

Health and Safety Executive Board		Paper No: HSE/12/35	
Meeting Date:	16 May 2012	FOI Status:	Partially closed
Type of paper:	Above the line	Exemptions:	paragraphs 6 and 27 fully closed: FOI S.35 – formulation of government policy; paragraphs 2 and 14 fully closed: FOI S.43 commercial interests; Annex 1 – S.36 prejudice to effective conduct of public affairs
Trim reference:	2012/192526		
Chair of the Office for Nuclear Regulation Report to the HSE Board			

Summary

1. Work continued in relation to the Fukushima nuclear accident with ONR providing expertise to both the International Atomic Energy Agency (IAEA) and the European Nuclear Safety Regulators Group Stress Tests Peer Review Board. In addition, it was agreed that in light of the nuclear co-operation agreement between the Prime Ministers of Japan and UK, NISA, the Japanese regulator, and ONR would reinforce their co-operation through an exchange of letter. NISA also requested specific assistance on the peer review of their approach to non-nuclear power plant stress tests.
2. ➔➦
3. The review of ONR's operational delivery in April concentrated on reviewing performance over the last 12 months. Last year saw a proportion of ONR's resources diverted into the global, European, and UK responses to events in Fukushima Japan. All of the key deliverables, which arose as a result were delivered on time, to a high standard and have been positively received. This inevitably had an impact on the work ONR had planned for 2011/12, as did changes to regulatory priorities, which are reflected in the switching of effort from planned inspections to unplanned/reactive inspections seen in the end-year key performance indicators (Annex 1).
4. An investigation at Harwell regarding a containment interlock event was completed. An Improvement Notice will be issued shortly.
5. There was a wide range of stakeholder engagement undertaken during the period. Most notable was the positive initial engagement with Sellafield and its key stakeholders to explore ways to accelerate the major hazard and risk reduction programmes. In addition, agreement was secured to set up a joint ONR/Safety Directors Forum working group to develop Security Performance Indicators.
6. ➔➦
7. Liz Siberry was appointed as a new non-executive member of the ONR Board to provide expertise in security and Clifford Shanbury was appointed as the new independent member of the ONR Audit Committee.

Fukushima nuclear accident

8. The Chief Nuclear Inspector and a key member of the Fukushima Project Team attended the Japan Atomic Industrial Forum (JAIF) 45th annual conference, at which approximately 900 people took part. Participants exchanged opinions and information on how to further improve nuclear safety. The Chief Nuclear Inspector gave a presentation regarding the UK perspective on lessons from the Fukushima accident and hosted a press conference.
9. In addition, various meetings were organised by the British Embassy including discussions with Japanese Ministers and officials on independent nuclear regulation, discussions on the same topic with members of the Diet from both main parties, appearance before the Japanese independent Fukushima investigation committee, and various press interviews. A meeting was also held with the Head of NISA, Japan's present nuclear regulator. At this meeting, it was agreed that in light of the nuclear co-operation agreement between the Prime Ministers of Japan and UK, NISA and ONR would reinforce their co-operation through an exchange of letter. NISA also requested specific assistance on peer review of their approach to non-nuclear power plant stress tests.
10. A member of the Fukushima Project Team attended the IAEA International Experts Meeting on Reactor and Spent Fuel Safety in Light of the Accident at Fukushima Daiichi Nuclear Power Plant. The purpose of the meeting was to analyse relevant technical aspects of reactor and spent nuclear fuel management safety and performance related to severe accidents; to review what is known about the Fukushima accident to understand its root causes, and to share lessons learned. The meeting was one of IAEA's activities, which form part of its Action Plan on Nuclear Safety.
11. The European Nuclear Safety Regulators Group (ENSREG) published its peer review report on stress tests performed on European nuclear power plants. Fifteen countries in the European Union (including the UK), plus Switzerland and Ukraine, carried out stress tests and were subjected to peer review of their national reports.
12. The European Union has begun consulting on possible changes to the European nuclear safety framework. The Chief Nuclear Inspector met with the EC's Deputy General for Nuclear Energy setting out ONR's concerns regarding this early consultation and its position on how lessons learned should be taken forward
13. Progress continues to be made with the recommendations from the Chief Nuclear Inspector's Report on lessons learned from Fukushima, and the findings of the stress tests. Progress reports are due from stakeholders by the end of June, which ONR will use to judge whether sufficient progress has been made.

