



Office for
Nuclear Regulation

Office for Nuclear Regulation Annual Plan – 2015/16

**Providing efficient and effective regulation of the nuclear industry,
holding it to account on behalf of the public**

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Foreword

It has been a year since ONR produced its first Annual Plan as an arm's length body. The organisation went through considerable change to prepare for becoming a Public Corporation, which continued through its first year. As might be expected organisational change will remain a feature for ONR during this planning year and into the future, our aim is to consolidate the good work we have done so far, while continuing to seek business improvements that will secure ONR as a stable and sustainable organisation.

In December 2014, the ONR Board published its Strategy for 2015 to 2020, which provided a clear vision of how it wants the organisation to develop and be recognised at the end of that period as *an exemplary regulator that inspires respect, trust and confidence* and what this means for the public, licensees and duty holders, and our staff.

The strategy sets the direction for our annual plans for this and the subsequent four years. The strategic priorities for ONR in 2015/16 are:

- hazard reduction and remediation at the Sellafield legacy facilities;
- generic design assessment and nuclear new build;
- maintaining focus on our core purpose;
- to be an exemplary employer.

This Annual Plan describes ONR's long term goals and objectives for each of the strategic priorities and the activities that will be undertaken during 2015/16 to contribute to achieving these priorities.

During the period of this plan, ONR will be led with the vigour required to achieve our mission:

'To provide efficient and effective regulation of the nuclear industry, holding it to account on behalf of the public'

We will continue to concentrate effort on creating an organisational environment that will attract and retain the high calibre staff we need through innovative recruitment strategies; developing our people, processes and ways of working to deliver even more efficient and effective regulation; retaining acumen and knowledge, and building on

improvements achieved in relation to the diversity of our workforce. We want ONR to be an employer of choice in the nuclear sector, and a place where everyone has the opportunity to fulfil their potential.

The Chief Nuclear Inspector is the authoritative regulatory head of ONR. He will ensure that the principles set out in the Regulators' Code are followed by providing visible, evidence-based assurance to government and the public that we are doing the right amount of regulation, proportionate to the hazards and risks presented. Clearly these activities must be of the right quality, and at the right cost. We will achieve this through strong governance and an effective assurance framework, and continuing to operate a policy of openness and transparency, with a presumption of disclosure of our information.

We expect 2015/16 to be another challenging year, and look forward to taking the next steps on the journey to becoming *an exemplary regulator that inspires respect, trust and confidence*.

Nick Baldwin
Chair of ONR

Les Philpott
Acting Chief Executive

How we work

The Energy Act 2013 enabled the creation of ONR as an independent regulator from 1 April 2014. It also created the statutory post of Chief Nuclear Inspector whose role is to ensure independence in ONR's individual regulatory decisions. The Act sets out ONR's functions and provides the powers to perform those functions. ONR is accountable to Parliament through three Secretaries of State: Work and Pensions, Energy and Climate Change, and Defence. Full details of these accountabilities are provided in the [ONR/DWP Framework Agreement](#)

ONR regulates safety and security at 37 licensed nuclear sites in the UK. These include the existing fleet of operating reactors, fuel cycle facilities, waste management and decommissioning sites and the defence nuclear sector. In addition, we regulate the design and construction of new nuclear facilities and the transport of nuclear and radioactive materials, and work with the international inspectorates to ensure that safeguards obligations for the UK are met. We co-operate with international bodies on safety and security issues of common concern, including associated research. As an independent regulator, formed to act in the interest of the public, ONR aims to take an enabling stance to Government policy on nuclear growth and will adopt a balanced approach to the regulation of the nuclear industry. Our first priority however is regulating the safety and security of nuclear facilities.

Our role, captured in our mission statement, is to provide efficient and effective regulation of the nuclear industry, holding it to account on behalf of the public. We use a wide range of regulatory tools to influence positively those we regulate, and to encourage the achievement of sustained excellence and continuous improvement in safety and security performance across the nuclear sector. ONR is not responsible for delivering a safe and secure nuclear industry; this is the responsibility of the nuclear industry itself.

This Plan sets out our four strategic priorities, provides the detail of the activities that will lead to the delivery of those priorities and concludes with information on our resources, the performance indicators against which we will be held to account, and the strategic risks to the organisation.

