



Office for
Nuclear Regulation

ONR CORPORATE PLAN

2019/20



CORRECTION SLIP

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Correction:

1. Correction to be made to page 7, Paragraph 1.1

Text currently reads:

We are the UK's regulator for the Energy Act 2013 for the nuclear industry. We regulate safety at relevant sites such as civil nuclear sites, and some operated by the Crown (for example Ministry of Defence).

Text should read:

We regulate safety at civil nuclear sites and some operated by the Crown (for example Ministry of Defence).

2. Correction to be made to page 14, Paragraph 2.5 point (iii)

Text currently reads:

iii. delivering the regulatory oversight and assessment necessary to reach an informed and proportionate decision regarding the future operability of Aldermaston's Assembly Technology Centre (ATC), with appropriate associated Ministry of Defence (MoD) engagement;

Text should read:

iii. delivering the regulatory oversight and assessment necessary to reach an informed and proportionate decision regarding the future operability of Burghfield's Assembly Technology Centre (ATC), with appropriate associated Ministry of Defence (MoD) engagement;

3. Correction to be made to page 17, Paragraph 2.13 Bullet 3

Text currently reads:

Carriage of Dangerous Goods Regulations and Use of Transportable Pressure Equipment Regulations (CDG) 2009.

Text should read:

Carriage of Dangerous Goods and Use of Transportable Pressure Equipment Regulations (CDG) 2009.

4. Correction to be made to page 71, title above paragraph 6.11

Text currently reads: 2018/19 BUDGET

Text should read: 2019/20 BUDGET

Date of corrections: 14 May 2019

ONR CORPORATE PLAN 2019/20

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April 2019

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FOREWORD

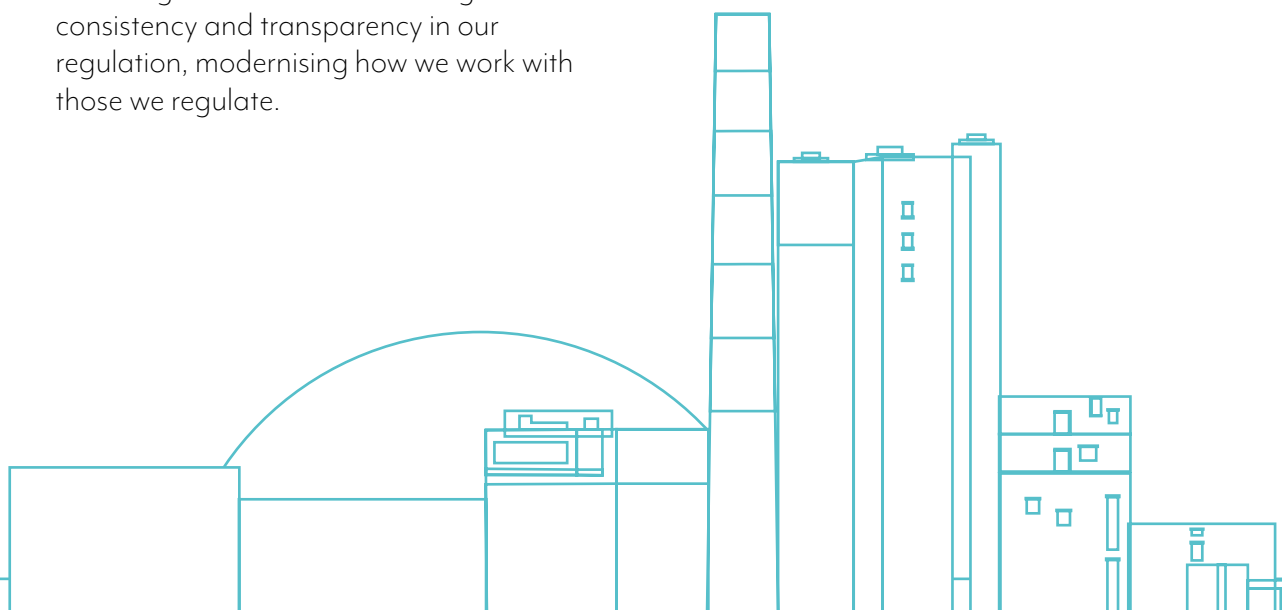




- 1.1 We are the UK's regulator for the Energy Act 2013 for the nuclear industry. We regulate safety at relevant sites such as civil nuclear sites, and some operated by the Crown (for example, Ministry of Defence). Some aspects of our vires (that is, legal powers) are limited to Great Britain (GB), while others extend out to the UK and beyond. We regulate security at civil nuclear sites in GB and more widely, where the law requires. We also regulate transport of civil radioactive material in GB. We work with the International Atomic Energy Agency (IAEA) and Euratom to ensure that safeguards obligations for the UK are met. As such, we will be responsible for delivering the UK State System of Accountancy for and Control of Nuclear Material (SSAC), to enable the UK to meet its international nuclear safeguards obligations upon leaving the European Union (EU) and Euratom.
- 1.2 This plan makes reference to the UK application of our regulatory framework and differentiation is made between GB and the UK where required, to reflect aspects of law and implementation.
- 1.3 As the UK's independent regulatory body for nuclear safety, security and safeguards, our role is to regulate the nuclear industry effectively, to ensure that dutyholders observe the high standards of safety, security, and safeguards required by UK legislation. We will continue to prioritise and focus our regulatory inspection, assessment and permissioning activities on those areas that pose the greatest risk to the public, employees and society. We are legally empowered to hold the industry to account and, where we identify shortfalls, we will take the necessary action to ensure compliance with the law.

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- 1.4 The UK nuclear industry comprises a broad range of facilities on a range of sites, which include new nuclear construction, the existing fleet of operating reactors, defence sites, fuel manufacturing facilities, reprocessing facilities, waste management and decommissioning sites. All sites are subject to routine inspections and to technical assessments of safety cases where we need to permission activities, make key regulatory decisions or ensure compliance with the law. Due to the nature of the hazard and the condition of certain facilities, several sites will continue to need more regulatory focus and effort in 2019/20 and beyond.
- 1.5 Our nuclear new build related regulatory work has been subject to some significant changes in 2018/19, including the withdrawal of plans for a new nuclear power station at Moorside in Cumbria and Hitachi's suspension of plans to build a nuclear power plant at Wylfa. We have revised our resource planning forecasts to ensure we optimise deployment of our skilled workforce.
- 1.6 We will continue to regulate the construction of the UK European Pressurised Water Reactor (EPR™) at Hinkley Point C and assess the suitability of the UK HPR1000 reactor design planned to be constructed at Bradwell. We will also continue to support and advise the Department for Business, Energy and Industrial Strategy (BEIS) in response to the UK government's commitment to invest in Advanced Nuclear Technologies (ANTs), which includes the assessment of Small Modular Reactor (SMR) and Advanced Modular Reactor (AMR) designs and also in areas such as geological disposal.
- 1.7 We have now tested and implemented the required systems and capability to enable the UK to meet its international nuclear safeguards obligations upon leaving Euratom, as a result of Brexit. We will embed an independent UK SSAC to meet international safeguards obligations and work towards establishing Euratom equivalence by December 2020. We will also focus on enabling dutyholders to develop adequate Security Assessment Principles (SyAPs) aligned Nuclear Site Security Plans and on embedding this new regulatory approach.
- 1.8 Diversity and inclusion continues to be high on our agenda and we aspire to create a workplace that supports all our people to be the best they can be, regardless of their background. This will continue to be reflected in how we support existing staff, but also in how we recruit our future workforce. With gender diversity as a critical issue for the industry, the Nuclear Sector Deal has set a target of 40% women working in the civil nuclear sector by 2030. We are well on the way to meeting this target, with over 34% women already working for us, and our senior leadership teams and Board are also well-balanced. In addition, we have achieved National Equalities Standard (NES) and Disability Confident, and proactively support initiatives that support broader diversity and inclusion all year round, which will continue in 2019/20.
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- 1.9 Our ability to regulate effectively is dependent on both the calibre of our workforce and optimising our organisational effectiveness, so we are flexible, adaptable and resilient, promoting and achieving the highest professional standards to deliver world-class regulation. This year will be pivotal for us in respect of our modernisation agenda, as we deliver major change projects in IT, regulatory processes and ways of working to strengthen our organisational resilience.
- 1.10 Our ambition is to have the most efficient and effective inspectors in the world, with the information they need to make balanced and timely decisions and optimise the value we deliver. Our Well Informed Regulatory Decisions (WIReD) project puts our regulation, and the people who deliver it, at the centre of process improvements, supported by fit for purpose technology. As a result, every inspector in ONR will have improved knowledge, productivity, connectivity and mobility. WIReD will make our processes more efficient and easier to follow and our information more accessible and integrated. This will result in greater consistency and transparency in our regulation, modernising how we work with those we regulate.
- 1.11 During 2019/20, we will continue our efforts to develop strong organisational capability and improve quality and consistency in our leadership and management. We have highly committed staff and we want them to remain energised, engaged and motivated through a top-class rewards package, together with access to career development and learning opportunities. Our activities will support us to get the best out of our staff, while we nurture talent and establish effective succession planning.
- 1.12 In October 2019, we will host and co-ordinate the International Atomic Energy Agency (IAEA) Integrated Regulatory Review Service (IRRS) Mission. This peer review is intended to strengthen and enhance the effectiveness of the national regulatory infrastructure for nuclear safety, radiation safety, radioactive waste and transport safety, and the security of radioactive sources, while recognising the ultimate responsibility of each Member State to ensure safety in these areas.



- 1.13 In addition, we will co-ordinate the production of the UK's National Report to the Convention on Nuclear Safety (CNS). The Chief Nuclear Inspector (CNI) will present aspects of the report at the 8th triennial review meeting of the Contracting Parties to be held at the IAEA offices in Vienna in March 2020.
- 1.14 Our top ten priorities for 2019/20 are outlined in the Executive Summary in Section 2, highlighting the areas of particular focus for the year. We strive to be a trusted regulator, respected in the UK and internationally, working in a challenging and high profile operating environment with heightened political, media, academic and public attention. In 2019/20, we will continue to focus on regulating the nuclear industry to protect the public, workers and environment from harm, in accordance with our purposes as defined within the Energy Act 2013, specifically nuclear safety, nuclear site health and safety (conventional health and safety), nuclear security, nuclear safeguards and the transport of radioactive materials. Delivering high quality work against our four strategic themes is key to ensure we remain trusted and respected across the world, and continue to have a positive influence on nuclear safety (including nuclear site health and safety and transport), security and safeguards.



Mark McAllister
Chair

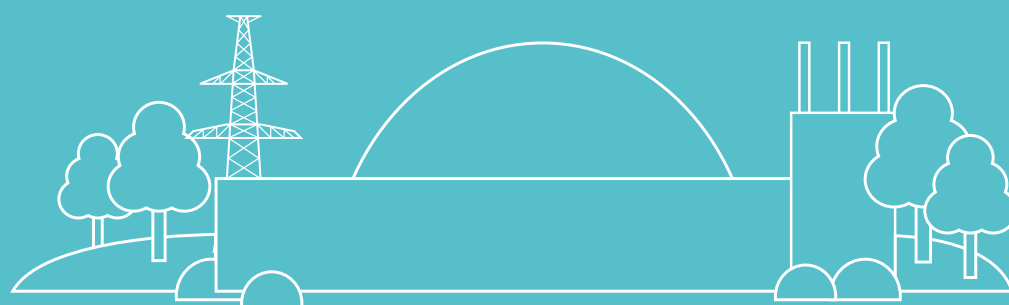


Adrienne Kelbie
Chief Executive



Mark Foy
Chief Nuclear Inspector

OUR MISSION IS TO
PROVIDE EFFICIENT AND
EFFECTIVE REGULATION OF
THE NUCLEAR INDUSTRY,
HOLDING IT TO ACCOUNT ON
BEHALF OF THE PUBLIC



2

ABOUT THIS PLAN





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- 2.1 This document sets out our aims and aspirations for 2019/20 and some of the challenges, risks and opportunities for the year ahead. The plan is intended to inform understanding of our progress and the next stage of our journey towards achieving our 2020 strategic intent.¹
- 2.2 This plan summarises our regulatory focus for the coming year in the context of an uncertain operating environment. It explains how we will continue to focus on delivering world-class regulation against our four strategic themes, to ensure we remain a respected regulator that engenders stakeholder and public confidence and trust.

EXECUTIVE SUMMARY

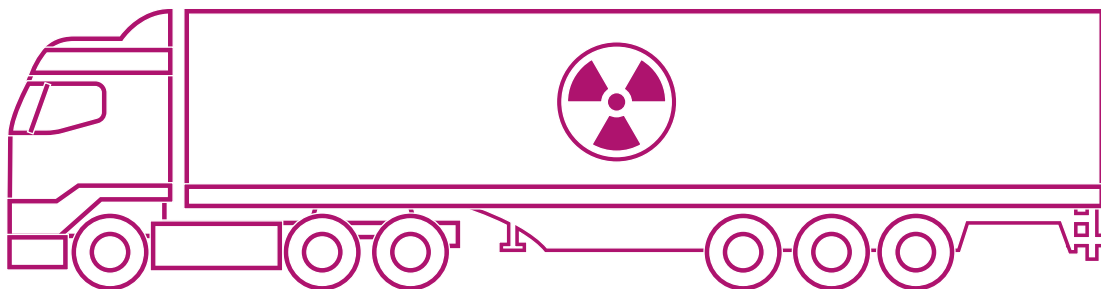
- 2.3 Our overarching priority is to continue to deliver efficient and effective regulation of the nuclear industry, holding it to account on behalf of the public. This is in the context of the significant regulatory activity, challenges and uncertainty that our operating environment presents, ensuring proportionate regulation alongside developments in how we regulate innovation. The domestic and international nuclear industry is experiencing rapid change so we must be able to respond to any challenges this may bring.

¹ ONR Strategic Plan 2016-2020
<http://www.onr.org.uk/documents/2016/strategic-plan-2016-2020.pdf>

2.4 During 2019/20, our core regulatory work will focus on a range of interventions, with regulatory attention being given to the safety, security and safeguards performance of licensees, influencing improvements where necessary, particularly for nuclear licensed sites in enhanced and significantly enhanced regulatory attention. This also includes our vires in respect of Conventional Health and Safety (CHS) and transport.

2.5 We will continue to assess the adequacy of safety cases submitted to us, to demonstrate the ongoing safety of nuclear facilities. We will also determine the acceptability and implementation of Nuclear Site Security Plans developed against our outcome-focussed SyAPs, where the responsibility for ownership and control of civil nuclear security rests with dutyholders. Hazard reduction and remediation of legacy facilities at Sellafield will remain a priority, in addition to the regulation of an ageing fleet of operating reactors, defence sites (which are in enhanced regulatory attention), nuclear new build and support to UK Government in its ambitions for ANTs. Specific areas of focus will include:

- i. oversight of the Atomic Weapons Establishment (AWE)'s delivery of its Structured Improvement Plan, by which it seeks to deliver improvements to safety sufficient for it to move from enhanced attention to routine regulatory oversight;
- ii. influencing improved safety performance at Devonport Royal Dockyard Ltd (DRDL) to improve its safety performance, to return the site to routine regulatory attention;
- iii. delivering the regulatory oversight and assessment necessary to reach an informed and proportionate decision regarding the future operability of Aldermaston's Assembly Technology Centre (ATC), with appropriate associated Ministry of Defence (MoD) engagement;
- iv. assessing safety cases for the re-start of Hunterston B reactors (and for Hinkley Point B reactors if appropriate) to ensure that a robust regulatory decision on future operability is achieved, with appropriate associated regulatory engagement;
- v. continuing with the regulatory oversight of the new build construction at Hinkley Point C;



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- vi. assessing security plans against SyAPs and embedding the new outcome focused approach to regulating civil nuclear security;
 - vii. undertaking a comprehensive review of the UK's nuclear Design Basis Threat (DBT);
 - viii. delivering effective regulation of cyber security and information assurance (CS&IA) and enhancing our own cyber security capability;
 - ix. completing our assessment of the safety case for the commencement of first retrievals from the Pile Fuel Cladding Silo (PFCS) at Sellafield;
 - x. completing our assessment of the safety cases for the active commissioning of the second Silo Emptying Plant (SEP2) to support early retrievals from the Magnox Swarf Storage Silo (MSSS) at Sellafield;
 - xi. providing support and advice to BEIS on the implementation of the emergency preparedness elements of the Basic Safety Standards Directive (BSSD) (2013); and
 - xii. retaining regulatory focus on the Dounreay Exotics Consolidation Project (DECP), including permissioning activities to enable shipment of material and subsequent storage and treatment at Sellafield.
- 2.6 In October 2019, we will publish the inaugural CNI's Annual Report on the safety, security and safeguards performance of the UK's nuclear industry. It will provide a comprehensive analysis of ONR's view of industry performance across our purposes, to inspire public and stakeholder confidence in our independent regulation of the industry.
 - 2.7 In the context of Brexit preparations, we will discharge our new legal regulatory responsibilities in respect of safeguards to enable the UK to meet its international obligations upon leaving Euratom and we are preparing for scenarios. We will also be working to establish equivalence in effectiveness and coverage to that provided by Euratom, by December 2020.
 - 2.8 Our transport inspectors are integrated into nuclear safety specialisms enabling them to deliver significant approvals for the transport of radioactive materials and, in addition, undertake more generic safety assessment and inspection activities, thereby broadening our resilience in transport regulation more widely in ONR.
 - 2.9 Our resilience and resourcing strategy for CHS has successfully strengthened our capability and capacity in this key area and we will continue to improve oversight and control of all our CHS regulatory functions through in-house regulation of construction activities on existing sites, including asbestos management and removal. In 2019, frontline regulation of the Control of Major Accident Hazards Regulations 2015 (COMAH) will also be undertaken by ONR.
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2.10 Over the past year, we have focussed on enhancing our corporate infrastructure and professionalising our support activities. In October 2018, we established a single leadership team, bringing together our former Executive Management and Regulatory Management teams, to provide the overall strategic leadership of our organisation as one unified group. The new Senior Leadership Team has brought multiple benefits, including:

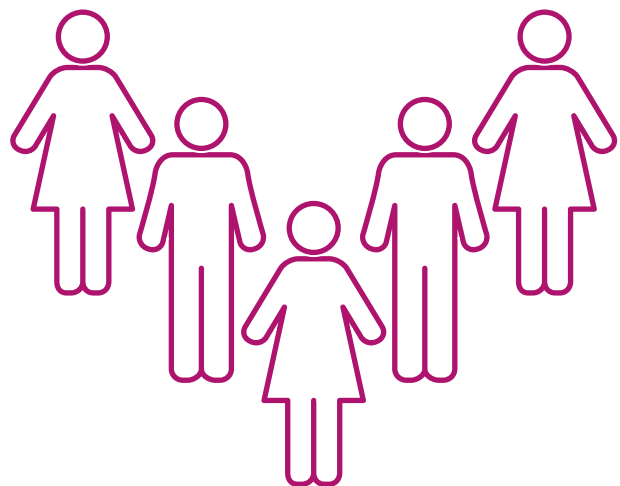
- a more diverse, collegiate and coherent senior leadership team;
- higher quality and more inclusive challenge and decision-making;
- more effective planning;
- a broader approach to activities and prioritisation; and
- a more informed approach to interdependencies and rounded understanding of all ONR activities.

