

Health and Safety Executive Board		Paper No: HSE/12/24	
Meeting Date:	28 March 2012	FOI Status:	Open
Type of paper:	Above the line	Exemptions:	Partially open (paragraph 8 and 26 fully closed: FOI S.35 – formulation of government policy)
Trim reference:	2012/126507		
Chair of the Office for Nuclear Regulation Report to the HSE Board			

Summary

1. The first anniversary of the Fukushima nuclear accident brought renewed media interest in those tragic events. As a result, the work of ONR featured in both national and local media.
2. The Chief Nuclear Inspector was consulted by a Japanese Government Minister about their proposals to develop a new nuclear regulatory body and was invited to become a special advisor to the new body.
3. Delivery of a GDA Design Acceptance Confirmation (DAC) decision by the target date of December 2012 is in doubt, as information required from Requesting Parties (RPs) has not been forthcoming. As reported previously, until the RPs provide their revised Resolution Plan programmes, which were promised in December 2011, it is not possible to assess the overall impact and forecast the DAC decision date.
4. The Operational Delivery Programmes are generally on track with the exception routine inspection at some sites in the Decommissioning, Fuel and Waste (DFW) Programme and a shortfall in Sellafield Infrastructure inspection. This is largely due to the diversion of resource to priority post- Fukushima work and both Programmes are working to recover the position. In addition, an increase in stakeholder engagement is impacting on delivery of the Transport Programme. Programme priorities are being reviewed in the light of the increased demand.
5. Formal enforcement centred on Sellafield, with ONR issuing an Improvement Notice in relation to concerns about the capability of Sellafield's Fire and Rescue Service, and a Security Requirements Notice was issued for a series of security breaches linked to the Sellafield Security Enhancement Programme. The investigation into the loss power event, reported last month, is continuing.
6. Engagement with a range of stakeholders took place during the period including, the Sizewell Communities Forum for communities neighbouring Sizewell A and B.
7. ONR is anticipating significant local media interest in a proposal to transport the Berkley Boilers to Sweden for recycling and return of the waste. In preparation, ONR has shared "lines to take" with Other Government Departments and Ministers have been briefed.

8. → ←

9. Ministerial approval was received for the appointment of a non-executive Director with expertise in security. The successful candidate, Liz Siberry, will take up post shortly.
10. A paper to the HSE Board on HSE's activities in Wales omitted ONR's activity. As requested, brief details have therefore been included in this Report.

Fukushima nuclear accident

11. One of ONR's inspectors was part of a team of international nuclear safety experts that completed a review of Japan's process for assessing safety at their nuclear power plants. The team began work on 23 January and delivered a preliminary summary to Japanese officials on 31 January.
12. The Chief Nuclear Inspector was consulted by a Japanese Government Minister about their proposals to develop a new nuclear regulatory body and was invited to become a special advisor to the new body. The British Ambassador in Japan has expressed strong support.
13. On 7 March 2012, the Chief Nuclear Inspector attended a remembrance service at the Japanese embassy in London to mark the first anniversary of the Fukushima nuclear accident.
14. As expected, the anniversary brought renewed media interest for example, the National Geographic channel screened "Seconds from Disaster" programme about the events, which included contributions from the Chief Nuclear Inspector and, the Liverpool Echo published an article on ONR's involvement in the response to the accident and subsequent work.
15. In addition, ONR published an article by the Chief Nuclear Inspector on lessons learned from events in Fukushima on the HSE website, which emphasised that UK power plants are routinely and rigorously re-assessed against the latest knowledge and evidence available but no matter how high the standards, the quest for improvement must never stop.

Generic Design Assessment

16. Successful delivery of a Design Acceptance Confirmation (DAC) decision by the target date of December 2012 is in doubt as information required from Requesting Parties (RPs) has not been forthcoming. On the 9 January 2012, the RPs advised that they intended to reprioritise their Resolution Plan programmes and requested ONR's co-operation in providing judgements in a number of key points by the end of March 2012. This activity is ongoing. As noted previously, until the RPs provide their revised Resolution Plan programmes, which were

promised in December 2011, it is not possible for ONR to assess the overall impact and forecast the DAC decision date.