Strategic context

In setting our Annual Plan, ONR has considered the environment in which it operates. Specifically, but not exclusively:

- the importance of decommissioning, safe radioactive waste management and site remediation to address the legacy from the first generation of nuclear power plants;
- a range of modern and evolving threats to the security of nuclear facilities;
- the UK government's policy to have new low carbon energy generation, including the safe operation of the existing fleet and building new nuclear power plants;
- the UK government's defence policy to maintain a safe, strategic nuclear deterrent capability;
- the demand for an efficient and effective regulator that will hold the nuclear industry to account on behalf of the public and be a reliable source of independent information about the hazards and risks the nuclear sector presents.

Strategic Priorities 2015/16

1. Hazard reduction and remediation at Sellafield legacy facilities:

ONR has a regulatory strategy to support the delivery by Sellafield Ltd of its high hazard and risk remediation programmes, focusing on securing accelerated, safe and secure retrievals from legacy facilities.

2. Generic design assessment and nuclear new build:

Generic design assessment (GDA) is the process used by the nuclear regulators (ONR and the Environment Agency) to assess the safety, security and environmental implications of the new nuclear power station designs.

3. Maintaining focus on our core purpose:

Regulating the hazards arising from the UK's existing operational nuclear sites, waste storage and decommissioning facilities, and radioactive materials transport in a proportionate manner including the integration of safety and security regulation. This includes ensuring that licensees and duty-holders have in place effective security arrangements that are essential to prevent the theft or sabotage of nuclear or other radioactive material, the sabotage of nuclear facilities and the protection of sensitive nuclear information.

4. An exemplary employer:

An employer that values its people and creates the conditions required to secure and retain a motivated, stable and sustainable workforce.

1 Hazard reduction and remediation at Sellafield legacy facilities

Long term

Hazard reduction and remediation at Sellafield legacy facilities is ONR's first priority and will continue to be so for many years to come. Sellafield is one of Europe's largest industrial complexes, storing more radioactive material in one place than any other nuclear facility in the world. The possible consequences of a serious accident would be extremely significant and could extend beyond the UK. The age of the facilities on site and the way in which waste has been stored do not meet modern standards. Unique challenges are therefore posed.

In 2014, ONR developed a regulatory strategy to proactively support the delivery by Sellafield Ltd of its high hazard and risk remediation programmes, focusing on securing accelerated, safe and secure retrievals from Legacy Ponds and Silos facilities. For the first time in decades this began to happen with retrieved material being moved to more modern storage at the site. The success of ONR's regulatory approach is being achieved through engaging all stakeholders to influence safe and secure pragmatic solutions with due regard to proportionate regulation and without incurring disproportionate time or cost. Implementation of the Sellafield Strategy is helping to secure the following three key outcomes:

- accelerated hazard and risk reduction safely and securely across the Sellafield site;
- evidence-based confidence that the licensee is complying with its statutory obligations and that workers and the public are protected from the hazards of the site;
- stakeholder confidence that ONR's regulatory approach is appropriately targeted, risk-based, proportionate and effective.

Activities in 2015/16

Throughout 2015/16, ONR will build on progress made so far, continuing to facilitate hazard and risk reduction across the Sellafield site, whilst ensuring that the site operates in a safe and secure manner. ONR will do this by:

- influencing Sellafield Ltd and other key stakeholders to facilitate improvements in hazard and risk reduction at the Sellafield legacy facilities by focusing regulatory effort on the eight themes contained in the ONR Sellafield Programme Strategy;
- carrying out a targeted programme of interventions at the Sellafield site on systems that are most important to nuclear safety;

- holding Sellafield Ltd to account on behalf of the public in instances where it fails to comply with its legal duties;¹
- engaging with other organisations e.g. Department of Energy and Climate Change, Environment Agency, Nuclear Decommissioning Authority and keeping our stakeholders, informed of ONR's regulatory activities.

2 Generic Design Assessment (GDA) and nuclear new build

Long term

ONR and the Environment Agency developed the GDA process, which has a number of steps, with the level of scrutiny getting increasingly detailed. ONR carries out its assessment in four steps, while the Environment Agency's process consists of a preliminary and detailed assessment followed by a consultation. Additional steps can exist if, after assessments have been completed, all the issues identified have not been resolved fully. At the end of the process a decision on whether the proposed designs are acceptable for use in the UK will be made.

