

Government Response to the Recommendations of the Stone Review of the Nuclear Regulatory Regime, January 2009

Introduction

Nuclear, as a low-carbon source of energy, has the potential to play an important role in delivering Government's wider answer to the challenges of climate change and security of energy supply. Generic Design Assessment (GDA) is a critical step for a new build programme and involves the independent assessment of the technical aspects of new reactor designs by the regulators. As long as the design has been through GDA and the proposed site is strategically suitable then only the site specific aspects need be considered when applications for reactor construction at a particular site are made in future. The GDA process provides a robust, transparent and independent review of reactor designs while ensuring an efficient regulatory approach that significantly reduces regulatory uncertainty before key investment decisions have to be made.

The nuclear regulators who carry out GDA and site licensing are also responsible for regulating existing nuclear facilities including those owned and/or operated by the Nuclear Decommissioning Authority and British Energy. The Nuclear Installations Inspectorate (NII) regulates nuclear safety and the Office for Civil Nuclear Security (OCNS) regulates nuclear security in England, Wales and Scotland, both are part of the Health and Safety Executive's (HSE) Nuclear Directorate. The Environment Agency (EA) regulates radioactive discharges and radioactive waste disposal from nuclear sites in England and Wales. The timescale of 3-3¹/₂ years for the GDA process was outlined in the Nuclear White Paper (January 2008). However – as previously acknowledged, one of the nuclear regulators, the NII, is significantly under-staffed for GDA work due to the difficulty of recruiting specialist staff.

The Government wants the UK to be a world leader in the safe and efficient use of nuclear energy. Following the publication of the Nuclear White Paper 2008 Dr Tim Stone¹ was commissioned to carry out a review of the nuclear regulatory regime in order to enhance further its transparency and efficiency in meeting the challenges posed by new nuclear power stations, and in particular to look at how to improve the working of the NII.

The Government welcomes Dr Stone's findings and today, 27 January 2009, publishes a summary of his recommendations. Dr Stone agrees with the International Atomic Energy Agency's conclusion that the UK's nuclear regulatory arrangements are mature and transparent, with highly trained and experienced inspectors. However, in the context of a changing nuclear environment, Dr Stone's review involved a comprehensive assessment of the NII's immediate and longer-term needs, and provides recommendations that

¹ Independent Advisor to the Secretary of State on nuclear issues.

will enable the NII to meet these needs in the context of the challenges of new build.

The Government recognises that it will be important to implement Dr Stone's recommendations in a thorough and timely manner, and government departments are already working closely with the HSE and other stakeholders to achieve this. Some recommendations have already been implemented.

Response to Recommendations

Phase 1: Short-Term Recommendations

a) Appointment of HR adviser to report on inspectors' pay and conditions

This recommendation has already been implemented, with Veredus reporting in September 2008. Their work highlighted a number of factors that contribute to the NII's recruitment difficulties in a highly competitive marketplace.

b) Inspectors' pay and conditions to be adjusted

A 3-year pay deal targeting a range of factors to address the recruitment and retention challenges faced by the NII in a highly competitive marketplace is currently under negotiation with trade unions.

c) Appointment of a Chief Operating Officer (COO)

This will be taken forward as part of the restructuring of the Nuclear Directorate (see recommendation (k) below) for which shadow arrangements will be made, to the extent possible. In the meantime an interim transition manager has been appointed to assist with the overall administration of the Nuclear Directorate.

d) Secondment of experienced project, programme and administrative managers

Four project managers from outside the Nuclear Directorate and an experienced administration manager have been seconded into the GDA team.

e) Improved information sharing with overseas regulators

The Nuclear Directorate has developed close working arrangements with the American and French nuclear regulators, who have agreed to share all information on their assessment of the relevant designs and provide staff to assist the Nuclear Directorate. Additionally work is in hand at multinational level to maximise sharing and collaboration. A number of other overseas nuclear regulators have expressed interest in the UK's GDA process. The knowledge shared will aid regulators in their work and such exchanges are expected to continue where appropriate.

f) Disapplication of some Civil Service rules/common traditions

While it is not possible to disapply Civil Service rules, the pay deal under negotiation with trade unions (see recommendation (b)) and restructuring (see recommendation (k)) should enable the NII to achieve the objectives of these recommendations in the near and medium-term.

g) Engagement of Technical Support Contractors (TSCs) to assist in reviewing the safety cases for reactors

Contracts are in the process of being let.

h) Creation of satellite offices in addition to the Bootle HQ to assist in recruitment and retention

An office has been established in London and the process to secure a satellite office in Cheltenham is underway. Both are strategic locations for recruitment.

i) Improved communications with stakeholders and the public

The Nuclear Directorate has already taken steps to implement this recommendation, and there have been improved communications with the public in particular. Work is ongoing.

Phase 2: Medium-Term Recommendations

j) Ensure the Nuclear Directorate has financial and organisational flexibility to meet its business needs on a sustainable basis, and changing cost recovery arrangements

k) Structural changes for the Nuclear Directorate, including creation of a governing body, a more transparent and enhanced expert review and appeals process, and enhancement of peer review

The Government has reached an agreement to restructure the Nuclear Directorate through legislation, creating an autonomous body that would remain within the auspices of the HSE. The new organisation will have greater flexibility to enable it to respond to the challenges it faces (including recruitment difficulties), whilst remaining in the public sector. We are working with stakeholders on the detail of the new organisation's structure and governance, and – Parliamentary calendar permitting – expect to have implemented this recommendation in full by mid-2010. We hope that shadow arrangements could be put in place before then.

The Nuclear Directorate is working to enhance the transparency of its processes and will look to implement a number of reforms including maximising the benefits of peer review. In undertaking these changes care will be taken to ensure the continuing independence of NII's regulatory decisions.

The Stone Recommendations relate only to the cultural and organisational arrangements of the Nuclear Directorate and do not impact on the safety standards that are applied; therefore the restructuring will focus on structural and operational reform of the Nuclear Directorate and will not impact safety standards. Given that the Nuclear Directorate can, and the new organisation will, recover its costs from industry, these reforms should not result in a direct burden to the taxpayer.

I) Sponsorship and advocacy for a regular exchange programme with industry

The Nuclear Directorate is currently planning to pilot an exchange programme; the arrangements will recognise concerns about the potential impact on regulatory independence.