Operational delivery programmes

17. The Operational Delivery Programmes are generally on track with the exception of the delivery of routine compliance inspection at some sites in the Decommissioning, Fuel and Waste (DFW) Programme, as reported last month, and some shortfall in Sellafield Infrastructure site inspection. This is largely due to the diversion of resource to priority post- Fukushima work and both Programmes are working to recover the position. In addition, there is an emerging issue for the Transport Programme in relation to the increase in stakeholder engagement as organisations seek to further improve their working arrangements with ONR. This is impacting on the Transport Programme's ability to carry out investigations. A review of the Programme is underway to identify work which can be reprioritised.
18. Programme achievements this month include, regulatory oversight of the successful cessation of power generation at the Oldbury reactor, which will now begin implementing its defueling programme; good progress with the removal of fuel from Dungeness A, completion of which will be a significant hazard reduction milestone; and, completion of ONR's assessment of defence licensees' stress test submissions.

Formal enforcement

19. Formal enforcement activity this month centred on Sellafield:
 - An Improvement Notice was issued following serious concerns about the capability of Sellafield's Fire and Rescue Service;
 - A Security Requirements Notice was issued for a series of security breaches linked to the Sellafield Security Enhancement Programme;
 - ONR and the Environment Agency are likely to take forward a prosecution of Sellafield for an event last year in which bags containing radioactive waste were despatched to Lillyhall Landfill Site; and.
 - the loss of electrical supplies event, reported last month, is being formally investigated jointly by ONR and the Field Operations Directorate. This may result in enforcement action.
20. In addition, the Transport Programme considered whether it would be appropriate to issue an Improvement Notice to EDF in relation to an incident in which a flask was transported with a loose lid chock locking bolt. However, formal enforcement was unnecessary as EdF responded quickly, thoroughly and appropriately.

Stakeholder engagement and media interest

21. The Chief Nuclear Inspector and the Sellafield Programme Director visited Sellafield. They were encouraged to see some progress with hazard reduction projects on site but challenged the Licensee to do all that is reasonably practicable to accelerate their major hazard and risk reduction programmes. A workshop to follow this up has been arranged for 30 March 2012.
22. The Sizewell Communities Forum hosted by ONR was held on 15 February 2012 for communities neighbouring Sizewell A and B. The event had an independent chair, who is both a local resident and a member of the Site Stakeholder Group member. It provided an opportunity for the community to ask questions about how ONR regulates safety and security at nuclear licensed sites. Feedback received was generally positive.
23. The Programme Directors for the Decommissioning, Fuel and Waste and Transport Programmes provided expert advice as part of the Integrated Regulatory Review Service (IRRS) mission to Sweden.
24. ONR continued to work with HSE to establish a network of stakeholders to understand the impact of a proposed new Basic Safety Standards for Radiological Protection (BSS) Directive in the UK.
25. In relation to media interest, ONR is anticipating significant local media interest in a proposal to transport the Berkley Boilers to Sweden for recycling and return of the waste; the last proposal to transport boilers met with considerable opposition. In preparation, ONR has shared "lines to take" with Other Government Departments and Ministers have been briefed.

Transition to the statutory Office for Nuclear Regulation

26. → ←
27. Implementation of a broader ONR Change programme is progressing well. An initial meeting with the eight strategic theme champions to launch the programme will take place this month. Some illustrative benefits for each of the strategic themes have been identified, based on experience from previous stages of the Transformation programme and work has begun to identify means to quantify and track these benefits.

Changes to the ONR Board

28. It was reported last month that Ministerial approval had been sought to appoint a non-executive Director with expertise in security. Approval was received and the successful candidate, Liz Siberry, will take up post shortly

Review of HSE Activities in Wales

29. A paper to the HSE Board on HSE's activities in Wales omitted ONR's activity therefore, as requested details have been included in this Report.
30. ONR regulates three nuclear site licensed companies, Wylfa in Anglesea, Trawsfynydd in Gwynned, both owed by Magnox Ltd, and GE Healthcare is a commercial medical technology company.
31. Wylfa is an operational nuclear reactor, which is expected to remain in operation until 2014, at which point it will begin the process of closure, defueling and decommissioning. ONR allocates a dedicated site inspector resource to provide regulatory oversight. This includes undertaking Licence Condition (LC) compliance inspections. The number of LC inspections completed in the last three years was 25 in 2008/09, 49 in 2009/10 and 80 in 2010/11. ONR has also engaged with a potential licensee, who intends to build a new reactor (Wylfa B). Their choice of reactor design is expected shortly.
32. Trawsfynydd is no longer operational, has been defueled and is in the process of decommissioning. It requires less regulatory scrutiny than Wylfa as the nuclear hazard is lower. The number of inspections carried out in 2008/09, 2009/10 and 2010/11 was 1, 10 and 15 respectively.
33. In comparison to Wylva and Trawsfyndd, GE Heathcare is a small nuclear licensee and ONR carries out regulation in proportion to the level of hazard and risk presented. Figures for inspections carried out in relation to GE Healthcare's site in Wales are not available as they cannot be disaggregated from the total for GE Healthcare's three sites.