GDA includes continued engagement with nuclear reactor design companies, technical assessment work on their submissions, consultation with overseas regulators, a comments process and consultation and reviews of our own processes. On successful completion of GDA, ONR will issue a Design Acceptance Confirmation (DAC), however significant levels of regulatory scrutiny will continue through the licensing and construction phase and into reactor operations. ONR consent for new nuclear power stations will not be issued unless the design and its potential operators meet the high safety, security, environmental and waste management standards required.

In addition to the reactor designs that are progressing through the GDA process, there currently two organisations working towards licensing, and a licensed site that is subject to nuclear new build regulation. ONR's commitment to regulating GDA and nuclear new build will therefore continue into the foreseeable future.

¹ Where an operator's safety standards fall short of what is required by law, ONR will implement an enforcement response which is proportionate to the degree of shortfall. ONR generally seeks to bring about safety improvements through a persuasive and influencing approach, but it will increase the severity of its enforcement action as necessary, including taking criminal prosecutions as appropriate.

Activities in 2015/16

In relation to GDA and nuclear new build, ONR will:

- complete Step 3 of the GDA² of the UK Advanced Boiling Water Reactor design and commence Step 4;³
- assess the proposed resolution of outstanding Issues for the AP1000 reactor design intended to lead to the issue of a DAC, associated with the development of the Moorside Site in Cumbria;
- provide advice and challenge to potential Licensees developing “right first time” nuclear site licence applications in relation to Wylfa Newydd in Anglesey, Moorside, near Sellafield in Cumbria, and Sizewell C in Suffolk;
- deliver an inspection, assessment and permissioning⁴ regime which will provide efficient and effective nuclear regulation as necessary during the build of a new nuclear power plant at Hinkley Point C in Somerset, subject to EdF making a final investment decision.

3 Maintaining focus on our core purpose

Long term

This is a broad priority that applies to the wide range of ONR’s regulatory activities and is underpinned by continuous improvement.

ONR is determined to maintain focus on the integrated regulation of the safety and security of the UK’s existing, operational and decommissioning nuclear sites and radioactive materials transport. We will deliver interventions that are proportionate to the hazards presented, consistent with international good practice, subject to assurance challenge, and to the high standards of conduct expected by the public. We will ensure our resources are not wasted or diverted into marginal activity, and that we continue to regulate the nuclear industry in the interest of the public.

Last year, ONR established its regulatory assurance function to provide independent oversight, and give confidence to Ministers and the ONR Board in the effectiveness of ONR’s processes, decision making, enforcement and other activities. This function is now operational and will ensure continuous improvement in ONR’s processes whilst maintaining proportionate and targeted interventions.

2 Further information regarding the GDA process is available [here](#).

3 Depends on the outcome of Step 3.

4 The permissioning process enables ONR to control the activities of duty holders and to respond to duty holders who require permission to start, continue or cease specified activities under relevant legislation.

The activities listed below are ONR’s on-going core functions, most of which will continue year on year. Programme Plans provide the detail of delivery milestones for each financial year. It is ONR’s intention to publish summary Programme Plans for 2015/16 on its website.

Activities in 2015/16

- Inspect and evaluate the safety and security performance and culture of our duty-holders, ensuring risks are properly controlled.
- Enforce the law, in accordance with ONR’s Enforcement Policy Statement published in April 2014.
- Deliver a permissioning regime⁵, ensuring that duty-holder activities of principal significance to nuclear safety and security meet UK legal requirements.
- Engage, inform, advise and consult duty-holders, international bodies and other stakeholders.
- Influence our duty-holders to develop through-life strategies, achieving sustained delivery of good practice in safety and security.
- Continue to improve delivery of core regulatory functions by:
 - Reviewing site licence conditions to modernise, streamline and remove ambiguities
 - Reviewing the tools used to manage regulatory independence including lead indicators to avoid potential regulatory capture.⁶
 - Implementing improvements to ONR’s management system.
 - Utilising research focused on supporting effective regulation and regulatory capability
- The Chief Nuclear Inspector will publish summary Programme Plans for 2015/16.

4 An exemplary employer

Long term

ONR has made a strategic commitment to be an exemplary employer because to achieve our regulatory priorities we need to be a stable, sustainable, appropriately resourced, and competent organisation. ONR must have people who lead by example, set clear direction, provide inspiration, and demonstrate the highest standards of behaviour in public life. We will have a culture that is inclusive,

5 This refers to the range of situations covered by Licence Conditions which require the licensee to seek permission from ONR before proceeding with a particular activity.

