

Health and Safety Executive Board		Paper No: HSE/12/91	
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## Chair of the Office for Nuclear Regulation Report to the HSE Board

### Summary

#### Finance

1. ONR's expenditure to the end of October is -2% below the budget revised at mid-year, with a target of +/- 1% at year-end. A special meeting of the ONR Leadership Team is being convened by the ONR Finance Director to address the issue of underspend against budget.

#### Resources

2. Consequent upon Mike Weightman's special leave, John Jenkins took up the role of Acting Business Head and Colin Patchett the role of Acting Chief Nuclear Inspector.
3. External advertising for the recruitment of Nuclear Safety Inspectors via the HSE and civil service jobs websites has so far secured 19 applicants for interview. A wider external media advertising programme targeted at specialist journals and general media will go live from early January 2013, with the aim of filling posts in more than 20 specialist areas across ONR.
4. ONR's Business Head and Head of HR met with HSE's Chief Executive, Director of FOD and Finance Director to discuss potential solutions to Band 5 and 6 resource issues across ONR and HSE. As a result, ONR will be submitting a business case to HSE for recruitment of business support staff to ensure it is able to meet future resource demands.
5. ONR senior management has been consulted about HSE's emerging Reward Strategy including proposals for reform of automatic service-related progression, and the impact of the proposed new performance management system to be introduced for 2013/14. The proposals are consistent with ONR's own reward strategy and the approach has been welcomed.
6. ONR held its latest Consultation Forum during October. In addition to senior ONR personnel representatives attended from ONR's Trade Unions (TUs) and HSE's Director of HR. Items discussed included the "Changing ONR" Programme, the staff transfer scheme, Shared Services and proposals relating to pension abatement.

## **Openness and transparency**

7. We are preparing a further regulatory assurance submission for the Department of Energy and Climate Change Secretary of State (DECC), Ed Davey. This request for further detailed analysis follows on from an earlier submission provided in October, and relates specifically to operating reactors. Engagement with DECC officials on the submission's structure and content has taken place and will be supplemented by discussions with Baroness Verma, the Parliamentary Under Secretary of State for DECC. Further assurance in this area will be provided by the provision of quarterly updates to the ONR Board. There is an on-going commitment to provide information relating to decommissioning sites in February 2013, and the remaining sites in June 2013. The latter submission is to tie in with the first Chief Nuclear Inspector (CNI) Annual Report, scheduled for publication in June 2013.
8. ONR has issued important new security guidance to the civil nuclear industry. The National Objectives, Requirements and Model Standards (NORMS) substantially changes the way dutyholders plan and implement their site, personnel and transport security arrangements. In line with the Government's policy on regulation and ONR's increasing integration of various disciplines, NORMS moves the regulation of civil nuclear security to a more goal-setting, outcome-based approach. The guidance was welcomed by influential stakeholders, such as the Safety Directors Forum (SDF) and has the official backing of DECC. The approach has been subject to a regulatory impact assessment by the Regulatory Policy Committee (RPC) and developed via widespread consultation with industry. The timescales for the implementation of NORMS at all nuclear sites will be agreed by ONR with dutyholders.
9. ONR and the wider nuclear industry continue to be the subject of significant media interest. More than a quarter of calls (26 of 96) recorded by HSE HQ press office during October were nuclear enquiries and handled by ONR's communications team. Many related to Hitachi's purchase of Horizon Nuclear Power, with associated questions about the 'approval' process for any new reactor technology.
10. As further evidence of its commitment to transparency, ONR published on its website, the notes of the Hinkley Point Community Forum held during September. The forum was the second community event held in 2012 and ONR is considering the development of a rolling programme of future community events across both existing and new build sites.

## **Generic Design Assessment**

11. Successful delivery of a Design Acceptance Confirmation (DAC) decision for the European Pressurised Reactor (EPR) for Hinkley C, appears probable by the target date of December 2012. This would represent a

significant milestone. To date 18 out of 31 issues have been closed, with associated closure letters published on the Joint Regulator's website.

### **International Work**

12. ONR reinforced its credentials for delivery by publishing on time the report summarising its assessment of the progress made by industry and others, in response to the lessons learned from Fukushima. This is an important milestone and marks the progression from project work into normal business within the relevant programmes. It represents the culmination of a significant amount of effort, with more than 6,000 "person-days" being contributed to the report. It has been added to the ONR website, and has been publicised via a variety of internal and external communication channels including the ONR e-bulletin.
13. ONR is making good progress preparing for the previously reported Integrated Regulatory Review Service (IRRS) Mission to the UK in 2013, which represents an important opportunity in further enhancing ONR's international reputation. The scope and timing of the mission have been confirmed with the formal preparatory meeting scheduled for February 2013 and the mission itself for October 2013. The internal governance arrangements are in place, including a monthly steering group and weekly progress meetings. Work is also commencing on reviewing the findings from previous missions and undertaking a self-assessment against these.
14. ONR representatives attended a positive meeting with the Irish Government and DECC to present the findings from the ONR assessment of Sellafield's stress test report, which was well received by all parties.

### **Stakeholder Engagement**

15. ONR's Acting Business Head and Director of Regulatory Standards, Knowledge Management, Research and Special Projects both gave evidence at the fourth session of the Commons Select Committee on Energy and Climate Change – "*Building New Nuclear: The Challenges ahead*" on 6 November. The Committee focused on a number of issues including the nuclear regulatory regime, the impact of Fukushima on new build in the UK and decommissioning. The oral evidence session went well with a further note being sent to the Committee to answer a query that ONR was not able to address during the session.
16. ONR is keeping a "watching-brief" on the announcement that Hitachi is to buy Horizon Nuclear Power, but has already undertaken early engagement with DECC to assess the position. ONR has yet to be formally approached by Hitachi or Horizon about plans to build new nuclear power stations, but it is anticipated this will happen in the near future. There are likely to be two strands of work in this area, which could lead to significant levels of future engagement: the generic design assessment of any new reactors and an assessment of the Horizon organisation in relation to potential granting of a nuclear licence.