Financial summary

34. The financial summary for February is provided below.

IN MONTH TOTAL FEBRUARY 2012					CUMULATIVE TOTAL APRIL – FEBRUARY 2012				FORECASTS 2011/12		
BUDGET LINE	ACTUAL	MIDYEAR PROFILE	VARIANCE		ACTUAL	MIDYEAR PROFILE	VARIANCE		MIDYEAR	LATEST	VARIANCE
			£	%			£	%			
PAYROLL	2,787.3	2,791.8	(4.6)	-0.2	29,713.2	29,857.9	(144.6)	-0.5	32,706.3	32,458.4	(247.9)
GAE	514.4	531.9	(17.5)	-3.3	5,573.2	5,546.1	27.1	0.5	6,107.4	6,311.5	204.1
PROGRAMME	405.8	1,192.8	(786.9)	-66.0	5,143.7	6,714.4	(1,570.7)	-23.4	7,561.0	6,301.3	(1,259.7)
OVERHEADS & CENTRAL COSTS	865.8	914.7	(48.8)	-5.3	9,211.5	9,427.8	(216.3)	-2.3	10,356.6	10,458.9	102.3
TOTAL GROSS EXPENDITURE	4,573.3	5,431.2	(857.9)	-15.8	49,641.6	51,546.2	(1,904.5)	-3.7	56,731.3	55,530.1	(1,201.2)

35. For variance reporting, February's spend has been compared to the profiles input to HSE's accounting system at midyear. Items to note in this report are:

36. Payroll was underspent in month by £4.6k with variances in pay settlement figures and the Radioactive Materials Transport Teams's actual payroll versus forecast costs following the recent balance transfer from DfT to HSE.
37. GAE was underspent by £17.5k. The main contributory factors were:
- Travel and Subsistence – Overspent by £31.8k due to unforecast advisory committee/corporate hospitality spend of £5.7k; detached duty claims of £6.7k for new recruits and net UK and overseas overspend on travel and subsistence expenses of £19.4k
 - Training and Conferences was overspent by £28.1k largely due to a couple of high value emergency arrangements invoices being processed later than profiled because they were delayed by the supplier.
 - IT was underspent by £204.6k as Refit were not required to support the roll-out of How2 for as much time as forecast at Midyear. Following a review of commitment to date and projections to year end, the forecast was revised down by £145k.
 - Staff Subs/Consultants was overspent by £118k largely as a result of part payment of the Ernst and Young transformation contract. This contract was not profiled at midyear as DWP approval had not been received. However the contract was included in the budget review last month for year end with costs paid or accrued.
38. Programme: Whilst the overall underspend is £786.9k there are a couple of large variances in individual budget lines:
- Nuclear Safety Studies (NSS) was underspent by £808.1k in month (£1.7m year to date) compared to the mid-year review profile in TAS. This is a result of contract delays, cancellations, postponements and, lower than forecast contract values. The January forecast was revised down by £672.5k. However, as the NSS budget is continuing to underspend, the March forecast was further revised down by £692k (£1.36m in total).
 - ILW EA/SEPA Programme was underspent by £32.2k due to a delayed invoice submission by the supplier.
 - Defence Vetting Agency was overspent by £36.9k as the backlog of applications created by problems with the Cerberus database were cleared later than profiled at midyear.

HSE Overhead and Central costs

39. January's actual expenditure and latest forecast is a soft charge calculated by HSE Finance based on the total number of staff in post in ONR (including non chargeable and temporary staff) by location. A summary of HSE's charges is provided in Annex 1.

