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**Chair of the Office for Nuclear Regulation Report to the HSE Board – September/October**

### IAEA Integrated Regulatory Review Service (IRRS) Mission

1. The Integrated Regulatory Review Service (IRRS) mission concluded on 9 October 2013 with an extremely positive exit meeting. The mission commented favourably on the systematic approach ONR had taken to addressing the recommendations and comments from previous missions and indicated that *'ONR is to be commended for this accomplishment'*. Recognition was also given to ONR's commitment to having a presumption of disclosure, and the consequent improvements to communication this had brought. This is an excellent piece of validation/climate setting, which is extremely welcome as the Energy Bill enters its final stages. The full report is due to be published 90 days from the end of the mission.

### Recruitment

2. Recruitment to the Chief Nuclear Inspector role and several other senior posts is progressing to plan. The outcome will create a stable and mandated senior management team and further reduce the number of temporary promotions in the organisation thus completing early a key Ministerial test for vesting.
3. Ministerial agreement was received for ONR to recruit up 65 nuclear specialists (55 nuclear safety/transport and 10 nuclear security posts), 25 in the current financial year and 40 in 2014/15. This should yield a net increase of 25 nuclear specialist posts by the end of 2014/15, taking into account realistic recruitment and turnover rates. A Ministerial case will be required to seek additional flexibilities to recruit into hard to fill specialist roles.

### Preparations for vesting

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## **Assurance (ONR self-governance, etc)**

### ONR Board strategy event

7. The ONR Board held its strategy event on 24 September 2013 to set ONR's direction and priorities for 2014/15 and beyond. Operational priorities identified were demonstrable and lasting remediation at Sellafield, more robust regulatory assurance and the new generic design assessment programme. Agreed priority areas for organisational improvement were to realise the benefits of the ONR operating model and to embed good governance throughout the organisation. In addition, the Board reviewed and recast ONR's mission statement to reflect ONR's purpose more clearly. It is *"To provide efficient and effective regulation of the nuclear industry, holding it to account on behalf of the public"*. The ONR Board will formally settle the new mission at its meeting on 29 October 2013 in the context of ONR's Communications Strategy.

### HR issues

8. Legal advisers are working on the detail of the staff transfer scheme to be published in Parliament in line with the Board's earlier decision. ONR staff will be given clarity about the arrangements that will apply to individuals.
9. Trades Unions were consulted on the ONR People Strategy which overall they welcomed. A further report on the strategy will be presented to the ONR Board in November 2013 with the intention of sharing this with the staff in Dec 2013.
10. Trades Unions have also been advised of ONR's intention to bring forward the phasing out of pension abatement compensation payments by April 2014, 12 months earlier than originally planned, providing a significant cost saving.

### Openness and transparency

11. The Chief Nuclear Inspector's first Annual Report has been drafted. The proposed date for publication is 29 October 2013.
12. ONR published its quarterly statement on incidents at nuclear installations in Britain to the Secretary of State for DECC and the Secretary of State for Scotland. There were three incidents at civil nuclear licensed sites in Quarter 1 that met the reporting criteria.
13. The latest Generic Design Assessment (GDA) progress report was published covering the period December 2012 to August 2013. It provides primarily information on work undertaken in the GDA programme during 2013.

### Finance

14. At the end of September, actual spend was £25.5m against a start year profile of £25.8m, reflecting an underspend of £0.3m (-1% against the target of +/-3% of the approved budget).