Generic Design Assessment

14. →←

Operational delivery programmes

15. The review of ONR's operational delivery this month concentrated on reviewing performance over the last 12 months.
16. Last year saw a proportion of ONR's resources diverted into the global, European, and UK responses to events in Fukushima Japan. All of the key deliverables, which arose as a result were delivered on time, to a high standard and have been positively received. This has undoubtedly enhanced our reputation amongst our stakeholders. There has inevitably been an impact on the work ONR had planned for 2011/12, as did changes to regulatory priorities, which are reflected in the switching of effort from planned inspections to unplanned/reactive inspections seen in the end-year key performance indicators.
17. During 2011/12 ONR introduced two new procedures to support its drive for greater openness and transparency: the publication of Project Assessment Reports, and new Intervention Reports. The KPIs show that there is still work to do to ensure these procedures are fully embedded across the organisation; Programme Directors are committed to achieving this. They will be supported by the creation of the Corporate Programme Management Office and the implementation of the new organisational design.
18. This is only the second time that ONR has reported against its KPIs. It is pleasing to see that they are already demonstrating their value as a tool to help achieve the ONR Board's strategic objective of focusing on delivery, by clearly identifying areas where ONR needs to place more effort, and providing a basis on which to judge the success of the implementation of new working practices.
19. The ONR Quarterly Performance Report is attached (Annex 1). Points to note are:
- The percentage of Licence Conditions rated "Adequate" or better reduced in Quarter 4. However, variability quarter to quarter is not indicative of a reduction in nuclear safety, which is judged on the trend over several years;
 - Numbers of events reported by licensees decreased slightly in 2011/12. New reporting guidance became effective in January 2012, the impact of which is not yet visible in the outturns;
 - ONR completed 73% (1519) of its planned inspections (2075) in 2011/12 against an expectation of 80%. In addition, 554 unplanned/reactive inspections were carried out, giving a total of 2073 for the year;
 - The production of Intervention Reports within deadline (53%) was poor across all Programmes. Programme Directors are identifying actions necessary to secure improvement and will report progress through ONR's Operational Delivery review process;
 - Performance in relation to the timely publication of Project Assessment Reports Executive Summaries (76%), full Project Assessment Reports (76%) and Local Liaison Committee/Site Stakeholder Group reports (79%) is satisfactory. This

indicates that there is a general appreciation of the need for external openness and transparency. However, ONR will be striving to improve performance in this area in the coming year.

Formal enforcement

20. An investigation at Harwell regarding a containment interlock event was completed. An Improvement Notice will be issued shortly.

Stakeholder engagement and media interest

21. The Chief Nuclear Inspector and the Sellafield Programme Director met with senior representatives of Sellafield, DECC, Shareholder Executive, NDA and EA to identify any further options available to accelerate hazard and risk reduction programmes at Sellafield. This was a positive initial engagement with all of the interested parties, which will be progressed in the coming months.
22. Following the success of the Sizewell Communities Forum, and the community briefings on the UK's response to events in Fukushima, the teams involved are identifying lessons learned, which can be shared with the rest of the organisation to further improve ONR's approach to stakeholder engagement.
23. The Programme Directors for the Security and Defence Programmes met with the Safety Directors Forum (SDF) to secure agreement to set up a joint ONR/SDF working group to develop Security Performance Indicators. The working group will be chaired by the NDA Representative.
24. ONR made a significant contribution to the various community events held in relation to the Geological Disposal Facility Project. The stakeholder consultation process closed on 23 March. The West Cumbria Partnership will make a decision later this year on whether to participate further.
25. On 29 March, Horizon Nuclear Power announced that it had decided not to proceed with nuclear generation in the UK. This is a commercial decision made by RWE and E.ON and ONR will be discussing any implications with Horizon over the coming weeks.
26. The transport of the five Berkeley boilers to Sweden, mentioned in previous reports, was completed successfully. As anticipated there was significant interest from both the local media and non-governmental organisations. ONR had prepared for this enabling the interest to be managed appropriately.

The ONR Change Programme

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28. Work on ONR's broader Change Programme continues to progress well. Implementation of the Corporate Programme Management Office (CPMO) is underway with individuals identified for most of the new roles. A full suite of CPMO procedures is live in the How2 business management system and is in the process of being embedded in the operational delivery programmes.