2.11 During 2018/19, we developed plans to deliver significant change in how we work and will implement key elements of our modernisation activity in 2019/20. This will establish the environment to support new, more efficient and effective ways of working, including:

- the WIReD project which will enhance our business processes and deliver a step-change in information and knowledge management. Through WIReD, our processes will be more efficient and easier to follow and our information far more integrated and accessible, leading to greater consistency in our regulation. It will also increase our productivity and modernise how we work with those we regulate; and

- the separation and migration of our data from the Health and Safety Executive (HSE)'s IT network to our own independent network, which will deliver multiple benefits and provide a robust independent network infrastructure, delivering enhanced cyber security resilience and information management, and laying the foundations for further IT modernisation work within ONR.

2.12 We will continue to grow and strengthen the ONR Academy as a centre for excellence in learning and development, to build our capability in regulatory, technical and other core skills. This will include a greater focus on providing support to staff on wellbeing, including implementation of a mental health strategy and improving our stress management arrangements. Talent pipelines will continue to grow and develop, with year on year commitment to bringing in graduates in a variety of disciplines. In 2019 we begin a new pipeline of nuclear degree level apprentices, who will undertake a five year programme supported by Blackpool and The Fylde College.



2.13 Our top ten priorities for 2019/20 are summarised under our four strategic themes, as follows:

Strategic Theme 1: Influencing improvements in nuclear safety, security and safeguards

1. Maintain delivery of our core regulatory functions, holding industry to account on behalf of the public.
2. Embed an independent UK State System of Accountancy for and Control of Nuclear Materials (SSAC) to enable the UK to meet its international safeguards obligations after leaving Euratom, as a result of Brexit, and work towards a safeguards system equivalent in effectiveness and coverage to that provided by Euratom, by December 2020.
3. Support implementation of the emergency preparedness elements of the Euratom Basic Safety Standards Directive (BSSD) (2013), including developing a Code of Practice (and associated guidance) in support of the revised Radiation (Emergency Preparedness and Public Information) Regulations (REPPiR) (2019) and guidance to support amendments to the Carriage of Dangerous Goods Regulations and Use of Transportable Pressure Equipment Regulations (CDG) 2009.



Strategic Theme 2: Inspiring a climate of stakeholder respect, trust and confidence

4. Strengthen insight, peer review and effective two-way stakeholder engagement.
5. Lead the UK International Atomic Energy Agency (IAEA) Integrated Regulatory Review Service (IRRS) Mission 2019, working with other regulators and government to present a coherent and accurate position of how we regulate in the UK.



Strategic Theme 3: Getting the best out of our people

6. Enhance ONR's leadership and management skills.
7. Promote a healthy organisational culture, focusing on organisational values and behaviours.
8. Provide coherent and consistent leadership of, and ensure staff engagement in, our change portfolio.



Strategic Theme 4: Developing a high-performing, sustainable organisation

9. Simplify and standardise our regulatory ways of working and processes, and improve our ability to share knowledge and insight, through our Well Informed Regulatory Decisions (WIReD) project.
10. Migrate our data from the Health and Safety Executive (HSE) onto new, independent networks through our IT Separation project.



ABOUT ONR

WHO WE ARE

2.14 We are the UK's independent nuclear regulatory body,² with the legal authority to regulate nuclear safety, security and conventional health and safety at licensed nuclear sites³ in GB. This includes the existing fleet of operating reactors, fuel cycle facilities, waste management and decommissioning sites, as well as licensed defence sites (except for security, which remains within MoD's remit, and non-safeguarded material), together with the regulation of the design and construction of new nuclear facilities. We also regulate the transport of nuclear and radioactive materials. Our nuclear security regulation covers approval of security arrangements within the civil nuclear industry and provides regulatory oversight for the security of transportation of civil nuclear materials.

2.15 The government has assigned ONR with responsibility for regulating nuclear safeguards (in respect of nuclear materials accountancy and control) after the UK departs from the European Union and Euratom, to ensure the UK can continue to meet its international safeguards obligations.

2.16 We are governed by a ten-strong unitary Board, comprising a Chair, five independent Non-Executive Directors and four Executive Directors from a range of backgrounds, including defence and security. The Board sets our strategy and supports the work of over 600 staff based in Bootle, Cheltenham and London.

2.17 We welcome Mark McAllister who became Non-Executive Chair on 1 April 2019 for a five-year term.

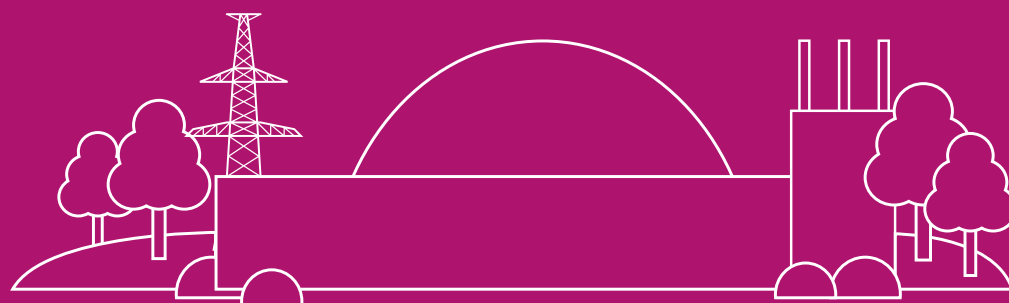
2.18 Our Chief Executive, Adrienne Kelbie, is accountable for the leadership and executive delivery of the organisation and for ensuring all funds are spent in accordance with Parliament's intentions, and in accordance with HM Treasury's 'Managing Public Money' and other relevant governing guidance and instructions.

2.19 The Board is responsible for our regulatory strategy. The Board has delegated all individual regulatory decisions to our CNI, Mark Foy, who is accountable for ensuring that our regulatory activities are targeted effectively, properly discharged and that our regulatory decisions are proportionate and consistent. He assures our Board that regulatory decisions are being made appropriately within the legal requirements of the Energy Act 2013.

² Our organisational structure is provided at Appendix C.

³ For security purposes, ONR regulates other organisations who hold sensitive nuclear information.

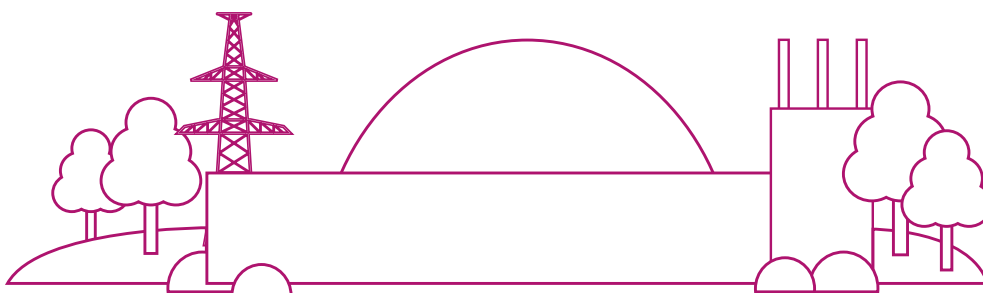
OUR VISION IS TO BECOME
AN EXEMPLARY REGULATOR
THAT INSPIRES RESPECT,
TRUST AND CONFIDENCE



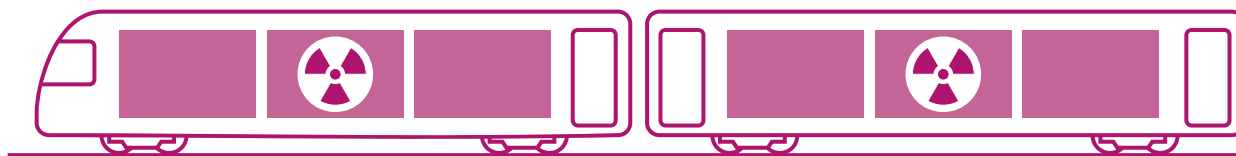
WHAT WE DO

- 2.20 Our mission is to provide efficient and effective regulation of the nuclear industry, holding it to account on behalf of the public. In areas where the law is not prescriptive, the UK operates a goal-setting approach to nuclear safety, nuclear security and conventional health and safety. We seek to ensure the required high standards of safety and security in the nuclear sector are met. Our duty is to ensure that the nuclear industry reduces risks to workers and the public so far as is reasonably practicable (SFAIRP), controls hazards effectively and has a culture of continuous improvement.
- 2.21 In respect of nuclear material safeguards, our duty is to enable the UK to meet its international obligations including assuring ourselves that operators have appropriate arrangements in respect of nuclear material accountancy and control. We will achieve this through analysis of operators' accountancy records, as well as inspection and assessment to validate the correctness and completeness of these and the adequacy of their arrangements.

- 2.22 Our goal-setting approach places clear accountability on dutyholders to achieve the required high standards of nuclear safety and security, but allows innovative and flexible solutions that reflect local circumstances. By working more openly with stakeholders, a collective view of risk and potential solutions in the interests of safe and secure operations can be adopted and, in turn, relevant good practice shared with others to encourage continuous improvement.
- 2.23 To be an efficient and effective regulator, we will continue to improve our arrangements to identify and learn lessons from our activities and employ practices and behaviours consistently where they have been proven to deliver successful safety and security outcomes.
- 2.24 Our enabling approach to regulation means that we take a constructive position with dutyholders and other stakeholders to facilitate effective delivery against clear, agreed and prioritised safety and security outcomes. The focus is on strengthening industry accountability, while enabling dutyholders to discharge their accountabilities in an efficient and effective way. This approach is captured in our guide: 'Holding to Account and Influencing Improvements – a Guide to Enabling Regulation in Practice', available on our website.⁴



⁴ Holding to Account and Influencing Improvements – a Guide to Enabling Regulation in Practice <http://www.onr.org.uk/documents/2018/guide-to-enabling-regulation-in-practice.pdf>



- 2.25 Our activity in respect of transport focuses on regulating safety and security during the transport of radioactive material by road, rail and inland waterways in GB. We advise on the transportation of nuclear and radioactive material by air and sea within the UK's territorial waters. This includes the movement of flasks carrying spent nuclear fuel from operating and decommissioning nuclear reactors and radio-pharmaceuticals needed for hospitals.
- 2.26 We carry out a range of regulatory activities to assure the safe transport of radioactive materials. We grant approval for the designs of packages used to carry high-hazard radioactive materials. This is to ensure they meet exacting international safety standards and the packages are built to robust quality assurance plans and are correctly used and maintained. Regulation is also carried out through a programme of targeted, risk-informed inspections and engagement with dutyholders.
- 2.27 We are open and transparent and disclose information on our regulatory activities, and this information is available on our website. We will continue to engender public trust and respect by sharing information about our activities and dealing with questions, enquiries and concerns by providing explanations of our decisions. We also routinely engage with local stakeholder groups and local liaison committees at all sites, non-government organisations (NGOs), the public, media and Members of Parliament (MPs).
- 2.28 Our regulatory planning assumptions for 2019/20, agreed with government, are included at Appendix B.
- 2.29 More information about what we do is available on our website, www.onr.org.uk.

WHERE WE DO IT

- 2.30 We regulate nuclear safety, nuclear security, CHS and safeguards across 37 sites within GB (except for security on defence sites, which remains within MoD's remit, and non-safeguarded material), as indicated in Figure 1. In February 2019 we granted a licence to Inutec Limited (Tradebe Inutec), which occupies part of the Magnox Limited Winfrith nuclear site in Dorset. Figure 1 also includes other non-licensed sites operated directly by the MoD, where we have some limited authority and potential new build sites (bringing the total number of sites to 37). In addition, we regulate the transport of radioactive material between civil sites, that are not used for defence purposes, being carried by road, rail and on some inland waterways, and material transported to other non-nuclear sites, such as hospitals.



2.31 To discharge our CHS purpose effectively under the Energy Act 2013, we will continue to develop and consolidate our capacity and capability to regulate CHS across the nuclear industry. We will continue to target the priority topics representing the highest risks of ill health and injury, including significant health hazards, major accident hazards, and construction activities. We will also exploit opportunities to maximise regulatory efficiencies and reduce regulatory burdens. We will do this by developing and contributing to multi-disciplinary interventions that test compliance with all applicable legal duties and licence conditions, including permissioning activities where appropriate.

2.32 Our Civil Nuclear Security and Safeguards (CNSS) division is responsible for assessing and approving security arrangements across the civil nuclear industry. Such arrangements are designed to prevent the theft or sabotage of nuclear or other radioactive material, the sabotage of nuclear facilities and the unauthorised disclosure of sensitive nuclear information. Our regulatory decision-making takes into account the full range of protective measures, including physical security, personnel security, cyber security and information assurance. Our regulatory vires extends to nuclear licensed sites and premises, locations holding sensitive nuclear information and approved carriers. This amounts to a significant portfolio of approximately 400 dutyholders.

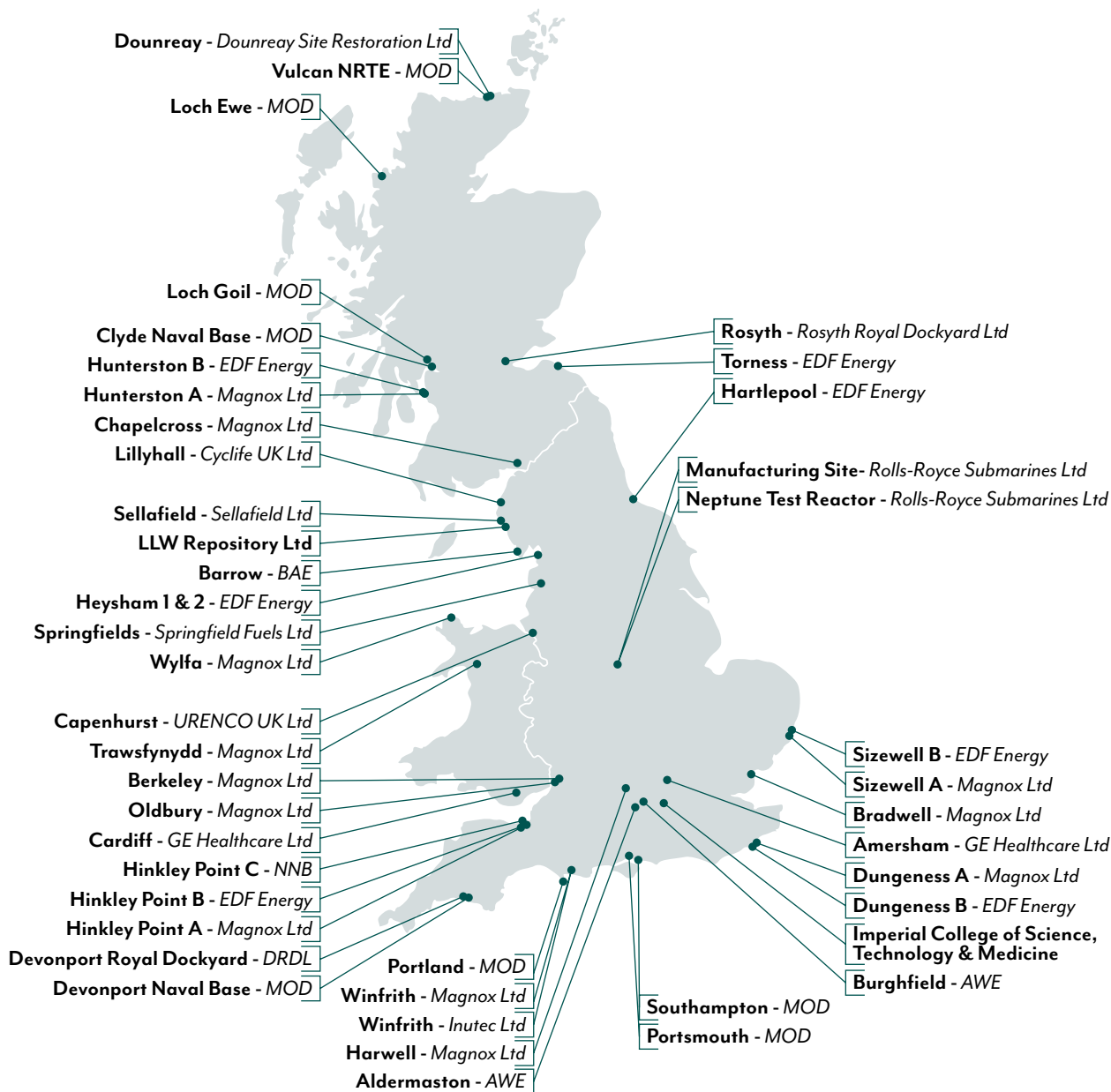
2.33 With regard to our civil nuclear security activities, we undertake regulatory duties overseas to ensure compliance with UK civil nuclear regulations, including:

- approved carriers based overseas and UK-based approved carriers operating worldwide;
- inspections of arrangements for the protection of UK sensitive nuclear information held overseas;
- interventions to enable the approval of cross-border transport arrangements for nuclear material;
- interactions in relation to treaties focussed on the protection of enrichment technology; and
- cyber security and information assurance.

2.34 Since nuclear safety, security and safeguards is an area of international interest, we work closely with multi-lateral organisations, such as the IAEA, and bilaterally with other international regulators to develop standards and share experience to identify improvements we can make to our policy and practices (see Section 3).

2.35 Our website has a comprehensive library of documents about what we do.

FIGURE 1 – MAP OF REGULATED SITES



MOD - Ministry of Defence	EDF Energy - EDF Energy Nuclear Generation Ltd	BAE - BAE SYSTEMS Marine Ltd
DRDL - Devonport Royal Dockyard Ltd	AWE - Atomic Weapons Establishment Plc	NNB - NNB GenCo HPC Ltd

3

OUR OPERATING ENVIRONMENT AND STRATEGIC CONTEXT





- 3.1 Our overarching priority is to continue to deliver efficient and effective regulation of the nuclear industry in the context of the significant regulatory activity, challenges and uncertainties that our operating environment presents.

OUR RELATIONSHIP WITH UK GOVERNMENT

- 3.2 As a public corporation, we are accountable to Parliament through the Secretary of State for Work and Pensions and sponsored by the Department for Work and Pensions (DWP) in relation to governance, finance and conventional health and safety issues. An updated Framework Document⁵ between DWP and ONR was agreed in October 2018.
- 3.3 We also work closely with BEIS, whose Secretary of State is accountable to Parliament for civil nuclear safety, security and safeguards and related policies. We advise BEIS officials and also provide effective assurance information to the Secretary of State across our purposes.
- 3.4 While there is no direct impact of Brexit on our regulation and purposes (beyond safeguards, potential implications for transport and some aspects of ONR's international engagement), we continue to work closely with BEIS and provide support to engage with industry, and make provisions in its regulatory planning. As a responsible regulator, we continue to effectively plan for scenarios through engagement in UK policy making, regulatory planning assumptions, targeted international activity, and ongoing review and impact assessment of the changing political landscape through horizon scanning.

