

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 of Energy and Climate
Change

1 April 2015 to 31 March 2016

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

July 2016

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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 States' 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 2015 to 31 March 2016. This is the second 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 of Energy and Climate Change and the Department for Work and Pensions. 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 DECC 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 of Energy and Climate Change has specific responsibility for the following areas:

Security specific	<ul style="list-style-type: none">• Security non-executive: 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
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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

2015-2016 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 90:

Section 90 (2)(b) provides that ONR may enter into an agreement with a Minister of the Crown, a government department or a public authority to perform any function exercisable by the Minister, department or authority if the Secretary of State considers that ONR may appropriately perform the function. The Secretary of State exercised this power in allowing ONR to enter into agreement with:

- the Health and Safety Executive (HSE) on 14 April 2015 transferring enforcement responsibility on defence nuclear authorised sites from HSE to ONR.

Schedule 7:

- Para 4 - 1(c) Secretary of State appointed three non-executive members on 31 December 2015, 18 January 2016 and 1 March 2016.
- Para 11 (1) & (2) Secretary of State agreed the remuneration of these three non-executive members.
- Para 12 (5) Secretary of State approved the appointment of an interim Chief Nuclear Inspector on 1 September 2015 and the substantive appointment of the Chief Nuclear Inspector on 16 March 2016. Secretary of State also approved the appointment of the Chief Executive on 18 January 2016.
- Para 25 (3) Secretary of State laid the ONR Strategy 2015-20 and ONR Annual Plan 2015-16 in Parliament on 15 July 2015.¹
- Para 22 (7), 23(4) and 25 (3) Secretary of State approved the ONR Strategic Plan 2016-2020, prior to laying it in Parliament on 22 March 2016.
- Para 16 (4) Secretary of State approved the remuneration of the independent member of ONR's Audit and Risk Assurance Committee.

¹ These documents were originally approved by the SoS and *deposited* in the House Libraries on 8 December 2014 (ONR Strategy) and 23 March 2015 (Annual Plan).

2015-2016 powers exercised by Secretary of State for the Department of Energy and Climate Change:

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

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 has been provided three times by the Secretary of State in July 2015, October 2015 and March 2016.

This is the only power exercised by Secretary of State for the Department of Energy and Climate Change.