17. The previously reported DECC/Nuclear Decommissioning Authority (NDA) strategy for transporting various radioactive materials for consolidation at Sellafield, has been approved by the National Security Council (Nuclear). The Board may wish to note that an ONR letter of support for the approach was influential in securing agreement. NDA have continued to engage with ONR regarding options for a long- term approach to the UK's plutonium legacy.
18. The new Government Protective Marking System is due to be implemented in 2013. ONR will undertake early engagement with industry and has already convened a working group to discuss the ramifications. The first meeting will be held within the next month.
19. Other stakeholder engagement has included attendance and participation at the annual Scottish Nuclear Sites meeting and a national meeting with Non Government Organisations (NGOs) in response to concerns regarding radioactive waste management.

#### **ONR Change Programme**

20. The ONR Board received a paper at its November meeting outlining those workstreams ONR will prioritise over the coming year. Work will be focussed on leadership, people and culture issues, openness and transparency and the implementation of the new ONR Operating Model.
21. Work on the ONR Operating Model is gathering pace and remains on-track. As previously reported the second Gate Review was passed in October. The dates of future Gate Reviews have been confirmed, with the next taking place at the end of November and further dates scheduled for January and March, ahead of the "go-live" date at the start of April 2013.
22. All ONR managers have been provided with a briefing pack to enable them to update their teams on the structure of the new Operating Model, its timeline for implementation and also answer any questions. The packs list, for the first time, the full list of programmes and specialisms, details of the high level job roles for management and leadership positions and the names of the staff who will undertake those interim positions. Managers are now in the process of engaging with their staff to agree their future placement into the specialisms.
23. Engagement with staff continues to be a key theme in the ONR Change Programme. The latest in a series of briefing/feedback sessions covering all ONR's offices, has been held for London based staff. A separate, well-attended event was also held for Business Support staff in Bootle, with further sessions planned as the Change Programme moves forward.

24. All fifteen workstreams in the Essentials for Vesting project are progressing well and remain on target for delivery. Further to the ONR Board's consideration of the options for the staff transfer scheme, discussions will take place on the preferred option with the TUs shortly.
25. Development of the ONR Annual Plan is on-track. The majority (90%) of programmes have developed 3-year strategies and are now working on their contribution to the Annual Plan and a more detailed internal Operating Plan, which will enable future work to be fully scoped and resourced.
26. The first meeting of the ONR Risk Panel was held in October. The panel is responsible for overseeing ONR's risk management process with the aim of ensuring key business and programme risks are addressed and managed appropriately. It supports the work ONR is undertaking in relation to its corporate and programme risk registers. Membership of the panel includes an independent challenge function provided by HSE's Head of Planning and Performance, and is chaired by the ONR Finance Director.

### **Legislative Change**

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### **Security**

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30. As reported in October ONR is taking forward the lessons learnt from the loss by a contractor of an unencrypted memory stick containing commercially sensitive information. Senior ONR managers met the Chief Executive of the contractor to discuss the concerns arising from the loss. The contractor has revised its own internal security procedures and ONR will be inspecting this to ensure the revised procedures provide robust reassurance that any risks have been minimised. ONR will also be assessing the security procedures of other contractors, particularly those relating to the GDA programme, to ensure their arrangements for handling, storing, and exchanging sensitive information reflect the risks.

### **Key Performance Indicators (KPIs)**

31. When ONR sought and gained approval for its initial set of KPIs in October 2011, it indicated they were "work in progress" and would be reviewed in preparation for the proposed move to a Statutory Corporation. The first stage of this review is now complete and in conformity with the Framework Document, ONR is seeking HSE's approval of the revisions to its KPIs, which are presented in **Annex A**.

32. The initial set of KPIs was a combination of delivery and regulatory indicators with a fairly narrow focus, which concentrated on Licence Compliance Inspection. The revisions and planned future changes will widen the view to incorporate all areas of ONR's business, providing performance information relating to ONR's major strategic themes.
33. The proposed revisions also reflect the implementation of new regulatory governance arrangements, such as ONR's Regulatory Strategy Group (RSG), by redirecting some of the more "technical" indicators from the ONR Board to the RSG. However, the ONR Board will not lose sight of regulatory performance as the next stage of KPI development will identify an indicator that combines a number of regulatory sub-indicators reported to RSG.
34. ONR will continue developing its KPIs and will seek further approval from HSE as necessary. The proposed next steps involve completing work on KPIs covering regulatory effectiveness, recruitment and retention and also staff engagement. Work will then be undertaken to identify KPIs for the delivery of technical specialist activity, preparation for the Statutory Corporation, GDA2 and delivery utilization.
35. ONR's performance in relation to the revised KPIs has been strong during Quarter 2 (**see Annex B**). Notable highlights include:
  - the delivery of 70% of all year to date Operating Plan milestones;
  - a 6% improvement in the percentage of inspections achieved to plan in comparison to Quarter 1;
  - a significant increase of 22% in the proportion of regulatory reports completed on-time in comparison to Quarter 1; and
  - expenditure is -2% compared to budget against a +/- 1% target for year-end outturn.

## **Annexes**

Annex A: Proposed Changes to ONR Key Performance Indicators (KPIs)  
Annex B: ONR Key Performance Indicators (KPIs) Quarter 2