⁵ ONR-DWP Framework Document
<http://www.onr.org.uk/documents/2018/onr-dwp-framework-document-oct18.pdf>

- 3.5 The Secretary of State for Defence is accountable to Parliament for nuclear safety and security at nuclear sites operated wholly or mainly for defence purposes. We work closely with the MoD and its safety authority, the Defence Nuclear Safety Regulator (DNSR). MoD is a Crown Body and the sites it operates directly have some exemptions from legislation. We do not regulate security on defence sites.
- 3.6 The MoD internal regulator, DNSR, leads on regulating nuclear safety at the authorised non-licensed sites. However, the MoD is not exempt from the duties imposed by the Health and Safety at Work Act 1974 and other provisions, such as the Ionising Radiations Regulations (IRR) 2017 or REPPiR 2001. We are the enforcing authority under these regulations and other legislation. We work closely with DNSR to ensure efficient, effective and complete regulation is delivered on all the defence-related sites.
- 3.7 The government's Regulators' Code⁶ came into force in April 2014 and it provides a framework for how UK regulators should engage with those they regulate. During 2018/19, we published an update of our self-assessment of performance against the Regulators' Code. We will undertake a further review of our performance and compliance with the code in autumn 2019 and intend to publish the findings in spring 2020.



Crown copyright

⁶ Department for Business Innovation and Skills: Better Regulation. Delivery Office Publication, April 2014 Regulators' Code.



- 3.8 Overall, our activities align with the Regulators' Code. In particular, our regulatory framework and enabling approach embrace proportionality, our engagement with other regulators is highly collaborative, and the publication of our staff guidance for inspection and assessment provides a good basis for openness and transparency. However, we strive for continuous improvement and, following a self-assessment exercise, we have identified further enhancements.
- 3.9 We have a duty to have regard to the desirability of promoting economic growth for compliant businesses. The Economic Growth (Regulatory Functions) Order 2017⁷ brought all of our functions in scope of this duty on 29 March 2017. There is no change to how we regulate in terms of ensuring the high standards of safety, security and safeguards we expect in the nuclear sector. The principles of proportionality have been embedded in our goal-setting regulatory framework in relation to safety for decades and are now being embedded in relation to security regulation through our SyAPs change programme. We will continue to develop a greater understanding of industry costs and further embed our enabling approach to ensure we remain proportionate.
- 3.10 As required by the UK Government's Better Regulation initiative, we will complete Business Impact Target (BIT) assessments. This will increase our understanding of the economic cost to business of changes to regulatory guidance and approaches and improve our strategic engagement with, and insight of, those we regulate.

⁷ Economic Growth (Regulatory Functions) Order 2017
<http://www.legislation.gov.uk/uksi/2017/267/contents/made>

- 3.11 We expect to continue to work with and advise BEIS in several policy areas; this will include advising BEIS on the safety of deployment of ANTs.
- 3.12 On 12 October 2017, as part of the Clean Growth Strategy, the government announced an immediate investment to further develop the capability and capacity of the nuclear regulators to support and assess the development of ANTs, which includes SMRs and AMRs. Within this framework, we have developed a training strategy and are putting in place the means to grow our capability in ANTs. The aim of our ANT training programme is to ensure that we are able to support BEIS in its AMR competition announced in December 2017 and to continue our capability growth in this area for future regulation.
- 3.13 Reduction in the cost of capital is widely recognised as important for the future of new nuclear. The government has repeatedly stated that its long-term objective is for the private sector to finance new nuclear projects, similar to any other major infrastructure projects in the UK. Therefore, BEIS is assessing the viability of a Regulatory Asset Base (RAB) funding model for new nuclear projects.
- 3.14 The BEIS Secretary of State announced to Parliament on 17 January 2019 that they intend to publish our assessment of the RAB model by summer 2019. The Secretary of State also stated that he will set out a new approach to financing new nuclear in a government energy white paper in the summer.
- 3.15 The RAB model has already been successfully used for funding other large infrastructure projects. ONR will provide BEIS with technical and regulatory policy advice on the RAB model.



OUR INTERFACE WITH REGULATORS AND AGENCIES

- 3.16 We co-ordinate our work with the UK's environment agencies to deliver the overall regulatory mission at GB nuclear sites. Our respective roles are set out in Memoranda of Understanding (MoU) with the Environment Agency (EA), Natural Resources Wales (NRW) and the Scottish Environment Protection Agency (SEPA).
- 3.17 We will continue to work with EA and NRW on the assessment of reactor designs proposed to be built in the UK through our well-established Generic Design Assessment (GDA) process and in making preparations for regulating a future Geological Disposal Facility (GDF).
- 3.18 We have an MoU with HSE to deliver some conventional health and safety regulation at nuclear sites and work closely with HSE on specific policy-related matters and national strategic priorities.
- 3.19 In respect of radiation protection, we work with Public Health England (PHE), which has UK-wide responsibility to provide advice and technical services on matters concerned with radiation hazards and protection. This is particularly important this year as we focus on the ongoing implementation of BSSD, including the production of an Approved Code of Practice (ACoP) and guidance in relation to radiation emergency preparedness.
- 3.20 The Secretary of State for Defence is accountable for nuclear safety and security at nuclear sites operated for defence purposes and we have an MoU with MoD. We have a joint working relationship with DNSR and a Letter of Understanding sets out the framework for coherent safety regulation of the Defence Nuclear Programme by ONR and DNSR.
- 3.21 Additionally, we have agreements with the Civil Aviation Authority and Maritime and Coastguard Agency through the Department for Transport (DfT) and the Department of Agriculture, Environment and Rural Affairs Northern Ireland, to ensure transport of radioactive material is regulated effectively by all modes of transport throughout the UK. We also work closely with HSE, the environment agencies and other stakeholders to ensure transport of radioactive material is regulated effectively and efficiently, in accordance with the principles of the Regulators' Code.
- 3.22 We work co-operatively with other agencies, including EA, DfT, HSE, police forces and Border Force in the area of radioactive materials transport. We support industry groups and professional bodies to promote improved compliance. This includes the publication of dutyholder guidance on our website to help those we regulate to understand their legal responsibilities.

OUR RELATIONSHIP WITH INTERNATIONAL NUCLEAR ORGANISATIONS

3.23 We operate within a global context of international law, obligations, standards and guidance (Figure 2 illustrates our international reach). Our effective engagement and influence on a worldwide platform is imperative to:

- i. influence the development of safety standards and security guidance and incorporate these into the UK regulatory system to promote high standards;
- ii. enhance our reputation as a world-class regulator; and
- iii. support other countries to reach the highest standards in nuclear safety, security and safeguards.

3.24 We have developed a Strategic Framework for International Engagement⁸ 2020-25 to provide the strategic context, setting out the priority objectives and criteria in this area. This will support our organisational strategy for 2020-25. It defines the overarching governance structure for agreed priority international engagements and criteria for considering requests to participate in international forums and events. This framework will drive the nature, extent and scope of our international activity.

3.25 We participate in a range of multilateral fora (Figure 3 summarises our international engagement) and have forged strong bilateral partnerships with other national regulatory authorities. We also support the UK Government in demonstrating compliance with the obligations contained within international conventions relating to nuclear safety, security and safeguards.

3.26 In 2019/20, we will continue our international engagements to build and maintain relationships with our international counterparts and multilateral organisations so we can learn lessons and promulgate good practice.

3.27 Our priority engagements include supporting a significant portfolio of international work with key bodies, including the IAEA, Nuclear Energy Agency (NEA) and other influential standards-setting bodies such as the Western European Nuclear Regulators Association (WENRA). This approach enables us to influence globally, learn from relevant international good practice and maintain alignment with international obligations, standards and conventions, as well as to ensure their output takes account of UK practice/law and meets the UK's needs.



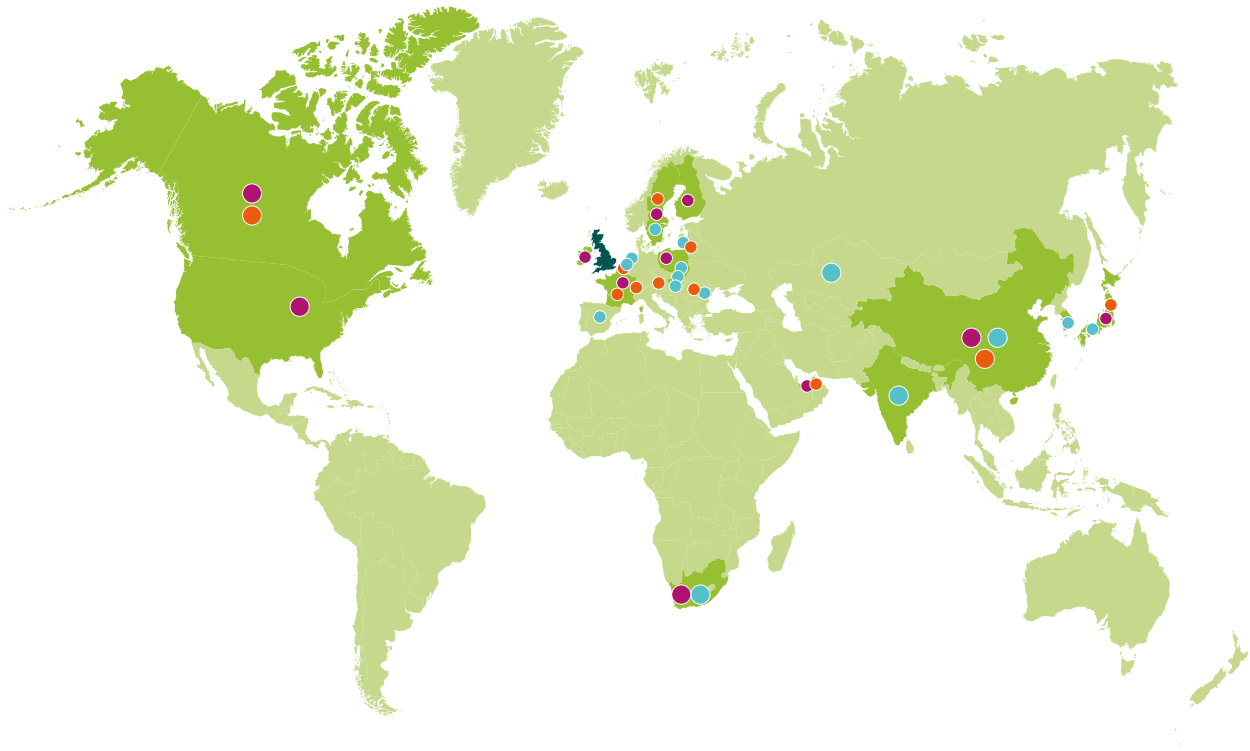
⁸ To be published on the ONR website in April 2019.

- 3.28 We work collaboratively across the NEA, a specialised agency under the framework of the Organisation for Economic Co-operation and Development (OECD). The NEA undertakes a broad work programme including nuclear safety, law, economics and science across a range of technical steering committees.
- 3.29 In October 2019, the UK will host an IRRS Mission, a self-assessment of compliance with IAEA safety standards. IRRS was established to strengthen and enhance the effectiveness of national regulatory infrastructure for nuclear safety, radiation safety, radioactive waste and transport safety, and the security of radioactive sources, while recognising the ultimate responsibility of each Member State to ensure safety in these areas. We will take a lead role in hosting, co-ordinating and managing the mission, working with other regulators and government to present a coherent and accurate position of how we regulate in the UK. We will also support IRRS missions elsewhere in the world, applying our expertise in other international contexts. In 2019/20 IRRS has planned missions to Bangladesh, Germany and Argentina.
- 3.30 We will also support IAEA's International Physical Protection Advisory Service (IPPAS) Mission (with an IPPAS mission to Belgium planned) and represent the UK at various forums, including IAEA safety standards committees, the Nuclear Security Guidance Committee and the Committee on Nuclear Regulatory Activities (CNRA). We also support the IAEA in the development of regulations for the safe transport of radioactive material.

NUCLEAR SECTOR DEAL AND REGULATORY INNOVATION

- 3.31 The government remains committed to nuclear energy (civil and defence) and the Nuclear Sector Deal (NSD) seeks to promote positive aspects of an energy mix that features nuclear power and includes, as key themes, goals on the cost reduction of new build in the UK and regulatory innovation. Our goal-setting regulatory approach offers flexibility to support innovation within the UK nuclear industry – evident through our work with ANTs and influencing hazard and risk reduction at Sellafield.
- 3.32 A key objective of our development work on ANTs is to strengthen engagement with overseas regulators and international organisations to help us achieve the technical development required to regulate them. We are planning to further extend the international activities related to ANTs. Funded by BEIS, we are currently:
- i. participating in the SMR Regulators' Forum – this comprises international regulators that perform, or have interest in, SMR-related regulatory assessments. It operates under the auspices of the IAEA and is the only international regulator forum with focus on SMRs;
 - ii. participating in the NEA's Working Group on the Safety of Advanced Reactors (WGSAR); and
 - iii. holding multilateral/bilateral discussions on SMRs with overseas regulators.

FIGURE 2 – INTERNATIONAL REACH



- **CURRENT INFORMATION EXCHANGE ARRANGEMENTS**
CANADA, CHINA, FINLAND, FRANCE, IRELAND, JAPAN, POLAND, SOUTH AFRICA, SWEDEN, UNITED ARAB EMIRATES, USA
- **COUNTRIES ONR HAS PROVIDED EXPERTS FOR INTEGRATED REGULATORY REVIEW SERVICE(IRRS) MISSIONS, 2014-2016**
BELGIUM, CHINA, HUNGARY, INDIA, JAPAN, KOREA, LITHUANIA, KAZAKHSTAN, NETHERLANDS, POLAND, ROMANIA, SLOVAKIA, SOUTH AFRICA, SPAIN, SWEDEN
- **INTERNATIONAL PHYSICAL PROTECTION ADVISORY SERVICE (IPPAS) MISSIONS SINCE 2014**
AUSTRIA, BELGIUM, CANADA, CHINA, FRANCE, JAPAN, LITHUANIA, ROMANIA, SWEDEN, SWITZERLAND, UNITED ARAB EMIRATES

FIGURE 3 – INTERNATIONAL ENGAGEMENT



3.33 We are a member of the NEA’s Multinational Design Evaluation Programme (MDEP), collaborating with other foreign national regulators looking at new reactor designs (notably the working group on the HPR1000 design) through cross-cutting themes. MDEP enables us to work with other regulators to leverage resource and knowledge to facilitate more efficient and effective design assessments. This is of particular importance to develop our approach to regulation of the supply chain, to assure the quality of nuclear safety-related components, through participation in the MDEP Supply Chain Working Group.

UK EXIT FROM THE EU AND EURATOM

- 3.34 Following the UK's exit from the EU, and consequently Euratom, the government has proposed a new civil nuclear relationship based on a comprehensive Nuclear Cooperation Agreement (NCA) between Euratom and the UK. This is to help ensure the UK's standing as a leading and responsible civil nuclear state is maintained and supports a UK domestic safeguards regime and the UK SSAC. This will establish a co-operation mechanism between ONR, as the forthcoming UK safeguards regulator, and Euratom, which is vital to reducing uncertainty and to secure uninterrupted co-operation and trade in the nuclear sector.
- 3.35 In addition to a formal NCA, leaving the EU will result in a different relationship for ONR with EU member states. Subject to negotiation, the UK government is seeking to retain membership or observer status of key EU bodies (including the European Nuclear Safety Regulators Group (ENSREG), Article 31 and 37 Expert Groups). This is to ensure we maintain influence in the development of frameworks for topical peer reviews and national action plans that derive from ongoing UK obligations to the transposed Nuclear Safety Directive and Spent Fuel & Radioactive Waste Directive.

ECONOMIC IMPACT OF REGULATION

- 3.36 The Deregulation Act 2015 confirmed the economic growth duty on non-economic regulators, and we commissioned NERA Economic Consulting to examine the economic impact of civil nuclear safety regulation. NERA's report highlighted a number of positive findings, including our current regulatory strategy for Sellafield and the GDA. It also identified some areas for potential improvement, including:
- encouraging more external comment and comparisons, which we are addressing by, for example, improving NGO engagement and expanding the membership of the CNI's independent advisory panel;
 - more effective promotion and monitoring of the Enabling Regulation initiative, which we are addressing by, for example, engaging with the Safety Directors Forum (SDF) and wider industry on our approach;
 - improving ONR's knowledge of the costs imposed by regulatory decisions;
 - the use of economic advice in the framing and assessment of some issues; and
 - refinement of its current guidance on SFAIRP and gross disproportion.
- 3.37 The majority of the recommendations we accepted have been addressed. NERA also recommended that we undertake systematic and quantitative international comparisons of factors such as regulatory costs and standards as applied in practice. We have committed to investigating opportunities to collaborate, through multilateral relationships, to help indicate how our economic impact in specific types of regulation compares with our international counterparts.

INDUSTRY

- 3.38 We will continue to engage with licensees and other dutyholders at many levels, including information exchange, tactical and strategic meetings held at senior levels.
- 3.39 We will continue to assess new industry developed SyAPs-informed nuclear security plans and inspect compliance against them. We apply the law, either to influence suitable improvements or to hold non-compliant dutyholders to account through formal enforcement, by exercising our powers under the nuclear site licence, such as regulatory letters, notices or prosecution.
- 3.40 We will continue to play an active role in key stakeholder groups, including the SDF.
- 3.41 We are also committed to working in an enabling way with key stakeholders at Senior Steering Groups at Sellafield, AWE and Dounreay, who are currently receiving enhanced or significantly enhanced levels of regulatory attention, to facilitate effective delivery against clear and prioritised safety and security outcomes. This is to expedite hazard and risk reduction at Sellafield, ensure timely improvements at AWE to enable them to deliver their Structured Improvement Plan, and progress materials consolidation at Dounreay, as well as other strategic matters on plutonium disposition.
- 3.42 We will hold our annual industry conference in June 2019, bringing together leaders from across the sector with our senior team and Non-Executive Directors to discuss areas of mutual interest and regulatory priorities.

OTHER STAKEHOLDERS

- 3.43 As a body that operates on behalf of the public, we recognise and engage with a wide range of stakeholders. These include the government, site stakeholder groups, local liaison committees, NGOs, the media, academics, nuclear and non-nuclear regulators and the public. We do so at a local, national and international level.
- 3.44 Some have concerns about nuclear safety and security, while others are highly supportive. We seek to be balanced and fair in engaging and responding to all perspectives, recognising our purpose, role and, above all, our impartiality.
- 3.45 We will continue to share appropriate information about what we do by attending local stakeholder groups convened by the licensees. These groups meet routinely and include local authorities, trade unions, interested local groups and members of the public and the media. Furthermore, we will respond in a timely manner to requests for information relating to regulation of the nuclear industry, in accordance with our openness and transparency principles.
- 3.46 We will continue to engage routinely with NGOs and interested stakeholders. In 2019/20, our NGO engagement programme includes two forum meetings, our webinar programme and regular correspondence to keep NGO groups informed and involved. To enhance engagement and collaboration, the NGO meetings are co-chaired jointly by ONR's Chief Executive and a nominated member of the NGO community.