29. In addition, the first audit report to be produced by ONR's new internal assurance function was reviewed by the Executive Management Team. This will inform their decision on the most appropriate time to begin sharing Executive Summaries of Intervention Reports with duty holders. Fieldwork for the second audit, to review ONR's arrangements for producing and issuing Licence Instruments, has begun; emerging findings will be shared with Programme Directors during April. The audit plan for 2012/13 will be finalised shortly in consultation with Programme Directors and HSE's Internal Audit.

Changes to the ONR Board

30. It was reported in March that a candidate for the post of non-executive of the ONR Board with expertise in security had been selected. Liz Siberry, formally Director of the Centre for the Protection of National Infrastructure, took up appointment and attended her first Board meeting. In addition, Clifford Shanbury was appointed as the new independent member of the ONR Audit Committee.

31. A conditional offer of appointment was made to the successful candidate for the Chief Operating Officer post. ONR expects to be able to negotiate around their six-month release period to enable them take up of the role in July. However, a formal announcement will not be made until the initial checks have been undertaken successfully and a start date agreed.

Harwell Office Closure

32. ONR's office at Harwell closed on 31 March and the remaining functions of Civil Nuclear Security transferred to Redgrave Court. Relevant stakeholders were informed of the closure and provided with the new address.

Summary financial report

33. Spend to the end of April and the forecast for May is provided below.

BUDGET CATEGORY	SPEND TO DATE	BUDGET TO DATE	VARIANCE		MAY FORECAST	ORIGINAL BUDGET	VARIANCE	
	£	£	£	%	£	£	£	%
STAFF COSTS	2,625,195	2,758,784	(133,589)	-5	34,319,635	34,319,635	0	0
STAFF RELATED COSTS	288,616	338,867	(50,251)	-15	3,764,579	3,764,579	0	0
NON STAFF DIRECT COSTS	362,941	718,667	(355,726)	-49	6,691,814	6,691,814	0	0
OVERHEAD AND CENTRAL SERVICES	796,459	796,459	0	0	10,077,165	10,077,165	0	0
TOTAL GROSS EXPENDITURE	4,073,211	4,612,777	(539,566)	-12	54,853,193	54,853,193	0	0
OPERATING INCOME	(3,951,649)	(4,456,461)	504,812	-11	(52,782,899)	(52,782,899)	0	0
OTHER	(863)	(862)	0	0	(179,241)	(179,241)	0	0
TOTAL INCOME	(3,952,511)	(4,457,323)	504,812	-11	(52,962,140)	(52,962,140)	0	0
NET RESOURCES	120,700	155,454	(34,754)	-22	1,891,053	1,891,053	0	0

April outturn compared to budget

34. The main items to note on the April outturn are:

- The removal of planned High Performance Awards) with planned expenditure of £54.8m and forecast income of £52.9m providing for a net resource requirement of £1.9m;
- The staff cost variance is mainly due to a £118k accrual for staff substitutes, which was reversed in error as the invoice has not yet been paid. This will be corrected in May;
- The non-staff direct costs variance of £356k is due to:
 - a. the Nuclear Energy Agency membership (£250k) which is now being accrued on a monthly basis but has been profiled on a cash basis in April. This variance will be cleared across the year;
 - b. the profile for support from the Health & Safety Laboratory is provided by HSL but shows an underspend in April of £20k. This will be monitored closely over the next few months.

May Forecast compared to budget

35. There are no forecast revisions

Resources

36. The initial campaign to recruit up to 40 new Nuclear Safety Inspectors attracted 225 applications (around 100 less than previous campaigns) with 48 candidates invited to interview. Following interview, 12 offers were made with 7 accepted so far.
37. An external exercise to recruit into 3 new civil engineering specialist roles, requiring operational or supply chain experience, has been completed with no external appointments made.
38. A Nuclear Safety Inspectors Band 3 to 2 promotion will be launched on 14 May with interviews planned for week commencing 18 June 2012.
39. Programme working has enabled ONR to deploy existing resource on current priorities, including those redeployed because of the GDA/New Build slowdown. This, together with the targeted use of former Inspectors (through fees for services) on specific projects, is assisting ONR to sustain priority outputs at the present time. These measures, however, will not be sufficient to address the demographic issues ONR faces nor to respond to the demands that will flow from the anticipated growth of the agenda for the nuclear sector going forward. The ONR Board will be reviewing alternative options to improve recruitment.