## Performance

15. ONR has delivered on commitments made in November 2012 to develop further its key performance indicators. Supporting management information is also in place. ONR delivery is now assessed through a balanced scorecard on performance.
16. The Board will wish to note that overall, performance against ONR's corporate functions of finance and, people and learning is positive:
  - the percentage variance of cumulative outturn spend against budget was less than 1% against a target of +/- 3% and efficiency savings of £0.5m were achieved.
  - recruitment against the overall Ministerial recruitment exemption target of 96 posts is on track to be achieved in Quarter 3, with interviews are scheduled for the four remaining nuclear safety inspector posts and appointment offers accepted for the four nuclear security posts. In addition, ONR's turnover rate is low
  - the outturn of health and safety incidents was low. However, health and safety awareness has been actively promoted amongst ONR staff, and it is anticipated that there will be an improvement in the reporting of incidents and near misses.
  - the average number of days training per FTE (12) was substantially in excess of the civil service target (5). However, this needs to be viewed with some caution as it includes time spent on a range of training and development activities not just formal courses.
17. Overall delivery by ONR's operational programmes is healthy with 11% of planned deliverables completed and 79% on currently on target. This reflects the effort that was put into the planning and prioritisation process at the start of the year, which it is anticipated will be improved further for 2014/15 now that the operating model has been implemented.
18. Notable achievements are:
  - the timely production of regulatory reports, which has increased from 74% in 2012/13 to 86% in Q1 of 2013/14. Although still below target (95%), early indications for Q2 are that there is an improving trend in this area;
  - a steady flow of enforcement activity ie, the prosecution of Sellafield Ltd for the misconsignment of several bags of radioactive waste; the issuing of an improvement notice to Sellafield Ltd for its non-compliance with its own arrangements for quality management, and 9 letters sent to nuclear sites where the issues identified were of the highest category;
  - a completion rate of 85% of system inspections against a target of 100%. It is encouraging that despite the dip in performance in May, overall this new approach to compliance inspection appears to be bedding in reasonably well at this early stage.
19. Areas in which the position is not as expected are:

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- Licence compliance inspections achieved against plan, which were 74% compared to the target of 95% set by the ONR Board. The reasons for the shortfall are being investigated.
- There is still work to do to improve the way in which ONR plans and deploys its resources. There appears to be some inconsistency between delivery and resource utilisation. The reasons for this are uncertain and being investigated.

## Capacity

20. The promotion panel for Band 3 to Band 2 nuclear safety and transport inspectors has concluded. Twenty of the twenty-eight staff interviewed were successful and took up post on 1 October 2013. These promotions are a significant step towards securing ONR's future organisational resilience.

## Capability

21. High priority is being given to the development of media training for senior managers and operational staff likely to face the media in the course of their duties.

22. ONR has been working with Foreign and Commonwealth Office providers Language Services Direct to develop cultural awareness and basic language training for key staff likely to be engaging with stakeholders from the Far East, France and Russia.

23. Training briefings on the Energy Act will be held throughout November at all ONR locations. Attendance is mandatory for warrant holders in ONR and is part of the preparation for re-warranting our Inspectors.

## Security

24. Internal security performance continued to improve with a 96% rate of compliance evidenced through the latest round of floor walks. Guidance was issued to line managers on how to deal with security incidents involving their staff. Since the end of the amnesty period, four cases of informal disciplinary action have been reported.

## Revised Nuclear Safety Directive

25. The EC is continuing to develop proposals to revise the Nuclear Safety Directive (2009/71/Euratom), which gives legal force to the main international nuclear safety principles. The proposals are understood to address improved governance and regulatory independence, improved transparency from regulators and operators, and technical issues.

## **Regulatory Functions**

### Improvement Notice served at Devonport

26. An Improvement Notice was served at Devonport on 17 July following a number of incidents in which operating rules and instructions were breached. There were no safety consequences.

## Cable strike incident

27. An incident occurred at Urenco UK Capenhurst in which a digger struck an underground cable. Although the incident had no direct implications for nuclear safety, ONR is carrying out an investigation as there are concerns about possible precursors to a potentially more significant event.

## Outcome of Dounreay system inspection

28. Following a system inspection against the requirements of Licence Conditions 23 and 24 (operating rules and operating instructions respectively) undertaken by ONR at two facilities at Dounreay, the Licensee was required to carry out an investigation. As a result of the outcome of their investigation, the Licensee decided to stop operations on all of the higher category facilities. ONR has sent an enforcement letter to the Licensee requesting the investigation report and a further inspection by ONR is planned for November to confirm the adequacy of improvements made. On receipt of the report, ONR will decide whether any further regulatory action is necessary.