

Regulator Assessment: Qualifying Regulatory Provisions

Title of proposal	New internal guidance - Security Assessment Principles (SyAPs)
Lead Regulator	Office for Nuclear Regulation
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Date of assessment	January 2017
Commencement date	April 2017
Origin	Domestic
Does this include implementation of a Cutting Red Tape review?	No
Which areas of the UK will be affected?	GB
ONR internal reference	2017/47770

Summary of costs and benefits

Price base year	Implementation date	Duration of policy (years)	Net Present Value	Business Net Present Value	Net cost to business (EANDCB)	BIT score
2016	2017	Indefinite (10 years used for assessment)	Nil	Nil	Nil	Nil

Brief outline of proposed new or amended regulatory activity

1. The Office for Nuclear Regulation (ONR) is responsible for approving security arrangements within the civil nuclear industry and enforcing compliance to prevent the theft or sabotage of nuclear or other radioactive materials; and the sabotage of nuclear facilities, taking into account the full spectrum of protective measures, including physical protection, personnel security, cyber security and information assurance.
2. ONR regulates the security of:
 - nuclear and other radioactive materials on civil licensed nuclear sites;
 - nuclear materials off licensed sites;
 - domestic transport of nuclear materials by road, rail and sea; and
 - international transport of nuclear and other radioactive materials by UK flagged vessels

- sensitive nuclear information wherever it is held;

It does this in accordance with the Nuclear Industries Security Regulations (NISR) 2003, and the Ionising Radiation Regulations (IRR) 1999.

3. In 2012, ONR established security objectives to set out how dutyholders need to plan and implement their site, personnel, information and transport security arrangements in order to comply with the requirements of NISR and IRR. These objectives are detailed in the National Objectives, Requirements and Model Standards (NORMS) document, which describes how the objectives might be achieved through a set of requirements and model standards. The security regime for meeting these objectives is described in the Nuclear Site Security Plans (NSSPs) prepared by dutyholders, which are approved by ONR. NORMS is supported by a suite of guides to assist ONR inspectors in their assessment and inspection work, and in making regulatory judgements and decisions. These guides are called Technical Assessment Guides (TAGs); the area of regulation covering the transport of nuclear materials and radioactive materials is supported by a Transport Manual.

Problem under consideration and rationale for intervention

4. Regulation of civil nuclear security is undergoing a transformation underpinned by a shift towards an outcome-focused regulatory approach; this approach has been successfully implemented in conventional health and safety regulation and also in the regulation of nuclear safety.
5. In 2015, a planned review of NORMS revealed some issues: inconsistency; too tactically focused; lack of clarity between mandatory elements and guidance; too prescriptive. This review informed the development of its successor document – Nuclear Security Regulatory Framework (NSRF). Work progressed on NSRF with considerable dutyholder engagement continuing the development of outcome focused regulation; ONR worked with, and took evidence from, a wide range of interested parties including industry, Government and other stakeholders.
6. As a result of further consultation during the development of NSRF it was decided that greater alignment with ONR’s Safety Assessment Principles would benefit the guidance because it would provide the opportunity to align / streamline safety and security arrangements e.g. training, maintenance schedules etc. to provide a holistic approach to the delivery of both disciplines. It is the integration of the Security Assessment Principles (SyAPs) into the relevant suite of ONR guidance and requirements that this BIT assessment appraises.
7. The rationale for this intervention is therefore to address the issues raised in the review of NORMS and in the subsequent review of NSRF. It is proposed to replace NORMS with enhanced guidance that meets the issues raised in the review and through the integration of security and safety assessment. The most significant change and the main driver for the project is that the new guidance will be focused to enable dutyholders to be innovative and flexible in how they achieve the high standards of nuclear security required by implementing arrangements that meet their particular circumstances rather than having to follow prescriptive steps to achieve the same standards. The new guidance will also strengthen professionalism and resilience in the security teams of the dutyholders and encourage the adoption of continuous improvement and relevant good practice, of which there are extensive sources available.
8. It is worth noting that the changes to dutyholders’ implementation that this BIT assessment describes would come about as the result of a permissive change. The move to a more outcome-focused approach for security-management presents opportunities for dutyholders to meet their requirements in novel or more proportionate ways, but does not compel them to do so. Based on industry feedback, we understand that any costs incurred through implementation (see paragraphs 43 to 53) would be incurred to access at least greater benefits in the future (see paragraphs 57 to 66); otherwise, they could continue to meet their requirements in the current fashion.
9. As per the July draft of the (as-yet) unpublished Better Regulation Framework Manual¹, we will assume in the analysis that follows that the benefits to dutyholders are at least equal to the costs.