40. ONR and HSE Finance are continuing to meet to discuss the assumptions on which the overhead charge is based.

Resources

41. Recruitment and retention forecasts were reviewed at mid year based on headcount. As at 29 February, ONR had 447 staff.
42. In the context of the review of contractors paid via Personal Service Companies, HSE management decided to bring the contracts of five contractors assigned to ONR to an end by the end of the current financial year. The contracts related to the interim Chief Operating Officer and interim Head of Finance and Corporate Services, 2 operational programme managers and a project costs accountant.

Annex 1

HSE costs charged to ONR

£000's

IN MONTH TOTAL: FEBRUARY 2012					CUMULATIVE TOTAL: APRIL – FEBRUARY 2012				FORECASTS 2011/12		
BUDGET LINE	ACTUAL	MIDYEAR PROFILE	VAR		ACTUAL	MIDYEAR PROFILE	VARIANCE		MIDYEAR	LATEST	VAR
			£	%			£	%			
PAYROLL TOTAL	2,787.3	2,791.8	(4.6)	-0.2	29,713.2	29,857.9	(144.6)	-0.5	32,706.3	32,458.4	(247.9)
UK T&S	152.4	154.4	(2.0)	-1.3	1,795.8	1,683.2	112.7	6.7	1,844.6	1,983.3	138.7
OVERSEAS T&S	77.9	44.2	33.7	76.4	566.5	506.9	59.6	11.7	555.9	637.7	81.8
T&S TOTAL	230.3	198.5	31.8	16.0	2,362.3	2,190.1	172.2	7.9	2,400.6	2,621.1	220.5
TRAINING	74.7	46.6	28.1	60.3	410.5	490.6	(80.1)	-16.3	558.4	463.2	(95.2)
OTHER	23.2	15.6	7.6	48.8	211.8	198.4	13.4	6.8	214.5	241.5	26.9
TOTAL STAFF COSTS	97.9	62.2	35.7	57.4	622.3	689.0	(66.6)	-9.7	772.9	704.7	(68.3)
IT	(30.4)	174.2	(204.6)	-117.4	260.1	503.5	(243.4)	-48.3	523.0	283.7	(239.3)
STAFF SUBS/CONS	209.6	91.6	118.0	128.8	2,265.5	2,105.1	160.3	7.6	2,348.8	2,628.7	279.9
OTHER	6.9	5.4	1.6	29.2	62.9	58.4	4.6	7.8	62.2	73.4	11.2
TOTAL NON STAFF	186.1	271.1	(85.0)	-31.3	2,588.5	2,667.0	(78.5)	-2.9	2,933.9	2,985.8	51.8
TOTAL GAE	514.4	531.9	(17.5)	-3.3	5,573.2	5,546.1	27.1	0.5	6,107.4	6,311.5	204.1
STAFF COMPENSATION PAYMENTS	0.0	0.0	0.0		0.0	0.0	0.0		186.0	148.4	(37.6)
NSR	0.5	0.0	0.5		320.1	325.0	(4.9)	-1.5	325.0	320.1	(4.9)
NSS	259.8	1,067.9	(808.1)	-75.7	3,547.8	5,262.1	(1,714.2)	-32.6	5,821.1	4,456.7	(1,364.4)
ILW EA/SEPA	22.8	55.0	(32.2)	-58.5	173.3	216.9	(43.6)	-20.1	242.4	203.3	(39.1)
DVA	91.9	55.0	36.9	67.1	698.0	498.4	199.5	40.0	549.9	735.0	185.1
PUBLICITY	0.8	5.2	(4.4)	-84.9	41.4	65.1	(23.7)	-36.5	80.0	46.7	(33.3)
SECONDMENTS OUT	33.3	9.1	24.2	264.9	358.1	337.6	20.4	6.1	346.8	386.0	39.3
OTHER	(3.3)	0.5	(3.8)	-822.2	5.1	9.3	(4.2)	-45.4	9.8	5.1	(4.7)
TOTAL PROGRAMME	405.8	1,192.8	(786.9)	-66.0	5,143.7	6,714.4	(1,570.7)	-23.4	7,561.0	6,301.3	(1,259.7)
OVERHEAD & CENTRAL COSTS	865.8	914.7	(48.8)	-5.3	9,211.5	9,427.8	(216.3)	-2.3	10,356.6	10,458.9	102.3
TOTAL GROSS EXPENDITURE	4,573.3	5,431.2	(857.9)	-15.8	49,641.6	51,546.2	(1,904.5)	-3.7	56,731.3	55,530.1	(1,201.2)