6 Occurs when a regulatory agency acts in ways that benefit the industry it is supposed to be regulating rather than in the interests of the public.

consistent and fair, where people feel empowered to challenge without fear of bullying or harassment. Diversity will be valued as it brings strength through different experiences and perspectives, as will the contribution of every member of the ONR team. In developing our organisation we aim to have a workforce that is more representative of society as a whole. We will have a pay and reward system that recognises outstanding personal contributions and supports continuous improvement at all levels.

In short, ONR will be a great place to work, where people make their full contribution to the delivery of ONR's mission as part of the ONR team.

Activities in 2015/16

To ensure we have the people we need to be successful, in 2015/16 ONR will:

- recruit people into leadership positions who believe in ONR's vision and who inspire others to deliver our strategic aims efficiently and effectively.
- continue to be innovative in how we recruit by developing collaborative arrangements with educational institutions, through the external recruitment of specialists at all levels, and tapping into the international talent pool.
- prepare for a new pay and grading framework that addresses ONR's needs including linking progression with improved competence, to enhance integration and provide greater flexibility of deployment.
- recognise and value the contribution of our staff through encouragement and reward and being intolerant of poor performance or behaviours.
- provide interesting and challenging work that encourages personal growth underpinned by excellent learning and professional development.

Budget for 2015/16

The budget to deliver this plan is £64m. This includes £3m to fund regulatory challenges that are likely to arise as GDA and new nuclear progresses.

The budget provides for ONR to grow its strength and capability to address the challenges set out in this Plan, while also securing efficiencies to ensure that the money we charge licensees and duty-holders is kept as low as reasonably possible. For 2015/16, we will aim to deliver efficiency improvements equivalent to £4.5m through better planning of our resource utilisation, including the improved deployment of nuclear specialist resource, and measures to secure the right balance in ONR's overhead costs opposite the absolute requirement to invest nuclear specialist resource in our "front-line" regulatory and assessment work.

Recognising that much of ONR's regulatory work is long term and largely stable, we will be seeking to assist openness and transparency in the charges and fees we are likely to levy over that period. This will help those that pay the charges and fees to plan ahead with greater confidence. Moreover, it will assist ONR by providing a backdrop for more efficient planning and deployment of resources. This will show in the further efficiencies and the containment of ONR's fees and charges at levels that are proportionate to the regulatory input required, and which is also of demonstrable value for the public money invested.

ONR is funded through a combination of a start-up loan from the Department for Work (DWP) and Pensions, cost-recovery from duty-holders and a grant from DWP. Further details can be found in the [ONR/DWP Framework Agreement, Sections 15 and 16](#).

The table overleaf shows the budget and ONR's income streams for 2015/16. It also shows how the budget for 2015/16 compares with outturn spend in ONR's first year of operation as a Public Corporation.

	2014/15 Start year budget £m	2014/15 Mid-year realigned budget £m	2015/16 Budget £m
Pay costs	36.5	37.4	38.5
Non pay costs	26.2	22.3	22.4
GDA & nuclear new build (subject to milestones being met)			3.0
Total running costs	62.7	59.7	63.9
Capital	0.4	0.3	0.1
Grand total (expenditure)	63.1	60.0	64.0
Income: fees and charges	60.8	57.7	61.4
Income: grant	2.3	2.3	2.6
Grand total (income)	63.1	60.0	64.0

Performance

It is our duty to achieve relevant outcomes, gain maximum impact from our work, and provide evidence of our achievements and improvements. ONR reviewed its performance indicators in 2014/15 and will continue to refine and improve them in 2015/16. Performance is reported to the Board quarterly enabling activities and their consequences to be monitored.