CNI INDEPENDENT ADVISORY PANEL

- 3.47 ONR regulates a technically complex portfolio and to ensure that the CNI has access to experienced and competent specialists in a diverse range of nuclear matters, a panel of experts was set up to:
- provide him with independent advice to inform ONR's proposals for development of regulatory policies and strategies; and
 - identify and advise on future developments in nuclear technologies and their potential implications for nuclear regulation.
- 3.48 At the beginning of 2019, two members of the NGO community were appointed to the panel to provide a more diverse perspective and challenge.
- 3.49 The panel has recently considered topics such as SMRs, innovation, the Nuclear Sector Deal and research. During 2019, we anticipate subjects such as regulatory effectiveness, safety/security/cyber interface, harmonisation of standards, ethical baseline of decision making, and stakeholder involvement and participation in decision making to be considered by the panel.

REGULATORY RESEARCH

- 3.50 Our regulatory research portfolio expanded in 2018/19, with a strong focus on understanding the graphite phenomena. Graphite work dominates the research portfolio and the output provides an important source of independent advice to underpin our regulatory decisions regarding operations at the two reactors at Hunterston B and one of the Hinkley Point B reactors.
- 3.51 Our 2019/20 strategy will seek to draw our research work closer to regulatory needs, to improve the openness and transparency of this area and provide dutyholders with opportunities to inform research commissioning decisions. It will also improve how we engage with academia, how we regulate innovative technologies, and help us avoid conflicts of interest. The research strategy will ensure the research undertaken links to our regulatory functions. Unlike previous years, the annual research report will also form part of the CNI Report, to demonstrate the important role that research plays in our decision making.

WE SEEK TO BE BALANCED
AND FAIR IN ENGAGING
AND RESPONDING TO ALL
PERSPECTIVES, RECOGNISING
OUR PURPOSE, ROLE
AND, ABOVE ALL, OUR
IMPARTIALITY



4

OUR STRATEGIC THEMES AND KEY ACTIVITIES



-
- 4.1 Each of our strategic themes is influenced by our operating environment, reinforcing our key priorities, milestones and performance indicators, which are summarised in this plan.
 - 4.2 For 2019/20, we have updated Strategic Theme 1 to include safeguards, reflecting our accountability for enabling the UK to meet its international safeguards obligations post Brexit.

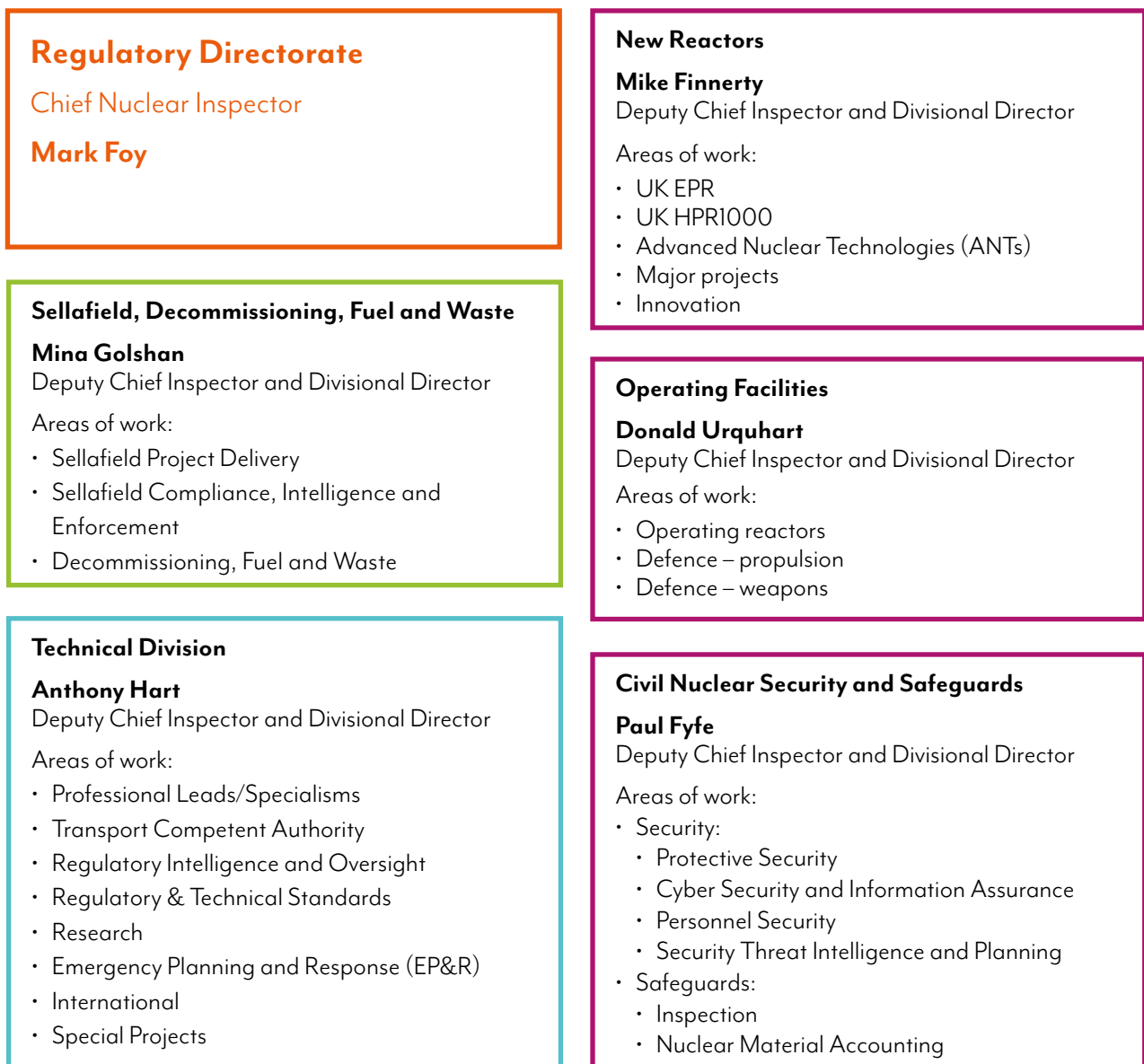
STRATEGIC THEME 1: INFLUENCING IMPROVEMENTS IN NUCLEAR SAFETY, SECURITY AND SAFEGUARDS

- 4.3 Our regulatory framework with regard to safety is well established and our regulatory approach seeks to deliver proportionate, targeted and balanced decisions that, as appropriate, take a long-term view of the safety and security challenges of the UK nuclear industry and support growth. Our recently published SyAPs, which applies the same principled-based regulatory approaches, is still in the relatively early stages of implementation and will take time to fully embed. We will continue to focus on areas that pose the greatest risk, in particular those sites receiving enhanced and significant enhanced regulatory attention.

4.4 Our regulatory structure has developed since ONR became a Public Corporation in 2014, under the Energy Act 2013, and we will continue to evolve to ensure that our functions retain a strong focus on the industry sectors we regulate. We have five divisions within the Regulatory Directorate (as illustrated in Figure 4):

- Civil Nuclear Security and Safeguards;
- New Reactors;
- Operating Facilities;
- Sellafield, Decommissioning, Fuel and Waste; and
- Technical.

FIGURE 4 – THE REGULATORY DIRECTORATE



-
- 4.5 Our Regulatory Directorate Business Plan supports our regulatory strategy and sets out our focus for 2019/20 to regulate the nuclear industry in the UK efficiently and effectively, in accordance with our purposes as defined in the Energy Act 2013. This plan is underpinned by individual divisional and sub-divisional plans, project plans and task sheets which identify key work activities and milestones for 2019/20 and beyond, to ensure delivery of our key regulatory priorities and strategies.
- 4.6 In 2019/20 we plan to undertake over 1,000 regulatory interventions, including compliance inspections, a wide range of assessments and inspections to underpin permissioning activities and other regulatory engagements. However, we remain flexible and will adapt our plans where appropriate, to reflect the changing nuclear landscape.
- 4.7 Our inspectors spend approximately 70% of their time on front line regulatory activities. To ensure transparency and accountability we will continue to publish information on the outcomes of our inspections and other activities, including any formal enforcement and the basis of our regulatory decisions.
- 4.8 We have been tasked by BEIS on behalf of government to produce the UK national report to the 8th Triennial Review Meeting of the Contracting Parties to the CNS, which will be submitted in 2019.

PROCESS FOR ASSIGNING REGULATORY ATTENTION LEVELS

- 4.9 Regulatory attention levels are reviewed annually and determine the level of regulatory activity paid to dutyholders. Routine regulatory attention applies to those sites where we consider that no additional attention over and above that would normally apply was considered necessary. Enhanced and significantly enhanced regulatory attention describes a higher level of regulatory activity paid to the dutyholder. It recognises additional factors such as emergent or long-standing safety or security issues and/or the risk associated with the facilities in question. Furthermore, changes in our regulatory strategy to achieve hazard and risk reduction across sites over a shorter period of time could result in a site attracting significantly enhanced regulatory attention. Given the legacy nature of the radioactive inventory across a number of sites and facilities, it is envisaged that some could be in either enhanced or significantly enhanced regulatory attention for a number of years.
- 4.10 In 2018 we developed and implemented a more comprehensive and systematic framework for assessment of regulatory attention levels, based upon a range of performance indicators relating to safety and security performance, the hazard and risk associated with dutyholder undertakings and the safety and security culture. This framework strengthens the evidential basis by which attention levels are assigned, and means by which we influence a return towards routine regulatory attention in a timely manner and provide greater transparency to dutyholders and the public.

70%

OF OUR INSPECTORS' TIME IS SPENT ON
FRONT LINE REGULATORY ACTIVITIES

- 4.11 We engaged with industry through the SDF in the development of the framework, and our revised approach was supported. The framework has been used to assign regulatory attention levels for licensees and dutyholders and inform our strategy and plans for 2019/20. The assigned attention levels and supporting analysis is shared with licensees and dutyholders at the end of each financial year in the interest of transparency, and to support discussions in annual reviews of safety and security.⁹ To ensure consistency of approach, two levels of governance (at divisional and Regulatory Directorate level) are applied, followed by a moderation exercise.

HAZARD AND RISK REDUCTION AT SELLAFIELD

- 4.12 We will maintain focus on expediting hazard and risk reduction at Sellafield, including completing our assessment of the safety case required for the commencement of first retrievals from the PFCS and for the active commissioning of the second SEP2 to support early retrievals from the MSSS.

AGEING REACTOR FLEET

- 4.13 During 2019/20, we will undertake substantial work to understand and assess safety submissions related to the re-start of Hunterston B and work associated with strong stakeholder interest in the area of graphite cracking in relation to such re-start decisions. In addition, we have engaged with EDF to secure enhancements to its management of corrosion on its Dungeness B site. This extends to regulatory oversight of the graphite inspection outage of Hinkley Point B reactors, and assessment of its findings.

SAFEGUARDS/UK SSAC

- 4.14 In 2019/20, we expect to extend our regulatory activity to delivering a safeguards regime (UK SSAC) that enables the UK to meet its international safeguards obligations. Building on pre-existing safeguards activity, we will embed our new organisational structure and safeguards regime, supported by the Safeguards Information Management and Reporting System (SIMRS) to manage nuclear material accountancy data and declarations.

NUCLEAR NEW BUILD - PLANNING AND RESOURCING IN A CHANGING NUCLEAR LANDSCAPE

- 4.15 We will continue to influence and regulate organisations undertaking new nuclear build or that have or wish to submit their reactor designs to the GDA process, prior to applying for a site licence.

⁹ The 2018/19 regulatory attention levels will be reported in our Annual Report and Accounts, which will be published in June 2019 and the comprehensive CNI Report in September 2019.

4.16 We have a well-established programme of work for the regulation of the construction of Hinkley Point C and the GDA of the UK HPR1000. However, there remains a degree of uncertainty in the new build sector, evidenced by the recent news surrounding the Moorside and Wylfa Newydd projects, where developers have been unable to secure the necessary funding to take the projects forward. We will remain flexible and adaptable to respond to changing environment. In particular, our use of the Technical Support Framework to supplement capability and capacity on new build provides partial resilience to adapt to such uncertainty. We will deploy our staff and resources effectively and efficiently, without creating undue burden on dutyholders.

SECURITY ASSESSMENT PRINCIPLES (SYAPS)

4.17 SyAPs is a ground-breaking, outcome-focussed nuclear security regulatory framework. Since publication of SyAPs in 2017, dutyholders have been preparing amended security plans for us to assess against this new framework, to deliver consistent and proportionate regulatory judgements of adequacy. This activity is fundamental to aligning ONR's regulatory approach for safety and security. It also encourages industry to implement a more holistic approach to security, while improving ownership and understanding of their security arrangements. Our focus is to enable dutyholders to develop and submit high quality SyAPs-aligned security plans and to subject these plans to a proportionate assessment process, providing approval where arrangements are judged to be adequate.

4.18 Assessing security plans against SyAPs will take up the majority of security regulatory activity during 2019/20 and, when completed, should realise two important benefits: having modern, justified security arrangements in place across the industry, and improving industry ownership and understanding of its security arrangements.

BASIC SAFETY STANDARDS DIRECTIVE (BSSD)

4.19 We will continue to work with BEIS to assist with the implementation of the BSSD. This includes supporting development of new legislation for REPPiR (2019) by providing regulatory and technical advice to assist the drafting when requested. In support of this, we will continue to work with BEIS, HSE, MoD and other stakeholders to produce an ACoP for REPPiR (2019), together with associated guidance to support updates to the CDG Regulations in respect of emergency arrangements.

SUPPLY CHAIN

4.20 The breadth of operations within the nuclear industry requires the support of a diverse industry supply chain, often of an international nature. The global nuclear industry has seen increasing levels of supply chain-related events, some of which have impacted on plant operation. It is important that the UK nuclear industry learns the relevant lessons.

- 4.21 Building on the CNI Themed Inspections, we will continue to focus our regulatory activity on the supply chain throughout 2019/20. We will focus our interventions on licensee supply chain management arrangements, including effective oversight and assurance, to ensure the 'right first time' delivery of nuclear plant, equipment and services. In addition, we will continue to co-operate internationally with other nuclear regulators, recognising the global nature of the nuclear industry supply chain.

TRANSPORT

- 4.22 The Transport Competent Authority (TCA) undertakes transport package approvals, non-nuclear radioactive transport inspections and provides oversight of regulation of transport. A key development in 2018/19 was to overhaul the TCA's inspection strategy with consequential improvements in approach. The TCA will permission a range of transport package designs in 2019/20 in both the nuclear and non-nuclear sectors. In addition, we plan to undertake targeted risk-based inspections in the non-nuclear sector during 2019/20 and will continue to produce guidance to address compliance gaps where necessary.
- 4.23 The TCA will provide planning, advice and delivery of national and international transport regulatory/legislative work. TCA members will continue to represent the UK at the IAEA Transport Safety Standards Committee and attend the European Association of Competent Authorities' meetings. A key area of focus includes advising BEIS on the new CDG Regulations.

ENFORCEMENT

- 4.24 Our approach to enforcement has played an important part in influencing the nuclear industry's excellent safety record and we will continue to use our enforcement powers in a proportionate and consistent way, to ensure compliance with the law by dutyholders. This requires us to consider the details of individual cases and legal non-compliances, having a range of enforcement tools available to influence dutyholders to best effect. Where our investigations indicate it is appropriate, we will hold the industry to account when they fall short of the high standards we require by law, including prosecuting transgressors where we are satisfied that there is a strong evidential case and the action is in the public interest.

NUCLEAR SECTOR DEAL (NSD)

- 4.25 During 2018 the government published the NSD, which recognises the important role that the nuclear industry has in supporting the UK's clean growth ambitions, delivering affordable and reliable nuclear power. It also emphasises the importance of a modern, proportionate approach to the regulation of nuclear sites in the final stages of decommissioning. We are committed to proportionate and enabling regulation, remaining flexible in what we do. We also aspire to improving gender diversity in our regulatory teams, in line with NSD targets.

REGULATION OF INNOVATION

4.26 The NSD places challenges on regulators to think differently and support innovation in the industry where appropriate. During 2019/20 we will provide clarity to the industry and its supply chain on our framework for supporting innovation and how it can engage with us to ensure it maximises the benefits of new and pioneering thinking. We will produce and begin to implement our own Innovation Plan that will set out our approach, including:

- identifying innovations that are likely to shape the sector;
- considering whether our own regulatory framework may need to adapt to accommodate innovation;
- working collaboratively with regulators from other sectors and internationally, influencing the approach to regulation of innovation and providing improved access for innovators to early regulatory advice;
- proactive engagement with licensees and the supply chain to inform them of our open minded and enabling approach; and
- updating our Enabling Regulation guide to include a section on enabling innovation.

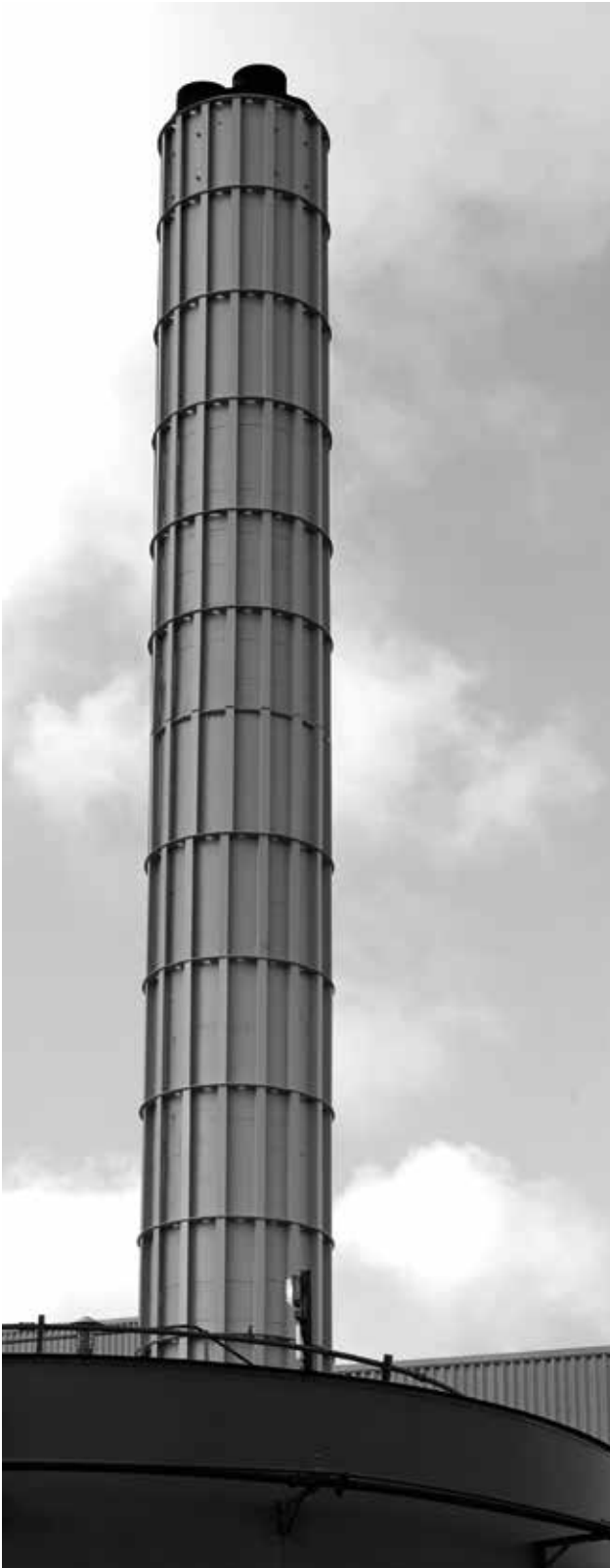
AMR COMPETITION

4.27 During 2019/20, we will continue to provide advice to BEIS on AMR technologies and will complete reviews to allow us to indicate our level of regulatory confidence on the range of advanced reactors that are being considered as part of Phase 1 work. Our technical specialists will maintain their activities to familiarise themselves with the range of AMR technologies to enable them to identify key safety considerations and knowledge gaps, and inform priorities for future work. This includes active participation in a number of international forums, as well as continuing our engagement with several overseas regulators.

