



Department for
Business, Energy
& Industrial Strategy

Office for Nuclear Regulation: Annual Report
to Parliament on the exercise of powers under
Part 3 of the Energy Act 2013 by the
Secretary of State for Work and Pensions and
the Secretary of State for Business, Energy
and Industrial Strategy

1 April 2016 to 31 March 2017

Presented to Parliament pursuant to Section 108 of the Energy Act
2013.

December 2017

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Requirements under this part in the 2013 Act:

Section 108(1) of the Energy Act 2013 (the 2013 Act) requires the Secretary of State as soon as possible after the end of the financial year, to make a report to each House of Parliament; setting out the use of the Secretary of State's powers exercised under Part 3 of the Act, during the year; and requires that the report is laid before Parliament.

The report covers the period 1 April 2016 to 31 March 2017. This is the third report to be laid under this power since the 2013 Act came into effect.

Part 3 of the Act (Nuclear Regulation) has five chapters covering nuclear regulations, the organisation and structure of the Office for Nuclear Regulation ("ONR"), the purposes and functions of the ONR and other supplementary matters.

Responsibility for this part of the 2013 Act cuts across two departments, the Department for Work and Pensions and the Department for Business, Energy and Industrial Strategy. Agreed responsibilities are set out in the tables below.

The Secretary of State for the Department for Work and Pensions has specific responsibility for:

Pay	<ul style="list-style-type: none">• Set pay for the Chair and other non-executives• Approval of allowances etc to the Chair and non-executives• Sign-off of the ONR's pay remit
Financial control	<ul style="list-style-type: none">• Approval of the ONR's accounts• Approval of any borrowing by the ONR. Provision of the ONR with sufficient funds to enable it to carry out its functions.
Non-executives (not including security non-executive)	<ul style="list-style-type: none">• Appointment and dismissal• Acceptance of resignation• Approval of terms of appointment
Other controls	<ul style="list-style-type: none">• Receipt of proposals for regulations made by the ONR• Approval of international work of the ONR (in consultation with BEIS due to its interest in national security issues)• Approval of any Approved Code of Practice proposed by the ONR

The Secretary of State for the Department for Business, Energy and Industrial Strategy has specific responsibility for the following areas:

Security specific	<ul style="list-style-type: none"> • Non-Executive Director, Security: appointment and dismissal; acceptance of resignation; approval of terms of appointment • In exceptional circumstances relating to national security, issuing a direction to the ONR as to the exercise of a regulatory function in a particular case
Sensitive information	<ul style="list-style-type: none"> • Provide consent to issue certain communications which concern matters to which government policy on national security relates • Give a notice to the ONR specifying the description of sensitive nuclear information in addition to those provided in the Energy Act 2013.
Safeguards obligations	<ul style="list-style-type: none"> • Issuing a notice to the ONR specifying that certain obligations, agreements or arrangements are to be considered “safeguard obligations” in addition to those obligations set out in the Energy Act 2013.

There is joint responsibility, but with the final decision resting with the Secretary of State for the Department for Work and Pensions in the following areas:

Key appointments	<ul style="list-style-type: none"> • Agreement of appointment of the Chair • Approval of the appointment of the Chief Nuclear Inspector (CNI) and Chief Executive Officer (CEO)
ONR Strategy and Plan	<ul style="list-style-type: none"> • Approval of ONR’s Strategy and Annual Plan and laying them before Parliament
Annual Report and Accounts	<ul style="list-style-type: none"> • Laying before Parliament ONR’s Annual Report and Accounts
Other controls	<ul style="list-style-type: none"> • Approval of commercial work

2016-2017 powers exercised by Secretary of State for the Department for Work and Pensions:

In accordance with S108 of the Energy Act 2013, the following powers have been exercised by the Secretary of State for the Department for Work and Pensions.

Section 95:

Section 95 provides that ONR may arrange for the exercise of its functions by others if the Secretary of State considers the person or organisation may appropriately perform the function. The Secretary of State exercised this power in allowing ONR to enter into:

- an Agency Agreement with the Police for enforcing Carriage of Dangerous Goods (CDG) on a road or in a public place in relation to radioactive materials (June 2016)
- a limited, case specific Agency Agreement allowing the Health and Safety Executive to make a prosecution under section 13(4) of the Health and Safety at Work etc Act 1974 (February 2017)

Schedule 7:

- Paragraph 25 (3) – ONR Annual Report and Accounts 2015-16 laid in Parliament (July 2016)
- Paragraph 26 – consent for ONR to borrow money short-term by using the overdraft (May 2016)

2016-2017 powers exercised by Secretary of State for the Department for Business, Energy and Industrial Strategy:

In accordance with S108 of the Energy Act 2013, the following powers have been exercised by the Secretary of State for the Department for Business, Energy and Industrial Strategy.

Section 74(1):

Section 74 provides that the Secretary of State may make regulations in relation to nuclear safety, security, safeguards or transport. Over the relevant period, the Secretary of State amended the Nuclear Industries Securities Regulations 2003 (July 2016 and March 2017).

Section 94:

Section 94 of the Act provides that the ONR must not, without the consent of the Secretary of State, issue any communications relating to security guidance or any statement of the ONR's nuclear security policy which it considers concerns any matter to which any government policy on nuclear security relates. Such consent was provided by the Secretary of State in relation to the publication of the Security Assessment Principles for the Civil Nuclear Sector (March 2017).

Schedule 7:

- Paragraph 4 (1) (c) Secretary of State agreed the re-appointment for a further three-year term of the Non-Executive Director, security (March 2017).
- Paragraph 11 (1) & (2) Secretary of State agreed the remuneration of the Non-Executive Director, security (March 2017).