ONR's key performance indicators and relevant targets for 2015/16 are:

Priority	KPI	KPI Targets
Sellafield hazard reduction and remediation	<ul style="list-style-type: none"> ● Milestones in plan completed on time 	100%
GDA and Nuclear New Build	<ul style="list-style-type: none"> ● Milestones in plans completed on time 	100%
Maintaining focus on our Core purpose	<ul style="list-style-type: none"> ● Chief Nuclear Inspector's Annual Statement ● Quarterly Assurance Reports to the ONR Board ● System inspections against plan ● Regulatory records completed to deadline ● Inspections completed against plan 	N/A N/A 100% 95% 95%
Our people (and resources)	<ul style="list-style-type: none"> ● Staff in post against plan ● Absenteeism against nuclear sector ● Outturn against budget (with statement of financial position, income and expenditure account) ● Invoices raised by ONR that remain unpaid after 30 days ● Invoices received by ONR that remain unpaid after 30 days ● Forward liquidity – time that cash in the bank and current outstanding invoices cover planned expenditure ● Efficiency savings “cashable” and “non-cashable” ● Recruitment into business critical posts ● Average training days per person 	100% Better than sector benchmark +/-3% <5% <5% 2 months 5% 100% 7 days

Progress towards delivering our objectives and achieving our outcomes is monitored through our internal governance arrangements at Programme, Leadership Team, Executive, and Board levels. ONR's performance will be reported annually to the Secretary of State and Ministers as part of ONR's Annual Report and Accounts, which will also include the Chief Nuclear Inspector's Annual Statement.

Risk and mitigations

Risk	Owner	Mitigations
1. Risk to ONR's reputation if ONR's regulatory strategy does not influence the licensee and other key stakeholders sufficiently to facilitate accelerated safe and secure improvements in hazard and risk reduction at the Sellafield legacy facilities.	Chief Nuclear Inspector	<ul style="list-style-type: none"> ● Hazard and risk reduction at Sellafield made ONR's top priority. ● Strategy and plan in place with specified outcomes and indicators of progress. ● Process in place for periodic review of progress against plan by ONR Board.
2. Risk that ONR's strategic networks are ineffective with confidence lost in ONR if we do not engage those relationships effectively.	Chief Executive	<ul style="list-style-type: none"> ● ONR Corporate Communications Strategy (published, 2013). ● Effective relationships through structured approach to stakeholder engagement. ● Restructured ONR Policy Team to improve strategic stakeholder management.
3. Risk of regulatory failure caused by a lack of clarity over ONR's strategic direction and purpose.	Chief Executive and Chief Nuclear Inspector	<ul style="list-style-type: none"> ● New ONR Strategy, meeting requirement for this in Energy Act 2013. ● Revised ONR Mission Statement published. ● New ONR Enforcement Policy Statement published.
4. Risk that ONR's regulatory decision making is inconsistent, disproportionate and insufficiently robust.	Chief Nuclear Inspector	<ul style="list-style-type: none"> ● New ONR Enforcement Policy statement published. ● Regulatory and Quality Assurance processes for inspection and enforcement decisions. ● Independent peer reviews through International Atomic Energy Agency (recently returned positive results recognising strength of ONR's regulatory processes).
5. Risk that ONR does not deliver its strategic vision of being an exemplary employer resulting in poor staff morale and low performance.	Chief Executive	<ul style="list-style-type: none"> ● Roll out of ONR "People Strategy" ● Strong focus on valuing staff and their development, including succession planning and talent management. ● New pay structure for medium term from 2014.

Risk	Owner	Mitigations
6. Risk of reputational damage to ONR as a trusted regulator due to a failure in ONR's internal controls.	Chief Executive	<ul style="list-style-type: none"> ● ONR delivered all evidence required to establish Ministerial Confidence in ONR ability to become a Statutory Corporation. ● A forward programme for review of regulatory standards and guidance is in place. ● Internal Audit forward plans agreed with Audit and Risk Assurance Committee (ARAC).
7. Risk of non-compliance with HM Treasury's "Managing Public Money" if ONR's financial management, including through Operating Model, is insufficiently robust.	Chief Executive	<ul style="list-style-type: none"> ● Clear direction set by CEO to meet Board target of outturn spend +/- 3% of approved budget. ● Measurement through suite of Key Performance Indicators (KPIs) set by ONR Board. ● Scheme of Delegation ● Efficiency plan to secure Board target of 5% in year efficiency savings
8. Risk that ONR'S internal systems and/ or personnel are subject to a cyber-attack, resulting in the loss of highly sensitive material thereby compromising national security and ONR's reputation.	Chief Executive	<ul style="list-style-type: none"> ● Strong lead by Board and CEO. ● Government standards adopted for the management of cyber risk. ● Robust security policies in place relating to information technology, removable media and encryption, information security, personnel and physical security.



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