SMRS

4.28 We have modernised our GDA process, taking account of learning from previous assessments and introducing greater flexibility. We anticipate being asked by BEIS to undertake a GDA of an SMR, based on a more mature, familiar technology, during the latter part of 2019/20.





PLUTONIUM DISPOSITION

4.29 We will continue to engage with government and agencies in respect of safety and security considerations related to the long-term disposition of plutonium.

EMERGENCY PREPAREDNESS AND RESPONSE (EP&R) – DEVELOPMENT IN 2019/20

4.30 Priority will be given to further strengthening our arrangements to support an emergency in the UK, including those that may impact the UK, in relation to nuclear safety, security and the transport of nuclear materials. This will include improvements to the initiation of our emergency response capacity and capability, business continuity and crisis management planning.

4.31 In 2019/20, we will contribute to technology developments that support the accessibility and sharing of information to manage and assist emergency preparedness and response in the UK. We will also continue to support the development and implementation of a joint agency initiative to ensure technical advice is available as quickly as possible to inform decisions during emergencies.

SERVICE STANDARDS

4.32 We are committed to provide dutyholders and the public with efficient, effective, professional, and courteous engagement. In 2019/20, we will publish service standards that will explain what can be expected of us in relation to our regulatory activities and financial arrangements, and the standards that we will comply with.

4.33 In 2019/20, to meet growing and changing activity, to address key regulatory risks, and to modernise nuclear regulation, we will:

Regulating effectively

- continue to deliver effective, prioritised, targeted and proportionate regulation across all of our core regulatory functions, holding industry to account;
- continue regulatory oversight of the new build construction at Hinkley Point C;
- continue to focus on those sites in enhanced or significantly enhanced regulatory attention;
- embed an independent UK SSAC, which will enable the UK to meet international obligations;
- work to establish Euratom equivalence in terms of effectiveness of coverage and scope by December 2020;
- continue to align nuclear safety and security activities;
- continue to improve our standards and guidance, define the scope for knowledge management improvements and review our operational business processes;
- consolidate our CHS regulation, in accordance with our statutory remit;
- produce the UK's report (on behalf of BEIS) to the 8th Review Meeting on the CNS;
- complete review of the UK's nuclear DBT;
- assess safety cases submitted to us in response to the graphite cracking issues at Hunterston B (and, if relevant, at Hinkley Point B) to inform decisions related to re-start of reactor operations, with associated stakeholder engagement;
- maintain focus on expediting hazard risk and reduction at Sellafield; and
- progress findings from the ENSREG Topical Peer Review on ageing management for nuclear power reactors.

New ways of working

- develop a new REPPiR (2019) ACoP and associated guidance to support implementation of the Euratom BSSD 2013;
- continue to assess SyAPs-informed Nuclear Site Security Plans and embed SyAPs to ensure completion by December 2020; and
- support BEIS' AMR competition, assessing the proposed technologies.

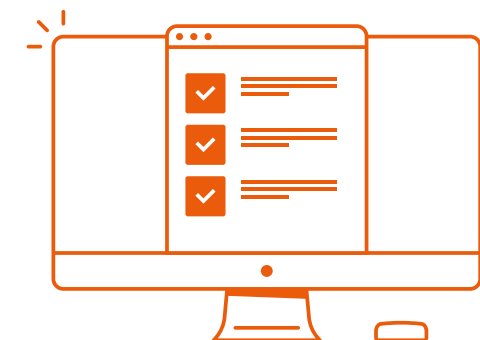
Regulatory capability

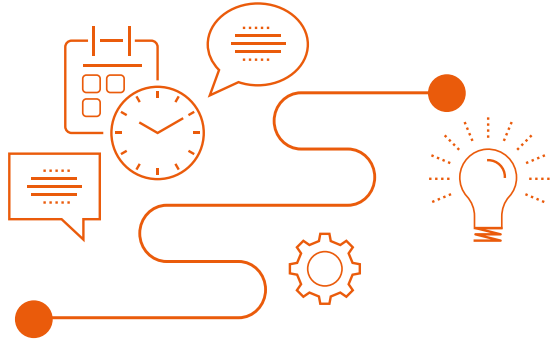
- continue to embed and enhance our investigation capability, establishing and maintaining the necessary skills and expertise in support of our investigation duties;
- deliver SyAPs assessment training for inspectors and relevant representatives from dutyholders' internal assurance teams; and
- utilise government funding to build the capability and capacity needed to assess and licence new ANT designs, enabling us to support technology developments, with pre-licensing dialogue.



STRATEGIC THEME 2: INSPIRING A CLIMATE OF STAKEHOLDER RESPECT, TRUST AND CONFIDENCE

- 4.34 Public confidence in our regulation of nuclear safety, security, and safeguards is essential. While we are a trusted and respected regulator in the UK and internationally, we do operate in an increasingly high profile environment, with heightened political, media, academic and public attention in the nuclear arena. Openness and transparency underpin our communications approach, to help build and maintain public confidence.
- 4.35 In 2019/20, we will publish the CNI's Annual Report: 'Safety, security and safeguards performance of Great Britain's Nuclear Industry 2019'. These detailed regulatory reports are produced by many of our international counterparts. It is intended to complement the CNI statement in our Annual Report and Accounts, providing our view on industry performance across all our purposes.
- 4.36 Individual regulatory decisions are a matter for our CNI, who assures our Board about the proportionality, balance and consistency of the regulatory decisions we make. Building and maintaining stakeholder trust and confidence is a priority.
- 4.37 We have a policy of disclosing information about our activities in an open and transparent way. Therefore our regulatory decisions and judgements and the outcome of our site inspections are made publicly available through our website and other channels, ensuring the information we publish is accessible to the public and all our stakeholders.
- 4.38 Our staff are highly visible at various stakeholder forums across the country, we represent the UK in many international arenas, we aim to be open with the media and our website holds an array of information on our work.
- 4.39 Our Board engagement programme, which includes holding site visits and regulatory workshops, continues to be successful in building relationships and in fostering an understanding of challenges and successes. We will look to review this programme during 2019/20, in consultation with our new Chair.
- 4.40 The Chief Executive, CNI and other members of the Senior Leadership Team, as the functional heads of ONR, spend much of their time engaging with stakeholders, both domestically and internationally.
- 4.41 Further to our 2017 stakeholder survey, we conducted a follow-up survey in October 2018, using a sample of the questions from 2017 to 'test' our progress. The survey was distributed via YouGov to 1,061 contacts and we had a response rate of 31% (329), with the majority of responses coming from licensees, government and other industry/dutyholders. The overall outcome was positive: we have seen no significant drops where we were doing well in 2017, with stakeholders viewing us as professional, trusted and fair.





- 4.42 During 2019/20 our focus will continue to be on implementing an action plan to reinforce our positive attributes of professionalism, independence, and discharging our role and purpose, as well as acting in the best interests of the public. Areas in our action plan needing attention are now showing some signs of improvement. The latter includes efficiency, proportionality, consistency and long-term resourcing resilience (capacity and capability). While increases in the survey response rating are marginal, we are planning a full survey in 2019 to see whether the changes are significant.
- 4.43 The Regulatory Deployment and Resilience (RDR) group was set up in 2017 to oversee specialism capability, capacity and resilience, and to ensure optimal deployment of inspectors. We have robust peer review and acceptance procedures in place and our Professional Leads maintain oversight of the work undertaken by their staff and the regulatory decisions made.
- 4.44 In 2018 we restructured our staff reporting structure to promote greater alignment with delivery functions and enable managers to interact with their staff on a regular basis and maintain greater oversight of the work they undertake. This is particularly important for new staff, to support their integration into ONR and early regulatory development. The restructure is expected to promote more efficient and consistent ways of working.
- 4.45 We have engaged with the SDF and asked for specific feedback on aspects of our regulatory approach and the decisions made which they consider to be inconsistent. We will act on the feedback where appropriate.
- 4.46 We are now in the final year of our 2015-20 Strategic Plan and have made significant progress against our objectives. Naturally, some of these have evolved and we added in a fourth strategic theme to focus on sustainability, organisational effectiveness and future-proofing our organisation. During 2019/20, we will be developing our Strategic Plan 2020-25 that sets out our ambition for the next five years, building on firm foundations.
- IRRS MISSION 2019**
- 4.47 In October 2019, the UK will host an IRRS Mission. We will take a lead role in hosting, co-ordinating and managing the mission, working with other regulators and government to present a coherent and accurate position of how we regulate in the UK. The mission is a peer review service conducted by the IAEA, to enhance member states' regulatory infrastructure for nuclear, radiation, radioactive waste and transport safety. It will bring together senior international nuclear regulators to review the effectiveness of our regulation and identify both areas of good practice and opportunities for improvement. This will be the fifth time an IRRS team of technical experts has visited the UK.

4.48 This full scope mission, which will last two weeks, will involve BEIS, HSE, the environment agencies and PHE, as well as other national agencies and government departments. The IRRS team will assess the effectiveness of the UK’s legislative and regulatory framework for nuclear, radiation, radioactive waste, transport safety and the interface with nuclear security. It will review key areas of regulatory activity against accepted international good practice defined within IAEA safety standards, and make recommendations to enhance the UK’s arrangements where gaps are identified. We will begin with a self-assessment, comparing our national arrangements against IAEA safety standards and guidance, from which we will produce an action plan to be sent to the IRRS team to support the mission.

4.49 During 2019/20, we will:

Regulatory independence and objectivity

- welcome and respond positively to international peer review findings;
- publish the CNI’s Annual Report: ‘*Safety, security and safeguards performance of Great Britain’s Nuclear Industry 2019*’;
- publish the rationale for our regulatory decisions;
- take regulatory decisions independent of government; and
- deliver an effective consultation on the REPPiR ACoP.

Stakeholder engagement

- strengthen our stakeholder engagement and insight;
- continue to implement our plans in response to the 2017 stakeholder survey and the subsequent 2018 follow-up;
- hold an industry conference in June 2019 and industry seminars on key regulatory and financial topics;
- deliver a webinar programme;
- continue to improve our charging methodology and planning forecasts and proactively explain the mechanism to all stakeholders;
- continue to represent ONR at site stakeholder groups, local liaison committees, civil nuclear policy forums, and international policy and communication expert groups, while building more frequent engagement with national NGOs and establishing links with leading nuclear academics;
- host the IRRS mission in October 2019;
- host International Nuclear Regulators Association (INRA) and Heads of the European Radiological Protection Competent Authorities (HERCA) meetings in the UK in spring 2019;
- maintain effective working relationships with other government departments, including BEIS, DWP, MoD, the Centre for the Protection of National Infrastructure (CPNI) and the National Cyber Security Centre (NCSC); and
- hold an industry SyAPs regulatory mechanics workshop.

Communication strategies

- embed and enhance our use of digital communication, including videos, webinars and social media, to optimise engagement, sharing and exchange of information;
- proactively embrace opportunities to improve our media profile in a way that builds confidence and trust in our role as a regulator; and
- establish an Insight Hub to gather frontline intelligence to support our staff in their stakeholder engagements.



Compliance, openness and transparency

- develop and publish our Strategic Plan 2020-25;
- prepare and embed our policy on openness and transparency, aligned to the Information Commissioner standards, the Regulators' Code, international good practice and stakeholder survey feedback, to ensure we are sharing information with the public on how we are holding the industry to account;
- publish our Annual Report and Accounts;
- undertake a further review of our performance and compliance with the Regulators' Code in autumn 2019 and aim to publish the findings in spring 2020; and;
- establish an IT Directors' forum with key nuclear industry stakeholders to share good practice.

Benchmarking our performance

- seek opportunities to gain external accreditation and formal recognition for the quality and effectiveness of our development and implementation of policies, initiatives and services; and
- continue to support outward-facing work in promoting our employer brand and build internal and external confidence and trust in us as an employer of choice.

STRATEGIC THEME 3: GETTING THE BEST OUT OF OUR PEOPLE

- 4.50 Our people are our most valuable asset. They are highly professional, skilled and motivated to deliver the best outcomes for the organisation. We demand a lot from them and it is incumbent on us to provide them with a good working environment, positive culture, fair work-life balance and optimum standards of health, safety and welfare.
- 4.51 We aspire to be a great place to work. We listened to the feedback from our 2017 staff survey and focused on some specific areas that needed improvements. The results from the 2018 staff survey are very encouraging, demonstrating significant tangible improvements and evidencing that our staff remain highly engaged, motivated and proud to work for ONR with:

86%

PROUD TO WORK FOR US - 12% ABOVE PUBLIC
SECTOR BENCHMARK (PSB)

92%

WANTING TO CONTINUE TO WORK FOR US FOR
AT LEAST 1-3 YEARS

95%

COMMITTED TO HELPING US ACHIEVE OUR
GOALS - 8% ABOVE THE PSB

An employee
engagement
index score of
77% - compared
to PSB of 65%

Results above the
PSB in **21 of 25**
comparable areas



- 4.52 We recognise there is still more work to do, particularly to address aspects relating to our culture, behaviours, knowledge management and managing change. We want our staff to be engaged and motivated and work in an environment of trust and mutual respect where everyone can fulfil their potential. We also want our staff to feel proud to work for us and be committed to our mission, vision and long-term direction.
- 4.53 Listening to our staff is essential and a critical enabler for modernisation, change and continuous improvement. Throughout 2019/20, we will continue to engage and consult with our staff, listening to their views and acting on the feedback as appropriate.

ENHANCING CAPABILITY AND CAPACITY

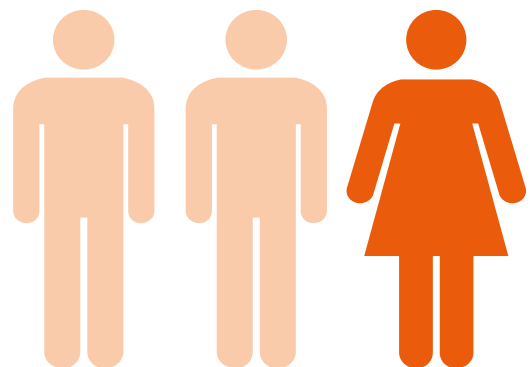
- 4.54 The highly technical nature of many roles means that continuous training and development is critical for our long-term success and we will continue to develop our regulatory capability and capacity.
- 4.55 We recognise that there is a need to improve the feeling of integration across each of our locations in Bootle, Cheltenham and London. We will review the operating model during 2019/20 to ensure that it adequately and inclusively reflects and supports our 2020-25 strategy, our three office locations and our regulatory purposes.



- 4.56 During 2018/19, leadership events have helped focus senior leaders' attention on the need to improve our staff engagement, diversity and inclusion, behavioural competence, and effective and accountable leadership. We will continue to drive this forward throughout 2019/20, to optimise organisational capability, change leadership, engagement and effectiveness.
- 4.57 Throughout 2019/20, staff will participate in programmes that will improve and bring consistency to leadership and management. This will include a new management development programme, supported by establishing networking, peer support and opportunities for reflective thinking.

- 4.58 Our inclusive leadership programme will be launched in 2019 and fully developed by 2020. It will complement management development and provide an opportunity to build leadership capability across the organisation, supporting succession planning.
- 4.59 We will see the benefit from improved HR capability in organisational development and coherent change leadership that will enable us to focus on transformational and sustainable change more effectively, so that we can deliver on our future strategy. This will include an emphasis on improving our culture, including through responses to issues identified in our 2018 staff survey and developing against the OECD characteristics of an effective nuclear regulator in a way that enables us to demonstrate improved organisational performance.
- 4.60 We will build on our previous successes in recruiting and retaining the skills we need, and we will continue to develop new pipelines, such as Nuclear Degree Apprenticeships, and approaches to address specific niche skill gaps in historically difficult to fill areas, such as Criticality, CHS and Electrical Control and Instrumentation Engineering, as well as the areas of cyber security and safeguards. We will continue to meet our public commitments on apprenticeship employment and training, together with a more strategic approach to the use of secondments and attachments to support development and progression.

- 4.61 With changes in our demographic over recent years, we are continuing to introduce greater diversity in our workforce. The average age of our technical specialists has fallen by three and a half years in the past decade, while at Director and Band 1 (senior manager) level, the average age has fallen by five and four years respectively. We have many relatively new staff, including apprentices, so we need to be both a teaching and learning organisation. Just over a third of ONR's staff are women and we welcome our Board's visible leadership with a well-balanced gender representation.
- 4.62 The average tenure of staff has declined from 13 years in 2014, to 11 years in 2017, reinforcing the need to establish effective corporate memory, drive consistency in our working practices and optimise knowledge capture and transfer. There is a desire for greater connectivity and modern ways of working and the changing staff mix needs improved knowledge management processes and information governance to enhance the quality of how we regulate. Our programme of change and modernisation for 2019/20 will directly address these issues with the delivery of the WIReD and IT Separation projects that will enhance our efficiency and effectiveness through standardisation and automation.



JUST OVER A THIRD OF ONR'S STAFF ARE WOMEN

ONR STRATEGIC PLAN 2020-25

4.63 During 2019/20, we will be developing our five year strategic plan for 2020-25. To support this work, we will be reviewing our operating model, engaging to develop our organisational values and reviewing our pay and grading structures. We will develop a new People Strategy that will provide the vision and the narrative on how, through a focus on people, we will ensure delivery of our agreed strategic objectives. This will also include consideration of how we provide a new level of senior engagement and oversight, such as implementation of a People Steering Group as part of our governance arrangements.

ONR ACADEMY

4.64 During 2018/19, we have seen the ONR Academy evolve into a centre of excellence, delivering a blended learning approach for everyone in ONR, with increased learning opportunities and a positive shift to 'little, local and often'. We need a continuous focus on the effective development and competence of our staff, which is critical to maintaining our regulatory approach, reputation and long-term success. Establishing a fully operational ONR Academy is key to providing the regulatory training required for new inspectors and professional development for support staff.



4.65 This year, we will realise further benefits by:

- i. embedding an e-learning portal - ONR Academy Online - providing a digital platform for managing learning and development tailoring learning based on role, access to mandatory training, management information, learning logs that support continued professional development, and efficiencies across the organisation;
- ii. increasing the provision of core skills training, based upon a training need analysis and improvements to our ways of working and behaviours;
- iii. introducing e-learning, coaching and tutorials which recognise our staff work away from the office frequently, tailored to staff with differing experiences and learning preferences;
- iv. identifying and beginning to address capability needs to enable us to understand and benefit from digitisation, both in how we work within ONR and how we regulate; and
- v. introducing an improved regulatory competency framework to better support our inspectors and standards, aligned closely to the IAEA model of competence for a regulatory body.

