



Department of Energy & Climate Change

Energy Act: Nuclear Regulation

Issue: Creation of the Office for Nuclear Regulation (ONR) as a statutory body.

Policy commitment:

In February 2011 the Government announced that it would create a new independent statutory body, the Office for Nuclear Regulation (ONR), to regulate the nuclear power industry. This signalled the Government's commitment to securing an appropriately resourced and responsive regulator to meet the future challenges of the nuclear sector. Pending legislation the ONR was set up as a non-statutory agency of the Health and Safety Executive (HSE) on 1 April 2011.

As a statutory body the ONR will retain the best of current practice whilst creating a modern independent regulator based on the better regulation principles of transparency, accountability, proportionality, targeting and consistency. The ONR will build on its current strengths as a world-class regulator and will be better placed to respond quickly and flexibly to current and future regulatory challenges while retaining its focus on the protection of people and society from the hazards of the nuclear industry.

Legislative proposal:

By creating the ONR as a statutory body, the Government is seeking to consolidate, clarify and streamline the existing arrangements for its operation. This includes reducing reliance on various written agreements that allow for HSE, through the ONR, to carry out nuclear regulatory functions on behalf of the Secretary of State. As a result, there will be a more transparent statutory arrangement under which the ONR will have legal responsibility for these core, and other, functions.

The importance of a nuclear regulator being transparent and independent is emphasised in the Chief Nuclear Inspector's report on the circumstances of the Fukushima accident published in October 2011¹, which supports the Government's rationale for creating a statutory nuclear regulator. The report recommends that the Government should consider ensuring that the legislation creates an organisation which is open and transparent about its decision making, so that it may clearly demonstrate to stakeholders its effective independence from bodies or organisations concerned with the promotion or utilisation of nuclear energy.

The Energy Act sets out a clear governance model for the statutory ONR, giving it responsibility for five key areas: nuclear safety; nuclear security; nuclear safeguards; the transport of radioactive material by road, rail and inland waterway; and health and safety on nuclear sites. It will enhance the effectiveness of the civil nuclear security regime. The ONR will play a key role in addressing some of the top risks outlined in the National Security Strategy which are directly relevant to the sector.

¹ *Japanese earthquake and tsunami: Implications for the UK nuclear industry* web link: www.hse.gov.uk/nuclear/fukushima/final-report.pdf



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The Energy Act also ensures that the ONR has the financial and organisational flexibility required to meet its business needs on a sustainable basis. This is one of the key recommendations made by Dr Tim Stone in his review of nuclear regulation in the UK².

Declining interest in the UK's nuclear industry over the last few decades has meant a shortfall in the number of trained nuclear inspectors which, along with an increasingly competitive global skills market, has serious implications for the ONR's specialist staffing levels. The recruitment and retention of nuclear regulators will be crucial in meeting the forecast demand from the new nuclear build programme in the UK. The Energy Act will give the statutory ONR flexibility over its financial and employment arrangements to ensure it can meet its resource requirements on a fully sustainable basis.

Relationship to other legislative proposals:

Reform of the nuclear regulator complements the economic reform of the electricity market in the Act's Electricity Market Reform provisions.

Background:

Creating the ONR as a statutory body will complete the work that began in 2007 to consolidate the nuclear regulatory framework, improve the consistency of regulation and reduce interfaces for duty holders. During that time the operations of the Office for Civil Nuclear Security (OCNS) and the UK Safeguards Office (UKSO) were transferred from the then Department for Trade and Industry to sit alongside the Nuclear Installations Inspectorate in the HSE's Nuclear Directorate. In October 2011, regulation of the transport of radioactive materials by road, rail and inland waterway was transferred to the ONR from the Department for Transport. For the first time these key strands of nuclear regulation were brought together to be managed by one organisation.

As a result of these changes, the HSE has been performing regulatory functions on behalf of the Secretary of State for Energy and Climate Change, who retains overall responsibility for those functions. In practical terms the arrangement has proved very successful, but it has essentially been one in which an agency within the HSE has been performing functions on behalf of the Secretary of State under a series of agreements without having overall responsibility for the performance of those functions.

²http://www.decc.gov.uk/assets/decc/what%20we%20do/uk%20energy%20supply/energy%20mix/nuclear/whitepaper08/1_20091116131031_e_@@_nuclearreviewstoneadvice.pdf