami and its implications for the UK nuclear industry was published on 18 May. This required considerable effort from the Fukushima team. A press conference was held and several media interviews given. Generally, the national and international response to the report was very positive, and the UK nuclear industry has accepted the findings and is responding to them. Progress with the full report is now underway to meet the publication date of September 2011.
5. The International Atomic Energy Agency’s (IAEA) fact-finding mission to Japan took place between 24 May and 1 June 2011. This involved experts from 12 countries and was led by the HM Chief Inspector of Nuclear Installations. Visits were made to 3 nuclear sites, including Fukushima Dai-ichi and extensive discussions were held with several ministers and officials from the full range of Japanese nuclear-related agencies. There was considerable media interest. The preliminary summary report was presented to the Japanese authorities; the full report will be delivered at the IAEA Ministerial Conference on 20 to 24 June 2011.

Generic Design Assessment and the impact of events in Japan

6. The nuclear industry is wary of progressing work, or developing Resolution Plans, which address the new GDA Issue to meet any relevant recommendations contained in the Chief Inspector’s report into the Fukushima events, until October 2011. All GDA Issues must have credible Resolution Plans before ONR can consider providing interim Design Acceptance Confirmations (iDACs) and interim Statements of Design Acceptability (iSODAs) therefore, the earliest timescale for ONR to provide these is now by the end of 2011.

7. ONR still intends to publish the GDA Issues and available Resolution Plans in July, along with a Quarterly Progress Report summarising the GDA activity.

8. Due to commercial decisions, one of the Requesting Parties is not proceeding to address its GDA Issues at present, although they will still be seeking an iDAC/iSODA for the end of 2011. As a result, plans are in hand to release staff resource (including 17 Nuclear Inspectors) to other ONR work over the next few months. The intention is to redeploy some of this resource temporarily until the Requesting Party, which is not proceeding at present, remobilises. In addition, £1.3m of contractor support has been surrendered. The contract companies will be informed when the Requesting Party has declared its intentions publically.

9. There are clearly no guarantees that ONR resource; the contracted planning, programme manager and, business support resource; or, the specialist external Technical Support Contractors, will be available should the Requesting Party wish to remobilise in the future.

Outcome of the Boundary Hall Inquiry Report

On 16 June, the Secretary of State for Communities granted planning permission at Boundary Hall, Aldermaston, overturning the local Planning Inspector’s decision. The Report is appreciative of HSE’s position that call-in was appropriate, and that HSE’s case was well founded. However, as a result of the decision:

- ONR needs to explore with DECC and MoD how their policy on safeguarding developments around nuclear sites might be better articulated and given appropriate weight in “planning balance” considerations. ONR also needs to ensure that the use of the term “extremely remote” in describing the harm involved does not undermine the importance of emergency planning for nuclear sites addressing reasonably foreseeable risks.
• The decision and comments reinforce the need for more strategic intervention by ONR in local development plan production to reduce the likelihood of the proposal of further significant developments around nuclear sites.

• The reluctance to control developments around AWE sites adds emphasis to ONR’s regulatory actions to hold AWE and MoD to their programme of on-site safety improvements.

• ONR will review the detailed findings of the SoS decision and the Report to determine the impact they may have on our current approach to Land Use Planning and emergency preparedness.

Operational Delivery Programmes

10. The efficiency of the Civil Nuclear Reactors Programme is improving with the introduction of more detailed programme management. There are no significant safety issues during the period in relation to operating reactors.

11. There are delays in the potential operators’ programmes for nuclear reactor new build resulting in key milestones being put back. However, ONR continues to respond to requests for advice and guidance to aid meaningful licence applications. The recommendations from the Interim Report on lessons from Fukushima are being considered by all potential operators but any impact is yet to be determined.

12. The Sellafield Programme continues to be developed to align with the Licensee’s Directorates. This is expected to provide greater focus and improve ONR-Licensee interactions resulting in more effective and efficient regulation. Continued pressure is being exerted to begin the start of retrievals at all four Legacy Ponds and Silos facilities.

13. ONR has a series of initiatives in hand to enhance the safety performance at weapons establishments including senior management engagements which are having a positive impact.

14. ONR attended the Sellafield Security Enhancement and Sponsor Group meetings to progress the Department of Energy and Climate Change’s (DECC) security upgrade programme. There is increasing interest in the programme of security reviews. Relationships amongst the various parties have become more complex with increased ministerial interest. Development of a more goal setting approach to regulation is expected to provide greater clarity.

Formal enforcement

15. No formal enforcement action is being taken at present.

Stakeholder engagement

16. The revised Highly Active Liquor Stocks Specifications, referred to last month, will be issued during June. A communications strategy to manage this highly sensitive issue has been developed. The full Project Assessment Report will be published on the ONR website.
17. ONR made a significant contribution to an international “table top exercise” on state response to terrorist attack against a nuclear power plant.

**Implementation of the Target Operating Model**

18. The new executive team has started to make an impact, and further progress was made towards establishing the Programme Structure, which will begin to move ONR positively towards the Target Operating Model and the establishment of programme working. The top level structure was agreed in principle with the operations management team. Consultation with the Trades Unions and effected staff will be completed during June.

**Integration of Radioactive Materials Transport Team (RMTT) into ONR**

19. The Radioactive Materials Transport Team is set to transfer to HSE ONR in July as part of the Government's restructuring of the nuclear regulatory framework. Preparations for the transfer are well advanced and RMTT staff will move to HSE's ONR offices on 18 July. Meanwhile, Department for Transport (DfT) is progressing a minor amendment to the Carriage of Dangerous Goods Regulations, which will give formal effect to the transfer. Should there be any hiatus, between the RMTT's move and the amended regulations coming into force, business continuity will be maintained by ensuring RMTT has access to the necessary DfT systems.

20. The RMTT transfer will also trigger several consequential amendments to the ONR Framework Document, simply to reflect the fact that the transfer is taking place. The opportunity will also be taken to remove a drafting anomaly elsewhere in the Document.

**Financial summary**

21. The financial summary for May is provided below.

<table>
<thead>
<tr>
<th>IN MONTH TOTAL: MAY 2011/12</th>
<th>CUMULATIVE TOTAL: APRIL - MAY 2011/12</th>
<th>FORECASTS 2011/12</th>
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<tbody>
<tr>
<td><strong>BUDGET LINE</strong></td>
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<td><strong>START YEAR PROFILE</strong></td>
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<td>Payroll</td>
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<td>GAE</td>
<td>422.4</td>
<td>501.9</td>
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<td>Programme</td>
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<td>917.9</td>
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<td>HSE Overheads &amp; Central Costs</td>
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<tr>
<td>Total Gross Expenditure</td>
<td>5,080.9</td>
<td>4,747.4</td>
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</table>
June Forecast

ONR has reviewed its budgets as part of the HSE PFPD Quarter 1 review and the following revisions to forecasts were made:

- Payroll forecast increased by £59k due to external Band 3 inspector recruits joining earlier than planned;
- GAE revised down by £270k;
- Programme costs revised down by £1.688m.