4.66 Building greater capability through the ONR Academy will support our resilience and stakeholder confidence in our ability to deliver what will continue to be growing and challenging regulatory activity.

WELLBEING AND MENTAL HEALTH

4.67 We will also place a greater focus on providing support to staff on wellbeing, including implementation of a mental health strategy and improving our stress management arrangements. We will maintain accreditation to National Equality Standard (NES) and aim to achieve Disability Confident Leader (Level 3) status during 2020.

BEHAVIOURS

4.68 Our people deserve effective leadership and a culture of support, balanced with personal accountability, knowledge and skills retention, making them feel valued, fulfil their potential and perform effectively. In 2018/19, we introduced the ONR Behaviour Framework, as part of our Performance Management System, to support development and assessment of staff throughout the organisation, with an added emphasis on behaviours, a key area of improvement identified in our staff survey.

4.69 The Behaviour Framework introduces a better balance of technical competence and behaviours, while bringing consistency to how we recognise and reward good performance, and to how we manage poor performance. We will continue to evaluate and improve the framework to support this.

LINE MANAGEMENT

4.70 We have worked hard to simplify our internal reporting lines and refine our management roles to deploy fewer, more skilled leaders who provide consistent management and development of staff, adopting consistent management ratios. The restructure of our line manager cohort in the regulatory directorate will be implemented during 2019/20 to promote closer alignment with delivery functions. The realignment will bring more effective and efficient line management oversight and also better support colleagues in their continued professional development.

4.71 So, in 2019/20, we will:

Helping our people feel valued

- undertake a review of our pay, reward and grading structures and approaches to ensure they are appropriate for meeting future operational and strategic objectives from 2020;
- agree a new ONR pay deal for implementation from 2020/21;
- engage with staff to develop effective plans in response to the 2018 staff survey, to improve outcomes and increase engagement; and
- develop proposals for establishing a People Steering Group that can provide senior oversight and engagement on people issues in support of the senior leadership team.



Behaviours, leadership and management

- engage on and develop a set of ONR values as part of the development of ONR's Strategic Plan 2020-25;
- develop and implement a mental health strategy and improved stress management arrangements;
- maintain accreditation to NES;
- work towards achieving Disability Confident Leader (Level 3) status;
- establish and embed the revised line management organisational structure, with the required skill base and behaviours to deliver our regulatory functions, including succession plans and reward strategies;
- enhance and deploy organisational development skills and expertise to support sustainable change and deliver measurable organisational improvements;
- continue our review our HR policies and processes to deliver improved alignment and efficiencies, improve customer focus and reduce the burden on managers and staff;
- evaluate and report on the delivery of the ONR Academy strategic improvement project to ensure agreed benefits are realised;
- embed an effective e-learning portal that supports delivery of excellence in learning and provides clear pathways and direction on building capability for performance improvement;
- support delivery of the WIReD strategic improvement project in a way that ensures we exploit opportunities for improving ways of working and realises the agreed benefits in full;
- close out the ONR2020 project to evidence that all agreed actions and commitments have been completed or closed;
- actively address poor performance and/or behaviours;
- enhance the management and application of HR casework so that we demonstrate effective and compliant approaches that are fair but seek resolution in timely and appropriate manner; and
- hold an all staff conference in February 2020.

Enhancing capacity and capability

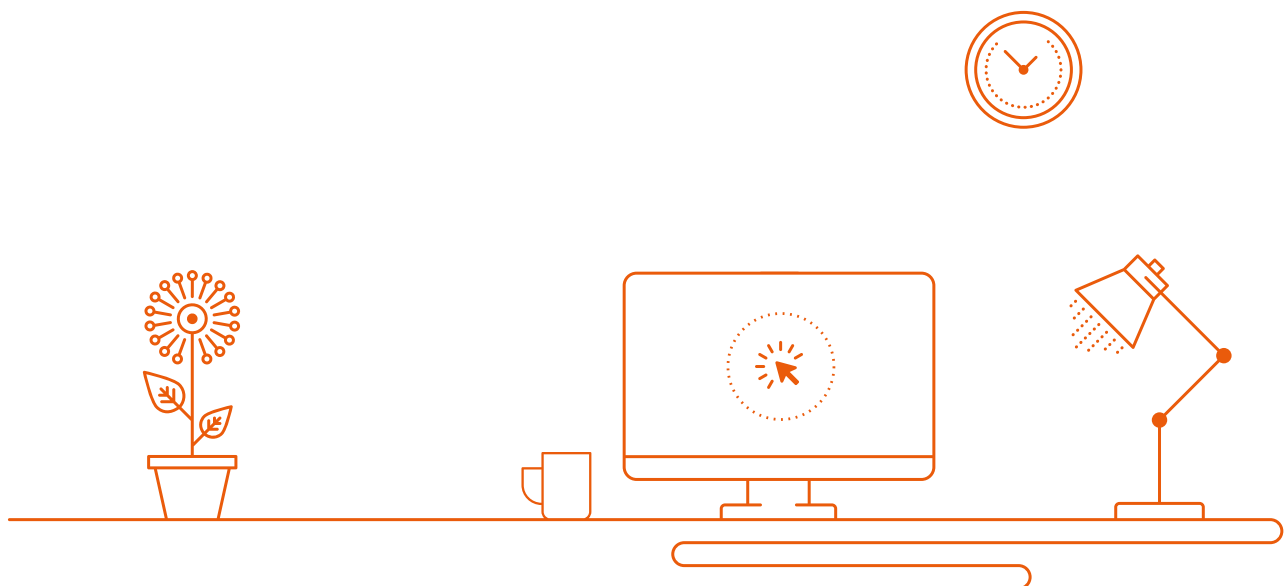
- embed the ONR Academy into the HR directorate;
- enhance our succession planning, talent management and learning opportunities to improve our capability, organisational resilience, management and leadership skills;
- work strategically with regulatory and support directorates to agree and implement plans to deliver the capacity and capability required to meet business needs;
- maintain the principles of open, inclusive and merit-based recruitment and advertisement of opportunities, including promotion;
- implement a revised warranting process that is inclusive for the range of inspector roles and responsibilities and which demonstrates capability;
- develop a staff career development strategy;
- continue to provide management development and training that provides the learning, understanding, tools and techniques to build managerial capability and consistency; and
- implement an Inclusive Leadership Development programme.

STRATEGIC THEME 4: DEVELOPING A HIGH- PERFORMING, SUSTAINABLE ORGANISATION

- 4.72 We introduced a fourth strategic theme in 2017/18 to provide greater focus on developing and maintaining strong organisational capability and to help implement more efficient and effective business processes within a clear governance framework. This has already helped drive improvements to our corporate infrastructure and organisational effectiveness.
- 4.73 Modernising our operating environment is a fundamental requirement to ensure we have the right staff and the right skills for our organisation, to transform the way we work, enhance our IT, manage change effectively and work smarter - supported by systems and processes that optimise delivery and ensure we are fit for the future. It is through this strategic theme that we will achieve this.
- 4.74 As a sustainable organisation, we need to minimise our environmental impact, mainly through enhancing IT and optimising of use of accommodation. As a tenant in three locations (Bootle, Cheltenham and London), we will continue to engage with our landlords to ensure they have, and maintain, a responsible corporate sustainability policy, particularly relating to matters such as energy emissions, carbon footprint, waste and utilities management.

- 4.75 Our Estates Strategy 2017-2020 sets out our plans to provide suitably equipped and connected office accommodation that satisfies our regulatory needs and those of our staff. We want our accommodation to be of good quality, accessible and offering the flexibility and adaptability necessary to support productive and smarter ways of working and to ensure that the ongoing and evolving needs of the organisation are met.
- 4.76 During 2018/19, we relocated our London office to Windsor House, Victoria Street, adopting smarter working practices in our new environment, following the precedent set in Cheltenham. For our Cheltenham-based staff, we have provided certainty in our tenure in the town and our focus in 2019/20 will be to extend our space to blend it with our existing occupancy. These new leases provide certainty and security for staff over the long term.
- 4.77 During 2018/19 we conducted extensive engagement with our staff to inform how we redesign our office space in Bootle. The objective is to accommodate our staff more effectively and optimise the use of the space we occupy to make it more flexible and user-friendly. During 2019/20, we will start to implement a phased re-design informed by staff feedback, to enhance our reliance on greater mobility and flexibility to support the modern working environment.

- 4.78 In just over 12 months, we have established a new Programme Management Office (PMO) to align change and optimise outcomes. This has been an essential development, not just to enhance our corporate infrastructure but also recognising that only 38% of our staff in the 2018 staff survey said we manage change well. The PMO is underpinned by formal project governance and audit and assurance checks, to provide support, guidance and oversight to standardise and professionalise the way in which we deliver change projects. This will provide enhanced support to make change happen, track benefits and ensure added value.
- 4.79 We hold a substantial amount of information and a wealth of data, and it is essential that we have the systems and tools available to optimise the data analysis, insight and intelligence to inform and enhance our regulatory and business decisions, as well as to satisfy the appetite for greater transparency across our stakeholder community.
- 4.80 During 2019/20 we will deliver two major change initiatives: WIReD and IT Separation. This modernisation activity is dependent upon delivering a long-term programme of work to simplify and standardise our processes (including our regulatory management system), prioritising knowledge management and to provide efficient systems and processes that enable our staff to deliver effective regulation more flexibly and efficiently.
- 4.81 Modernisation of our information and technology services will crystallise autonomous technology-led solutions, as well as providing more secure, reliable, and integrated solutions, aligned with regulatory and corporate objectives. Our IT and change modernisation outcomes will be established in an environment of robust oversight and control that includes PMO governance and support.



WELL INFORMED REGULATORY DECISIONS (WIRED)

- 4.82 Our WIReD project will be an important operational focus during 2019/20. Once fully implemented, WIReD will deliver leaner business processes and a step-change in our knowledge management. Our processes will be more efficient and easier to follow and our information far more integrated and accessible, leading to greater consistency in our regulation.
- 4.83 Through this project, we will improve the efficiency and effectiveness of our front-line regulation by combining a review (and, where we can, simplification) of our processes, with greatly enhanced access to our corporate knowledge and data through by introducing modern digital systems.
- 4.84 This year, our Operating Facilities division will pilot our new processes and capabilities before they are 'rolled out' across the wider organisation. This will allow us to identify and deliver any necessary refinements.





4.85 The project vision is to have the best informed regulators in the world: better informed, better connected, better decisions. The outcomes we seek to achieve are:

- i. increased knowledge, productivity, connectivity and mobility of every inspector in ONR;
- ii. improved interfaces and transparency of our regulation for dutyholders and stakeholders; and
- iii. mitigated risks related to our regulatory memory, knowledge management, capability and consistency in our decision-making.

4.86 Phase 1 will deliver revised regulatory processes and improved collaboration during 2019/20. Phase 2, implementation, will commence in the latter part of 2019/20 to roll out the revised processes across ONR and realise the benefits. This will be supported by a content management system and dutyholder portals to enable the secure sharing of information, improved management system, applications to support mobile working and user specific dashboards, enabling better access and visibility of work and trending of regulatory information.

IT SEPARATION

4.87 While we are an independent public corporation, since vesting, we have been reliant upon HSE for IT service provision under a Service Management Agreement. Our IT Strategy sets out a vision to separate ONR's IT systems from the HSE IT network and establish our own independent IT infrastructure and services, as well as modernising our systems and ways of working. This is driven by our need to embed and control our own dedicated IT infrastructure that is tailored to ONR's needs, mitigates our risks more effectively and will improve the efficiency and morale of staff who rely on under-performing, ageing and inefficient equipment and systems.

4.88 The project will allow the migration of ONR data, which is currently stored on HSE's IT network, to a dedicated secure hosting environment, that we own, manage and control.

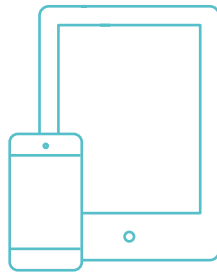
4.89 The IT Separation programme will deliver multiple benefits that include providing a robust, resilient and independent network infrastructure, delivering enhanced cyber security resilience and information management and laying the foundations for further IT modernisation work in the future.



4.90 So in 2019/20, we will:

Modernisation

- modernise our operating environment to transform the way we work, including enhancements in IT, effective change management, process improvement and introducing smarter working practices in our office environments;
- embed and control our own dedicated IT network infrastructure which will enhance our cyber security and information governance once we have migrated our data from HSE; and
- commence a programme (to 2020) to simplify and standardise our processes prioritising knowledge management and business process review through the WIReD project to improve our efficiency and effectiveness.



Working environment

- implement a device strategy, replacing outdated equipment to ensure our staff have the best access to information and improved communication tools, enabling us to become a flexible mobile workforce;
- improve our working environment to provide more equitable, flexible and efficient use of space; and
- drive continuous improvement of environmental performance and prevent pollution from the activities we undertake, through measures such as implementing IT solutions to reduce the need to travel and encouraging the use of public transport wherever practical and cost-effective.

Performance and governance

- benchmark ONR against the OECD/NEA effective regulator characteristics, utilising the NEA's Regulator Effectiveness Framework through the introduction of the Organisational Effectiveness Indicators;
- implement a new Incident Management Plan and train, test, and validate our integrated business continuity arrangements;
- implement a replacement system for time recording;
- implement an automated Performance and Risk Information System for Management (PRISM);
- consider options for a sustainable financial arrangement to address our funding mechanism; and
- maintain robust corporate governance throughout the organisation including:
 - a. enhanced corporate planning and directorate business planning practices;
 - b. delegated financial management, probity and control;
 - c. strategic, operational and directorate risk management; and
 - d. an integrated audit and assurance framework.

Managing change

- utilise our PMO to improve change and project management, with a focus on achieving benefits; and
- apply consistent and accredited processes, tools and templates across our portfolio of projects to improve the delivery of efficient and effective change.

5

OUR
PERFORMANCE





- 5.1 Performance against this plan will be regularly reported to our Board, to DWP as our sponsorship body, to other government officials and ministers as appropriate, and to the public on an annual basis through our Annual Report and Accounts (which includes a statement of regulatory effectiveness by our CNI) with a focus on:
- how effectively we influenced improvements in nuclear safety, security and safeguards;
 - how we delivered the principles of the UK Regulators' Code;
 - whether we have operated efficiently and delivered value for money;
 - whether we met our key performance indicators; and
 - how we have performed against our plan.

OUR CORPORATE MILESTONES

- 5.2 Our corporate milestones are outlined on a milestone plan on a page at Appendix A. A number of these milestones are dependent upon the prevailing government.

OUR ORGANISATIONAL EFFECTIVENESS INDICATORS

- 5.3 During 2018/19 we undertook a substantial review of our key performance indicator (KPI) framework. We have developed a new, modern, fit for purpose Organisational Effectiveness Indicator (OEI) framework that supersedes the largely output-focused and efficiency based KPIs adopted to date.

5.4 In 2014, the OECD and NEA, with significant input from ONR, published a regulatory guidance booklet that describes ten characteristics of an effective nuclear safety regulator in terms of roles and responsibilities, principles and attributes.

5.5 The new OEI framework measures performance against the ten OECD/NEA characteristics, and is aligned against our four strategic themes, on the basis it provides a broad evidence base against which we can assure our Board, DWP, and the public as to the efficiency and effectiveness of our regulation. The OEI is an integrated framework that measures performance across our directorates.

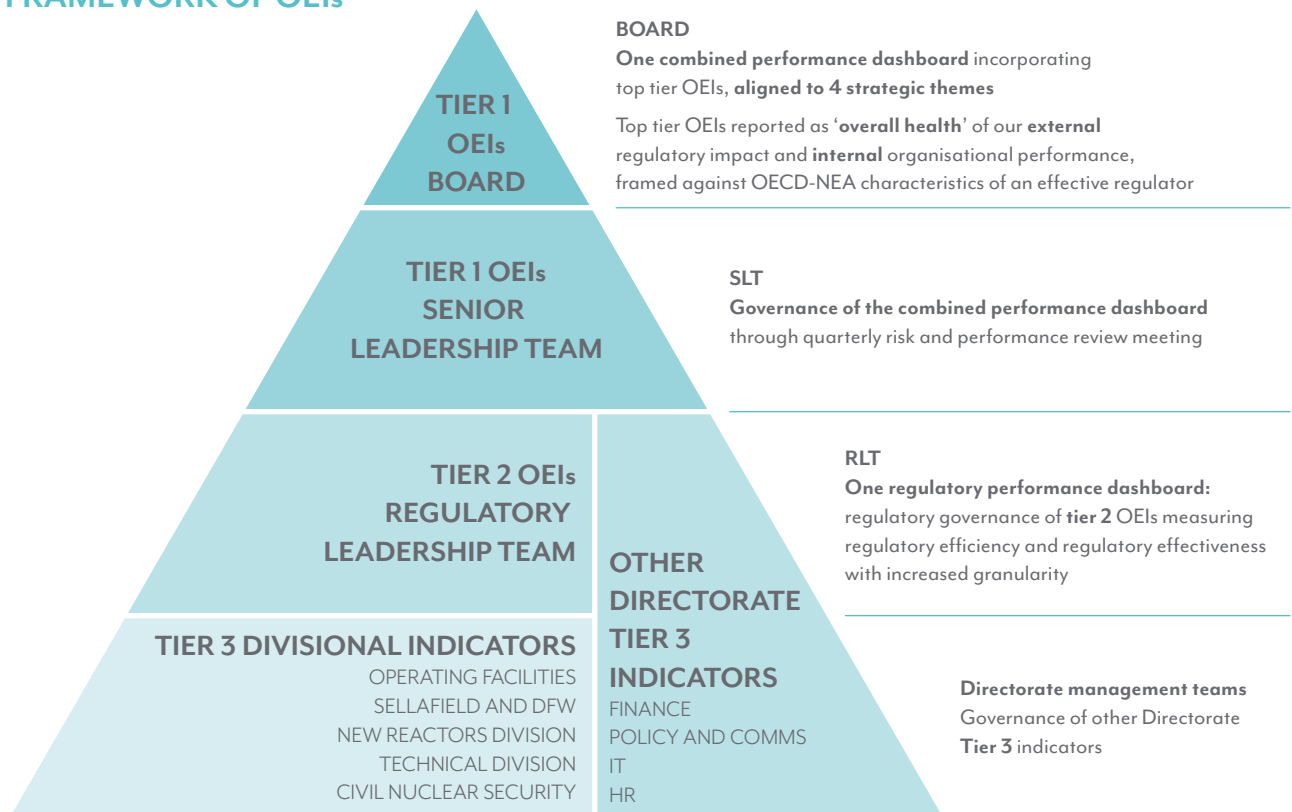
TABLE 1 – OEI FRAMEWORK: CHARACTERISTICS OF AN EFFECTIVE REGULATOR

OEI FRAMEWORK - CHARACTERISTICS OF AN EFFECTIVE REGULATOR	
Strategic Theme 1: Influencing improvements in nuclear safety, security and safeguards	
1	We regulate in a timely and efficient manner.
2	We make consistent, balanced and proportionate regulatory decisions.
3	We focus our attention on the safety and security performance of sites receiving enhanced levels of regulatory attention.
Strategic Theme 2: Inspiring a climate of stakeholder respect, trust and confidence	
4	We are open and transparent in our regulation and decisions.
5	Stakeholders and dutyholders are confident in our regulation of the industry.
Strategic Theme 3: Getting the best out of our people	
6	We have the necessary regulatory and wider technical competence to exercise our statutory functions.
7	We get the best out of and for our people.
Strategic Theme 4: Developing a high-performing, sustainable organisation	
8	We have the necessary business continuity and emergency response capability.
9	We strive for continuous improvement and a strong learning culture.
10	We have and maintain a strong organisational capability (people and systems) to equip ONR for the future.

