

Health and Safety Executive Board		Paper No: HSE/14/05	
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Chair of the Office for Nuclear Regulation Report to the HSE Board - January 2014			

Senior appointments

- The recruitment campaign for five Senior Civil Service Programme Directors (Deputy Chief Inspector) roles concluded successfully. Appointments were made as follows:
 - With effect from 1 December 2013:
 - Director of the Civil Nuclear Security Programme - Adrian Freer;
 - Director of the Sellafield Programme – Andy Lindley;
 - Director of Civil Nuclear Reactors Programme - Mark Foy;
 - Director of Cross-Cutting and Transport Programmes – George Sallit.
 - With effect from 1 April 2014:
 - Director of the Defence and Decommissioning, Fuel and Waste Programmes - Dr Richard Savage.
- The Executive appointments to the top management positions of Chief Executive Officer (John Jenkins), Chief Nuclear Inspector (Andy Hall) and Deputy Chief Executive (Les Philpott) have already been made. Therefore, ONR now has a stable and mandated team to lead it towards vesting and beyond.

Preparations for vesting

- The Energy Act 2013 was enacted on 18 December 2013 following Royal Assent that day. This provided certainty that ONR will become the statutory regulator of nuclear safety and security. In response to assurance given by the CEO, written Ministerial acceptance that ONR is ready for incorporation on 1 April 2014 has been given. This is a significant achievement and clears the way for timely signature of the Commencement Order in mid February.
- There are a number of pieces of supporting legislation that require amendment to ensure that the responsibilities of ONR in respect of health and safety are preserved once it becomes a public corporation. ONR's policy team is providing comments on the legal drafts at present, which are intended to be laid before Parliament by 23 February 2014.

Assurance (ONR self-governance, etc)

Capacity

- The external recruitment campaign for nuclear safety and transport specialist posts covered by the recent Ministerial exemption agreement was launched. So far, 41 applications have been received of which 9 have been selected for interview. A wider, external media campaign is expected to be launched in February 2014, subject to approval by DWP. In addition, a promotion panel for eleven Band 1 nuclear safety,

transport and security specialists was advertised on 6 January 2014. Once this exercise is completed in March, virtually all senior leadership roles within ONR will have been filled.

6. Capability

7. Training briefings on the Energy Act for warrant holders were completed and the subsequent warranting interview panels have commenced. These panels will confirm individuals' regulatory competence enabling new ONR warrants to be issued on vesting.

Security

8. During January and February 2014 ONR, staff will be invited to attend bespoke training sessions on how to manage information under the new and old Government Security classification systems. All indicators associated with security sweeps remain at a stable, low level.

Finance

9. At the end of November, actual spend was £35.4m against a mid year profile of £34.8m, reflecting an overspend of £0.6m (+1.7%), well within the +/-3% ONR financial performance target. The overspend was mainly due to an increase in the charge by HSE for corporate services. This annual charge has increased from £8.5m to £9m, largely due to additional costs as a result of the award of the new IS/IT contract. In addition, ONR correctly accrued on-boarding costs for Shared Services in November. These costs were originally profiled to be paid in March 2014.

Performance in Quarter 2

10. The ONR Board reviewed operational performance for Quarter 2. This has improved significantly against the key indicators over Q1, reflecting concerted impetus on performance improvement by the Executive and the new leadership team (see above), though sustained improvement will remain fragile while change is embedded at ONR, and while "headwinds" and "blockers" abate in response to senior management action. Notable achievements in Q2 were that:

- the completion rate for system inspections met the target of 100% . This suggests that the under performance in Q1 of 85% was a consequence of this new approach to compliance inspection bedding in;
- compliance inspections were just over 90% of those planned, although this is still below the target of 95%. The improvement is also the result of a significant collaborative effect between Professional Leads for compliance inspection and the Corporate Programme Management Office to educate site inspectors in the management of their inspection plans. This process also identified non-compliance with procedures that resulted in under-recording of inspections completed in Q1. Consequently, the outturn for Q1 has been revised from 74% to 76.34%
- production of regulatory reports to deadlines increased from 86% in Q1 to 90% in Q2 (Ref 3.1). Although still below target (95%), there is an improving trend in this area, also as a result of sustained management attention

- there was a steady flow of enforcement activity, including an Improvement Notice issued to Devonport Royal Dockyard Ltd.

Integrated Regulatory Review Service (IRRS) Mission

11. Following the successful IAEA-IRRS Mission to the UK in October, ONR has developed action plans to address the 25 new findings and 1 residual finding from the 2013 Mission. These plans will be used as the basis for demonstrating progress to the IRRS 2014 Return Mission, the timing of which has yet to be confirmed.

Openness and transparency

12. In collaboration with DECC, a video has been produced to be shown at a series of eight stakeholder and public events on the Geological Disposal Facility (GDF). The events were organised to provide information on ONR's, DECC's and EA's current role in GDF and to answer questions on future regulation.

13. ONR held its annual conference for nuclear industry chief executives in November. Feedback from the event was very positive with over half of the delegates saying they found this event the most successful and informative of the last three.

14. The annual nuclear material balance figures, the inventory of civil nuclear materials held in the UK, were published on 19 December 2013. The 2012/13 figures conform to the pattern of previous years and do not give rise to concerns over either the safety or security of the operation of the plant.

Regulatory Functions

Generic Design Assessment

15. Following nine months of preparatory work with Hitachi-GE, ONR and the Environment Agency announced that the next phase of the assessment of UK Advanced Boiling Water Reactor design is ready to begin. In addition, discussions were ongoing regarding demand for potential new GDA's, a topic that was raised by the ONR Chair and Chief Nuclear Inspector at their meeting with the DWP and DECC Ministers on 14 January 2014. This will put material pressure for resources on the whole market, and therefore the flexibilities made available to ONR via the Energy Act will need to be brought into play for all staff.

16. ONR continued to engage with NNB-Genco on the planned construction of Hinkley Point C, where deep earth works are expected to commence in mid 2014, and prepare to restart work on the final stages of the GDA for the AP1000 reactor design following this week's announcement that Toshiba has bought a 60% stake in NuGen Ltd.

Sellafield

17. The Sellafield site experienced a number of events during December; another power loss event and subsequent contamination release in the Waste Vitrification Plant and a separate contamination event in HALES. These events are being followed up by ONR and formal enforcement action may result in all cases.

18. Sellafield Ltd's appeal against the £700k fine it received for sending radioactive waste to Lillyhall landfill site was dismissed by the Court of Appeal.

Prohibition notice issued

19. Reactive inspection by ONR with HSE's Field Operations Directorate (FOD) at QA-NDE Ltd revealed a number of significant shortcomings ie, unlicensed transport package, inability to demonstrate driver-training requirements, no method to secure the transport package in the vehicle. A Prohibition Notice was issued and an investigation ongoing.