- 5.6 Each of the ten characteristics set out in Table 1 is supported by an underlying suite of contributory performance indicators, the consolidation of which indicates the extent to which the performance outcomes have been achieved.
- 5.7 The tiered framework of OEIs, as set out below, provides Board and our senior leadership team with indicators set against each characteristic that are commensurate in detail to their respective levels of oversight, accountability and governance. It also enables improved line of sight and provides an integrated hierarchical framework of performance indicators within Regulatory Directorate, as well as an improved alignment to divisional measures.

5.8 A specific set of indicators (Characteristic 3) will demonstrate our view on the progress being made by licensees and other dutyholders, to whom we have assigned enhanced and significantly enhanced levels of regulatory attention, in returning towards routine level of regulatory attention. This is not intended to be a direct measure of our regulatory impact, but it will demonstrate dutyholder progress, which will offer valuable insight to our regulatory leadership and the Board when considering the traction of our regulatory strategies. For Sellafield’s legacy facilities, which receive significantly enhanced attention, it is not practicable to secure a return to routine attention in the short term; in this instance Characteristic 3 will report on our view of Sellafield’s progress in delivering hazard and risk reduction against plan.

FIGURE 5 – TIERED FRAMEWORK OF OEIs



6

RESOURCES





PEOPLE

- 6.1 We have a long and proud tradition of effective regulation, based largely on the nuclear and regulatory expertise and experience of our staff. In the last few years, many experienced staff have retired, and been replaced in the main by younger and less experienced staff. By 2020, 80% of our regulatory staff will have joined in the last 10 years.
- 6.2 Despite recent uncertainty in new build, we still have a net recruitment requirement for nuclear specialists to replace retiring staff and to match predicted workforce planning figures, particularly to address capacity challenges in niche skills areas.
- 6.3 In parallel, the ONR Academy will implement new, leaner approaches to learning, for example in how we induct and develop our new and existing inspectors and support staff, and improve our knowledge management. This will mean our staff can contribute effectively and more flexibly, in a shorter timescale, while maintaining standards. Furthermore, the delivery of WIReD during 2019/20 will contribute to a material improvement in knowledge management and retention of corporate memory.
- 6.4 Our Chief Executive, Adrienne Kelbie, has personally driven improvements in ONR to enhance diversity and influenced many other organisations to consider how they can make small changes with a big impact, as well as directly influencing the NSD target of having 40% women in the nuclear industry by 2030. Adrienne will serve for a further year until November 2019, as Patron of Women in Nuclear (WiN) UK, reflecting her passion for helping create inclusive workplaces.

Our Chief Executive, Adrienne Kelbie, has directly influenced the NSD target of having **40% women in the nuclear industry by 2030**

- 6.5 We recognise the benefits that we will gain as an organisation from encouraging and welcoming views, ideas and contributions from all our staff regardless of background, ethnicity, experiences, position or role and for this to be reflected in more staff feeling that they are valued and treated fairly. During 2019/20, we will work towards achieving Disability Confident Leader accreditation and build on our NES accreditation. We will revise our Diversity and Inclusion plan for 2019/20 to address improvements in our inclusive leadership and improve the understanding and recognition of the business benefits of inclusion.
- 6.6 We will deliver a range of training and awareness events on issues such as disability, sexuality, mental health and gender identity that will develop management capability to be able to encourage and bring the best out of all our staff and create the opportunities and environment to enable their full potential to be realised. This will also contribute to improved organisational performance and our ability to attract and retain the range of skills we need to deliver.

TECHNICAL SUPPORT CONTRACTS

- 6.7 During 2018/19 we established a new Technical Support Framework (TSF) to provide a renewed and modernised framework for procuring technical support. The framework is focused on securing the continued supply of expert supply chain resources at competitive rates, with greater flexibility and efficiency in the call-off of work from suppliers.
- 6.8 The benefits that will accrue during 2019/20 include securing appropriate technical support in an increasingly competitive market, ability to initiate lower-value work (<£100k) much quicker, reduce the risk of resource not being available when required and provide us with the ability to source capability from across the whole nuclear supply chain through the primary TSF suppliers. In addition, we will be able to use the framework as a strategic enabler, to flex our capacity and capability, using the supply chain more effectively. This is particularly beneficial in the context of industry uncertainty by mitigating the impact of a fall in activity on our regulatory capacity and minimising our redeployment challenges.

FUNDING

- 6.9 We are funded primarily by charges to the nuclear industry through cost-recovery from dutyholders and charges to government for specific commissioned activities, together with grant funding from our sponsoring body, DWP. The grant is agreed for the current Spending Review period and our statutory obligations remain unchanged.

6.10 We recover approximately 98% of our running costs from the nuclear industry we regulate and government departments to whom we provide a service. The remaining 2% is grant funded from our sponsor body, DWP, to cover activities which are statutorily prohibited from being recovered in this way.

2018/19 BUDGET

6.11 The budget of £98.1m reflects the regulatory assumptions agreed by the Board, and the resources necessary to deliver the commitments in this plan and directorate business plans for 2019/20, together with achievement of our corporate objectives and strategic intent as set out in ONR's Strategic Plan 2016-20.

6.12 The budget bid reflects the drive for improved organisational effectiveness and enhanced leadership capability to optimise regulatory outcomes through undertaking appropriate risk mitigation and modernisation activity. During 2018/19 we started to build the foundations to support new, more efficient and effective ways of working. This year, we will crystallise our plans to enable modern and effective delivery as we separate our networks and data storage arrangements from HSE, modernise our regulatory systems and processes and adopt smarter ways of working. This bid includes the cost to deliver Phase 1 and part of Phase 2 of the WIReD strategic improvement project and IT Separation in-year.

6.13 The increase in the budget compared to 2018/19 reflects the following key themes:

- i. price increases of £4.5m, including a material increase in statutory pension contributions which has been set by Cabinet Office, supplemented by the full-year impact of new recruits and moderate pay rises. New Cabinet Office rules means that pension contributions, tiered according to salary, have increased from 22% to 29%;
- ii. material growth in activity to support the introduction of the UK SSAC, funded by BEIS. The delivery of UK SSAC is a pass-through cost funded by BEIS for safeguards activity of £10.2m during 2019/20; and
- iii. infrastructure and resilience cost increases to support risk mitigation and modernisation activity through the delivery of two major strategic improvement projects: IT Separation, to provide greater resilience and security capability, and WIReD, to deliver leaner automated business processes and enhanced knowledge management. . Due to the capital investment required, the operational cost impact to industry will be recovered over future years aligned with the respective depreciation charge.

6.14 During 2019/20 we will hold further industry finance engagement events to which industry finance representatives will be invited. This will build upon the 2018/19 events and focus on ONR's modernisation activity, enhanced planning forecasts and emerging plans for a new charging methodology.

7

STRATEGIC RISKS





-
- 7.1 Our Risk Management Framework provides the basis for managing risks in ONR. The introduction of PRISM will necessarily be accompanied by a revision of our Risk Management Framework to reflect the impact of digital ways of working on the risk management process and this is included in the project plan. This will also provide the opportunity to incorporate process improvements, including greater clarity around the escalation and de-escalation process.

- 7.2 ONR manages risk through clear lines of executive accountability and regular review and challenge by our Risk Improvement Group and senior leadership team, subject to scrutiny by our Audit and Risk Assurance Committee (ARAC) and our Board. ONR's strategic risks relate to:
- delivering efficient and effective regulation;
 - information management practices and protective security systems to ensure we have established adequate and appropriate levels of security and control;
 - cyber security and infrastructure and the need to establish our own independent network infrastructure;
 - strengthening our organisational governance, control and processes;
 - enhancing our organisational capability and addressing the maturity dilution challenge from thinning experience, so that our recruitment, retention, staff development and talent management practices optimise the quality and effectiveness of our people;
 - change and/or uncertainty in policies relating to the nuclear context within which we operate, ensuring we are flexible, adaptable and capable to respond to changing environments and priorities;
 - ability to respond effectively to the impact of Brexit;
 - commercial oversight and delivery; and
 - organisational resilience.

2019/20 RISK APPETITE STATEMENT

- 7.3 Risk appetite is the amount and type of risk that we are willing to take or accept in pursuit of our strategic objectives. In setting our risk appetite, our Board recognises the complexity of risk in decision-making and accepts that there is an element of risk in every activity we undertake. In coming to strategic decisions, we will not be unduly risk averse, but will seek to balance potential opportunities with the risks and benefits associated with them.
- 7.4 Our appetite for particular risk areas depends on factors such as the likelihood of the risk occurring and the potential impact of the risk (before and after controls) on our strategic objectives. We also consider the interdependencies in our risk appetite across our functional areas, so we are cognisant of how risk impacts elsewhere within the business and consider the cumulative impact that may manifest as a result. The following statements provide the context for making well considered decisions in particular areas and our Board expects decisions to be taken in line with the appetite it has determined. Where appropriate, we have assigned a classification in line with the HM Treasury risk appetite definitions listed at paragraph 7.5.

CLASSIFICATIONS

7.5 We follow HM Treasury guidance in defining our risk appetite, using the following classifications:

Averse

Avoidance of risk and uncertainty in achievement of key deliverables or initiatives is paramount. Activities undertaken will only be those considered to carry virtually no inherent risk.

Minimalist

Predilection to undertake activities considered to be very safe in the achievement of key deliverables or initiatives. Activities will only be taken where they have a low degree of inherent risk. The associated potential for reward/pursuit of opportunity is not a key driver in selecting activities.

Cautious

Willing to accept/tolerate a degree of risk in selecting which activities to undertake to achieve key deliverables or initiatives, where we have identified scope to achieve significant reward and/or realise an opportunity. Activities undertaken may carry a high degree of inherent risk that is deemed controllable to a large extent.

Open

Undertakes activities by seeking to achieve a balance between a high likelihood of successful delivery and a high degree of reward and value for money. Activities themselves may potentially carry, or contribute to, a high degree of residual risk.

Hungry

Eager to be innovative and choose activities that focus on maximising opportunities (additional benefits and goals) and offering potentially very high reward, even if these activities carry a very high residual risk.

REGULATORY

- 7.6 Our regulatory framework is largely non-prescriptive and puts the responsibility for safety and security on dutyholders to demonstrate that the level of risk has been reduced SFAIRP. ONR guidance often refers to ‘as low as reasonable practicable’ (ALARP) to express this duty.
- 7.7 Our inspectors use guidance from a range of sources, including our Safety Assessment Principles (SAPs) and our guidance on Risk Informed Decisions making to ensure that risks are reduced ALARP. Therefore, we generally adopt a minimalist approach to ensure our regulatory decisions do not compromise the safety and security of workers or the public.
- 7.8 In interpreting the legal framework, we recognise that there is an element of risk in undertaking every activity (for example, we may accept an increase in short-term risk to enable accelerated risk reduction in the longer term), but we ensure that dutyholders can demonstrate these risks are adequately controlled, taking account of relevant factors and circumstances.
- 7.9 We are supportive and open to considering innovative technologies, however our risk appetite is largely cautious given the need for confidence that the safety and security benefits claimed can be achieved. For certain applications, given the importance of safety or security of the technology proposed, our risk appetite would remain minimalist.

OPERATIONAL

7.10 From an operational perspective, we are open to considering new processes and ways of working to improve our efficiency and effectiveness, for example the WIREd project. However, our risk appetite in regard to development and implementation is cautious given the need to ensure there is adequate change control and confidence in business continuity throughout any transition. We continue to work closely with stakeholders in seeking feedback to inform and improve our operational effectiveness.

REPUTATIONAL

7.11 The nuclear industry comes under close public scrutiny and our role as a regulator is equally open to challenge, which means protecting our reputation is important. It is one of our biggest assets and we will not tolerate unsolicited comments or behaviours that could be detrimental to our mission or adversely affect our reputation. To that end, we place significant corporate and regulatory effort on maintaining high levels of engagement with those we regulate, seeking regular feedback and providing assurance that we are effective, with a suitably qualified and experienced workforce, to make evidence-based regulatory decisions that will ensure the safety, security and safeguarding of the UK nuclear industry.

7.12 Our approach therefore to reputational risk is cautious given the significant attention we give activities across all our functions, to ensure we maintain (and improve, where necessary) our positive reputation in the public domain.

PEOPLE

7.13 Having a well-resourced, diverse, motivated and highly competent workforce is key to achieving our strategic vision. We have the flexibility to set our own pay, terms and conditions and people policies. However, we recognise that as a public body we are accountable to the public and must demonstrate the highest standards of behaviour, integrity and values in how we discharge our duties.

7.14 To compete in an increasingly challenging and competitive global labour market for the scarce skills we need, we must ensure that we are open to how we recruit and develop our staff to access the skills and expertise that we need. This will include being willing to be innovative and challenging in how we create opportunities for development of leadership and management skills and how we build the resilience across ONR.

7.15 We will maintain a cautious approach to how we recognise and reward our staff, given the need to have due regard to 'Managing Public Money'¹⁰ and related guidance on public sector pay policy, as well as the need to ensure appropriate costs of regulation.

¹⁰ Managing Public Money https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/742188/Managing_Public_Money_MPM_2018.pdf

INFORMATION GOVERNANCE AND INFORMATION/CYBER SECURITY

- 7.16 Due to the ever present and inherent threat of loss of information, whether through unintentional or malicious internal and external factors, we have an averse appetite to risk in our information security and cyber security related activities.
- 7.17 In our information governance, however, we are keen to minimise disruption to our day to day business when introducing activities and controls that strengthen our compliance, and so therefore have a minimalist appetite for such risks.

FINANCIAL

- 7.18 We have established a robust budget-setting process that secures the funding required to support the efficient and effective delivery of our planned regulatory activity. All financial decisions will be taken to optimise value for money in the use of public funds, ensure appropriate compliance and eliminate the risk of loss to secure its long-term financial viability. Therefore, we have a minimalist appetite in respect of financial governance, management and control and will only consider exceeding these constraints if a financial response is required to mitigate risks associated with nuclear safety and security.
- 7.19 As a regulator, we aspire to be an exemplar in our compliance and legal standing. We are averse to the risks of internal fraud and fraudulent behaviour and will maintain appropriately robust controls and sanctions to maximise prevention, detection and deterrence of this type of behaviour.



8

GOVERNANCE



- 8.1 Three common principles will remain visible throughout all of our corporate governance arrangements:

TRANSPARENCY

Governance affects us all and we will be transparent in our activity, so we have published Terms of Reference for our Board and its committees and we will continue to invite staff to attend as observers in our meetings.

BEHAVIOURS

Leadership effort should govern not just what we do but how we do it, with a focus on seeing agreed priorities through to completion.

ACCOUNTABILITY

We will always explain what we are doing, why we are doing it and how we are progressing.

ONR BOARD

- 8.2 Our Board's role is to provide leadership, set strategy, agree the policy framework within which we operate as a regulator and agree and monitor resources and performance. The Board ensures that effective arrangements are in place at ONR to provide assurance on governance, risk management and internal control.

8.3 The composition of the Board is prescribed in The Energy Act 2013. All members of the ONR Board must act in the best interests of ONR and in accordance with the Seven Principles of Public Life. The Secretary of State for DWP has recently appointed Mark McAllister as the new chair. The Framework Document between DWP and ONR was reviewed and revised in October 2018 to clarify roles and responsibilities.

FIGURE 6 – ONR BOARD



8.4 The Board receives robust and consistent assurance across all ONR purposes. It has two committees as follows¹¹:

- Audit and Risk Assurance Committee
- Nominations/Remuneration Committee

INTEGRATED AUDIT AND ASSURANCE FRAMEWORK

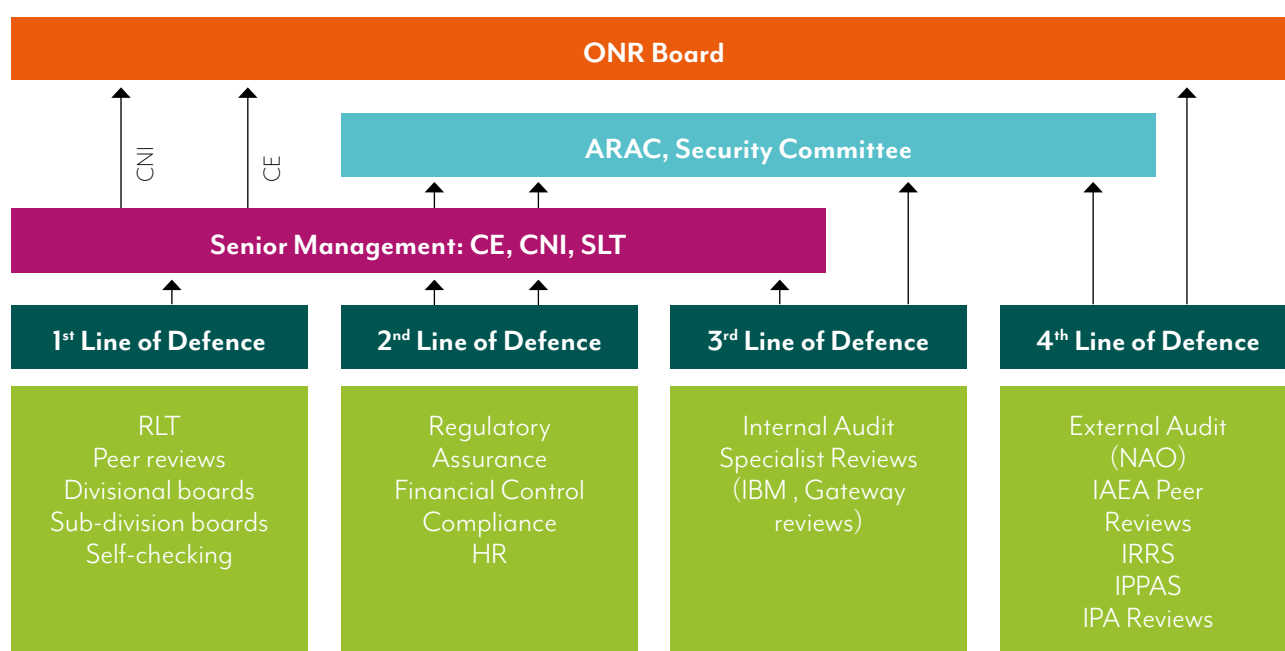
8.5 Our Integrated Audit and Assurance Framework was introduced in 2017 and has proved effective in delivering independent oversight and assurance throughout the organisation. Given the delegation of regulatory decisions to the CNI, our assurance function specifically provides assurance that we are appropriately delivering its regulatory purposes and functions, to our Board and committees and to the Accounting Officer, CNI, and senior leadership team.

8.6 Our Audit and Assurance function provides an assurance rating from our activities. All assurance activities are deliberately independent of our operations to ensure that all ratings are objective and are reported as such. The overall rating reported at the end of 2018/19 was a strong moderate, on a four point scale, from unsatisfactory, limited and moderate to substantial. We aspire to improve our assurance rating in 2019/20 towards substantial.

¹¹ Full Board responsibilities and Terms of Reference for its standing committees can be found in ONR's Arrangements for Corporate Governance at <http://www.onr.org.uk/documents/2014/corporate-governance.pdf>

8.7 Our Integrated Audit and Assurance Framework is summarised in Figure 7 and includes a fourth line of defence to demonstrate the additional assurance derived over and above HM Treasury's Assurance Frameworks model, from external sources, including the National Audit Office and international peer reviews.

FIGURE 7 – ONR INTEGRATED AUDIT AND ASSURANCE FRAMEWORK



CNI provides assurance to Board in respect of the quality and integrity of regulatory decision making.

CE provides assurance to Board in respect of the quality and integrity of organisational processes and controls.

REPORTING FRAMEWORK

8.8 During 2019/20 we will be developing our Strategic Plan 2020-25. The key emerging themes include:

- the importance of regulatory agility to respond to changing activity, as regulatory priorities shift and we need to respond to new policies such as the RAB model application for new build, development of advanced new technologies and fully developing our new safeguards regime and capability;
- regulatory innovation – how we innovate and modernise our regulation and as an organisation; and

- regulating new technologies – we know industry is changing and evolving, and while our goal-setting regulatory regime offers flexibility for different solutions to achieve the high standards required by UK law, we need to address capacity, capability and knowledge challenges to ensure we can regulate emerging technologies.

8.9 Each year, our published Annual Report and Accounts summarises our operational and financial performance. It is laid before Parliament and published on our website.

9

CONCLUSION





9.1 By March 2020, we aim to have achieved our 2020 strategic intent. In 2015, we said that success would be judged by our stakeholders as follows:

To the public, ministers and government, ONR:

- is an exemplar of openness and transparency; a trusted source of independent information and advice about the risks and potential consequences of civil nuclear activities and defence and engages openly and constructively in ways that are accessible to our audiences;
- demonstrates how we make a positive difference to nuclear safety and security
- holds the nuclear industry to account, including taking robust enforcement action where appropriate;
- provides evidence-based assurance that nuclear sites are sufficiently safe and secure; and
- provides evidence-based assurance that we operate to the highest standards of organisational performance

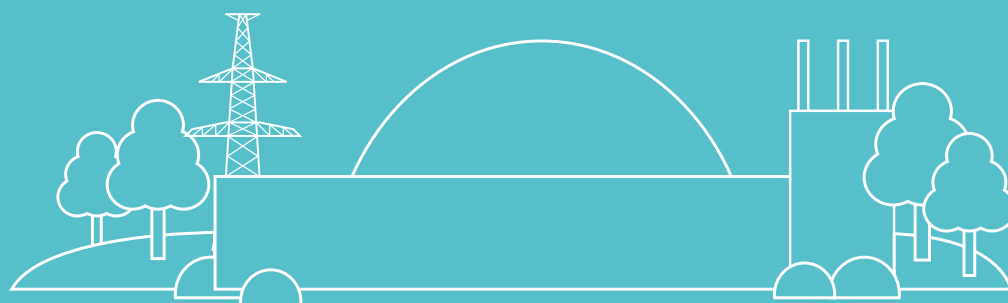
To our dutyholders, ONR:

- influences change to enhance an excellent health, safety and security culture among operators and to promote sustained excellence in nuclear operations;
- regulates proportionately, consistently and independently and makes balanced and evidence-based decisions;
- is responsive to the dynamic industry we regulate;
- engages openly, honestly and with the highest standards of professionalism; and
- operates efficiently to control costs, drive out waste and provide value for money in meeting regulatory need

To our people, ONR:

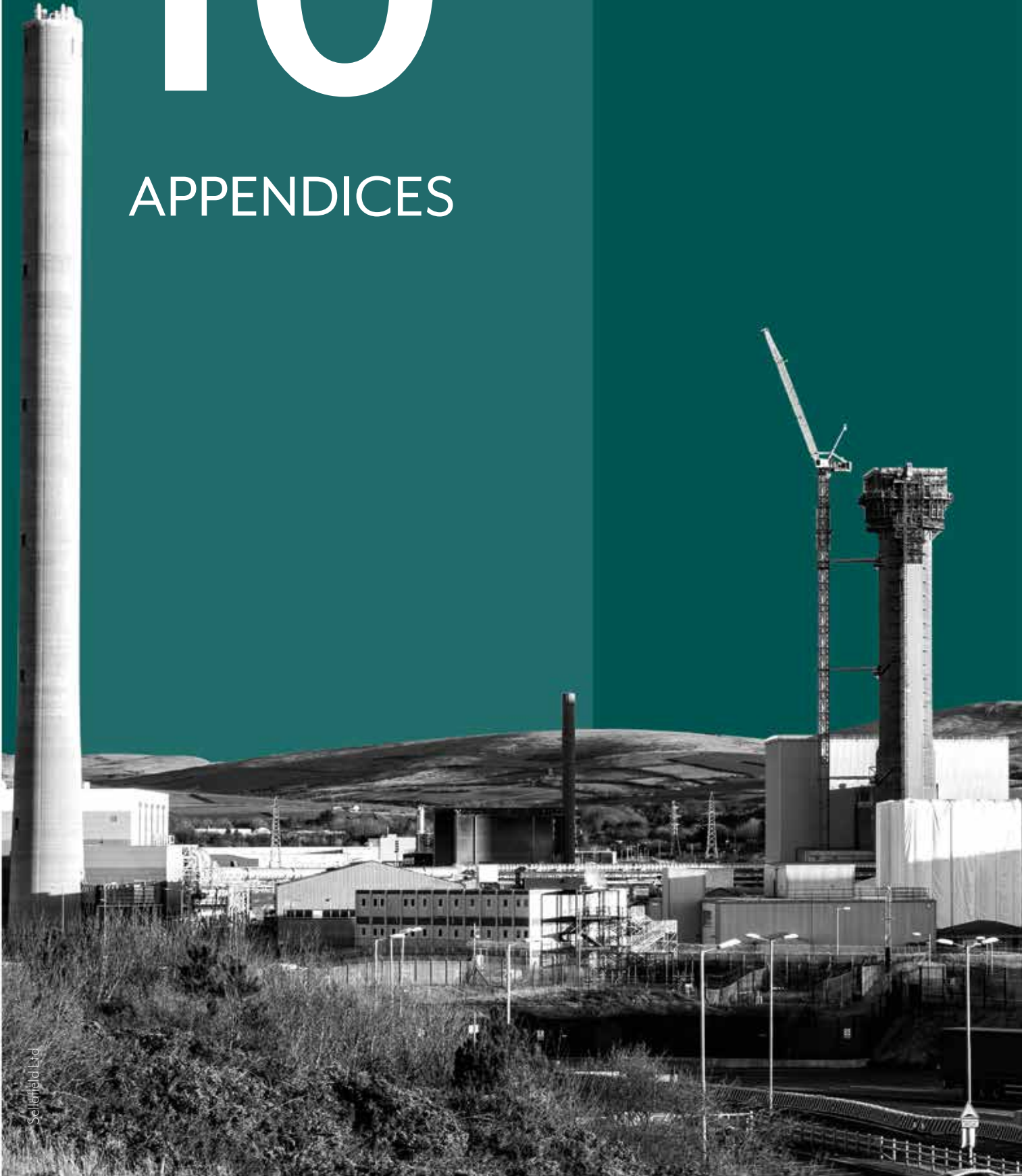
- is a great place to work, where people aspire to be part of the ONR team;
- has a culture where people lead by example, set clear direction, inspire others and demonstrate the highest standards of behaviours in public life;
- has a culture that is inclusive, consistent and fair, where people feel empowered to challenge without fear of bullying or harassment; and
- values diversity and the contribution of every member of the ONR team, has a pay and reward system that recognises personal contributions and supports continuous improvement at all levels

OUR ROLE IS TO REGULATE
THE NUCLEAR INDUSTRY
EFFECTIVELY, TO ENSURE THAT
DUTYHOLDERS OBSERVE THE
HIGH STANDARDS OF SAFETY,
SECURITY, AND SAFEGUARDS
REQUIRED BY UK LEGISLATION







10

APPENDICES





APPENDIX A – CORPORATE MILESTONE PLAN 2019/20

	QUARTER 1			QUARTER 2		
	APR 19	MAY 19	JUN 19	JUL 19	AUG 19	SEP 19
Influencing improvements in nuclear safety, security and safeguards 	<ul style="list-style-type: none"> UK SSAC to be able, if required, to meet UK international obligations 		<ul style="list-style-type: none"> UK SSAC to be able, if required, to commence the ONR nuclear material safeguards inspection regime 		<ul style="list-style-type: none"> Make decision - permission Sizewell B reactor start-up following statutory outage 	<ul style="list-style-type: none"> Issue action plan to European Union on ENSREG TPR on Ageing Management Complete REPPiR Approved Code of Practice consultation
Inspiring a climate of stakeholder respect, trust and confidence 	<ul style="list-style-type: none"> Publish ONR Corporate Plan 2019/20 Hold IRRS UK 2019 preparatory meeting Hold industry SyAPs regulatory mechanics workshop 	<ul style="list-style-type: none"> Host ONR webinar Host HERCA Board Conference 	<ul style="list-style-type: none"> Deliver Industry Conference 	<ul style="list-style-type: none"> Publish ONR Annual Report and Accounts 2018/19 Publish Gender Pay Report Submit 8th UK Convention on Nuclear Safety Report to BEIS 		<ul style="list-style-type: none"> Participate in 63rd IAEA General Conference
Getting the best out of our people 						<ul style="list-style-type: none"> Conclude Pay & Grading Review
Developing a high performing, sustainable organisation 	<ul style="list-style-type: none"> Issue Director and SRO Letters of Delegation 2019/20 Publish ONR Scheme of Delegation 		<ul style="list-style-type: none"> Publish guidance supporting updated CDG Regulations 	<ul style="list-style-type: none"> Complete WIReD Regulatory Process Review 	<ul style="list-style-type: none"> Commission and configure new platform for IT Separation 	<ul style="list-style-type: none"> Commission Corporate and Business Planning activity for 2020/21 including budget commission Complete the Organisational Effectiveness Indicator Framework implementation

QUARTER 3			QUARTER 4		
OCT 19	NOV 19	DEC 19	JAN 20	FEB 20	MAR 20
	<ul style="list-style-type: none"> • Make decision - permission commencement of construction of the SRP at Sellafield • Complete annual Nuclear Security Review • Make decision - permission Hartlepool (R2) reactor start-up following statutory outage • REPIR Approved Code of Practice ready for publication (HSE to publish) 	<ul style="list-style-type: none"> • Make decision on completion of Step 3 and the commencement of Step 4 for GDA of the UK HPRI000 • Make decision - permission the start of waste retrievals from PFCS at Sellafield 	<ul style="list-style-type: none"> • Make decision - permission commencement of SEP 2 active commissioning in MSSS at Sellafield 	<ul style="list-style-type: none"> • Make decision - adequacy of Heysham 2 and Torness Periodic Review of Safety 	<ul style="list-style-type: none"> • Confirm fuel free status of Wylfa's reactors
<ul style="list-style-type: none"> • Host ONR webinar • Conduct stakeholder survey • Publish Chief Nuclear Inspector's Annual Report 2019 • Complete IRRS UK 2019 Mission • Hold Autumn CNI Independent Advisory Panel 	<ul style="list-style-type: none"> • Host NGO forum 	<ul style="list-style-type: none"> • Achieve Disability Employer Level 3 Accreditation 	<ul style="list-style-type: none"> • Host ONR webinar • Agree ONR IRRS UK 2019 Mission action plan 		<ul style="list-style-type: none"> • Host NGO forum • Deliver UK presentation & participate in 8th Convention on Nuclear Safety Review Meeting • Hold Spring CNI Independent Advisory Panel • Present paper at US NRC Regulatory Information Conference (RIC) • Submit 2020/21 Corporate Plan (including Budget) to Ministers for approval • Produce interim report into SyAPs benefits realisation • Publish ONR report on approach to the regulation of innovation • Publish ONR Strategic Plan 2020-2025 and consultation response
	<ul style="list-style-type: none"> • Approve new organisational values 				
	<ul style="list-style-type: none"> • Evaluate benefits realisation for ONR Academy (including LCMS implementation and BAU processes) • Cutover to new platform (IT Separation) 	<ul style="list-style-type: none"> • Cutover to new platform (Telephony) 	<ul style="list-style-type: none"> • Board Review proposals for budget 2020/21 • ARAC approve internal Audit and Assurance Plan 2020/21 		<ul style="list-style-type: none"> • Board approve 2020/21 Corporate Plan, Budget and KPIs

APPENDIX B – ONR REGULATORY PLANNING ASSUMPTIONS 2019/20

1	There are no nuclear events within the UK or overseas which undermine or result in a significant change to the Regulatory Directorate's planned work programmes.
2	Government policy in support of UK civil nuclear power remains positive.
3	Programmes to construct and commission new power reactors (currently the EPR at Hinkley Point, and HPR1000 proposed at Bradwell) proceed at declared rates, and no significant safety or security concerns emerge.
4	The shut-down dates of the existing Advanced Gas Reactor (AGR) fleet occur in accordance with EDF's declared plan.
5	No new life-limiting factors emerge in the UK's fleet of AGRs and the single Pressurised Water Reactor (PWR) at Sizewell that affect the resources that ONR deploys to this area.
6	ONR will continue to support UK exit from Euratom ensuring that the UK meets its international safeguards obligations on exit, and by establishing a safeguards regime that is equivalent to Euratom in effectiveness and coverage by December 2020.
7	There will be no significant impact on the UK regulatory framework from UK's exit from the EU, including for radioactive materials transport (aside from assumption 6 above).
8	Government's policy, programme and contracting model for the current nuclear submarine fleet, 'laid up' submarines, the new build Dreadnought class and the associated strategic weapon capabilities remain unchanged for the next three years.
9	The regulatory framework and division of responsibilities between ONR and DNSR for the regulation of the defence sector remains unchanged.
10	There is no change to the level of ONR support to the government's ANT work programme, beyond the current expectation of no more than two GDA assessments to commence within the next 12 months.
11	There are no significant nuclear security breaches or changes in policy in relation to national security requirements that would undermine the security arrangements currently in place.
12	There will be no change to the scope of ONR's vires to regulate security before March 2020.

13	<p>Following the cessation of reprocessing at THORP, its pond will be used for long-term interim storage of spent fuel from AGRs on site at Sellafield.</p> <p>The Magnox fuel reprocessing capability will continue to operate safely to the Nuclear Decommissioning Authority (NDA)'s declared timelines, ensuring that the agreed volume of Magnox spent fuel is reprocessed.</p>
14	<p>With the permanent shutdown of THORP and pending conclusion of Magnox reprocessing at Sellafield, the licensee's attention will be focused on major organisational change to bring enhanced focus on hazard remediation and decommissioning.</p>
15	<p>Accelerating the hazard and risk reduction programmes at Sellafield will continue and progress to address them will remain a government priority which includes enabling the NDA to secure the necessary investments to deliver these major projects.</p>
16	<p>Materials consolidation between Dounreay and Sellafield will remain a high government priority.</p>
17	<p>Work to develop a UK policy for plutonium stocks will continue to explore options.</p>
18	<p>UK government remains committed to a GDF and the process for siting will proceed as planned.</p>
19	<p>Market demand for nuclear skills will not change significantly in the next 12 months, so we will be able to meet any regulatory growth requirements agreed by the Board and maintain the present regulatory turnover below 7%.</p>
20	<p>ONR's work to support the UK's international commitments (for example, IAEA standards, conventions, missions and international event reporting) remains at current levels.</p>
21	<p>New regulations to deliver the government's transposition of BSSD will come into force in early 2019 and these will then inform ONR's work to deliver a REPPiR ACoP. Resourcing requirements are not expected to change from current levels to complete the ACoP.</p>
22	<p>The industry's response to the NSD will evolve over the next 12-months, during which time there will be no new significant requests of ONR.</p>
23	<p>ONR will provide ongoing technical and regulatory policy advice as the government's proposal for a RAB model for nuclear developments, but there will be no change to our vires or regulatory programme in the next 12 months.</p>

APPENDIX C – ORGANISATIONAL STRUCTURE

ONR BOARD



Mark McAllister
ONR Chair (Non-Executive)



Penny Boys CB
Non-Executive



Bronwyn Hill CBE
Non-Executive



Sir Simon Lister
Non-Executive



Oona Muirhead CBE
Non-Executive

Regulatory Directorate Chief Nuclear Inspector Mark Foy

Sellafield, Decommissioning, Fuel & Waste

Mina Golshan

Deputy Chief Inspector & Divisional Director

- Sellafield Project Delivery
- Sellafield Compliance, Intelligence & Enforcement
- Decommissioning, Fuel and Waste

Technical Division

Anthony Hart

Deputy Chief Inspector & Divisional Director

- Professional Leads / Specialisms
- Transport Competent Authority
- Regulatory Intelligence and Oversight
- Regulatory & Technical Standards
- Research
- Emergency Planning and Response (EP&R)
- International
- Special Projects

New Reactors

Mike Finnerty

Deputy Chief Inspector & Divisional Director

- UK EPR
- UK HPR1000
- Advanced Nuclear Technologies (ANTs)
- Major projects
- Innovation

Operating Facilities

Donald Urquhart

Deputy Chief Inspector & Divisional Director

- Operating Reactors
- Defence - Propulsion
- Defence - Weapons

Civil Nuclear Security & Safeguards

Paul Fyfe

Deputy Chief Inspector & Divisional Director

- Security:
 - Protective Security
 - Cyber Security and Information Assurance
 - Personnel Security
 - Security Threat Intelligence and Planning
- Safeguards:
 - Inspection
 - Nuclear Material Accounting



Sarika Patel
Non-Executive



Adrienne Kelbie
Chief Executive



Mark Foy
Chief Nuclear Inspector



Sarah High
Finance Director



Dave Caton
HR Director

Support Directorates

Chief Executive

Adrienne Kelbie

Information and Technology

Alistair Campbell

Head of IT

- IT security
- IT separation
- Management of service delivery
- Technical design authority (TDA)
- Technical guidance
- User support and training

Finance

Sarah High

Finance Director

- Budgeting and Management Accounting
- Business Continuity
- Business Planning and Risk Management
- Charging and Time Recording
- Commercial and Procurement
- Estates and Shared Services
- Financial Accounting
- Regulatory Assurance
- Project Management Office

Policy and Communications

Katie Day

Policy & Communications Director

- Policy
- Domestic Safeguards Policy
- External stakeholder engagement
- Internal engagement

Governance and Executive Office

Charlotte Cooper

Head of Governance

- Executive Support to Corporate Directors
- Governance
- Chief Executive's Private Office
- Well Informed Regulatory Decisions (WIReD project)
- Security and Information Assurance including Data Protection

HR

Dave Caton

HR Director

- Employee relations
- Health, safety and well-being
- Learning and Development
- Organisational and cultural change
- Security vetting