¹ Paragraphs 1.2.23 and 1.2.24.

Options considered

10. A number of options have been considered during the project. The main options are:
- a) Do nothing
 - b) Minimal update – i.e. retain the current evolution of NORMS/ NSRF and do not try to align security regulation with ONR’s Safety Assessment Principles.
 - c) Use the opportunity of redrafting the guidance to move to a more outcome-focused, less prescriptive approach that also aligns with ONR’s Safety Assessment Principles.

Considerations:

Option a) do nothing, has been considered but is not desirable. It does not deliver solutions to the issues raised in the review of NORMS, which identified that key stakeholders considered parts of the guidance to not be as efficient and effective as it could be.

Option b) minimal update, is also not tenable as although the guidance addresses the issues raised in the review of NORMS, it does not deliver the objective to align the guidance with ONR’s Safety Assessment Principles. To deliver this option would only put back the aspiration to have integrated security and safety guidance to a point in the future.

Option c) Redraft to include issues raised during the review of NORMS and further feedback from key stakeholders around the alignment of security guidance to ONR’s Safety Assessment Principles. This is the preferred option as it goes the extra step during the redraft optimising resource and it allows the benefits of aligned security and safety guidance to be realised much earlier.

11. For the remainder of this BIT Assessment, only Option c) will be considered and will henceforth be referred to as Option 1.

12. A summary of the main changes that will take place under Option 1 (preferred option) is given below.

a) We propose to rewrite the main guidance previously contained in the NORMS document in an updated, simplified, outcome-focused way; we will not include example model standards for dutyholders to reference but will instead allow flexibility to apply effective, relevant, fit for purpose methods and activities to achieve outcomes that meet the standards required by ONR.

b) We propose to simplify the suite of associated TAGs and align them to ONR’s Safety Assessment Principles.

c) We propose to rewrite the Transport Manual in an updated, simplified outcome-focused way that achieves the outcomes that meet the standards required by ONR when transporting nuclear and radioactive material.

Research undertaken to inform the BIT Assessment

13. A key level of Governance for creating the new guidance has also informed the BIT assessment. A group of industry stakeholders were appointed at the project initiation phase to meet regularly with the project team including the sponsor, Government and members of ONR’s senior team. This group tested the project at initiation and throughout delivery to check that the benefits were feasible and remained viable – the project has moved through each of the reviews positively and the SyAPs document and associated assessment guides are scheduled due to be published in early April 2017. This group has assisted ONR in testing of costs to inform the assumptions cited in this assessment giving ONR further confidence that the calculations presented in this submission represent a fair

assessment of the impact of the new regulatory guidance on business. A full list of engagement activities to develop the guidance is included in Annex B.

14. Further evidence was gathered from a targeted survey over a period of three weeks between 2 December and closing on 21 December. During this time, six responses were received from a range of stakeholders.
15. The consultation targeted different areas of the nuclear lifecycle with different challenges to achieving nuclear security – i.e. fuel manufacturing, operating facilities and decommissioning sites. While six respondents is a small proportion of total dutyholders, we were able to test these responses with our governance group and with ONR sector expertise to be suitably confident in their robustness.
16. All six respondees answered questions that tested the assumptions used to undertake the impact assessment, for instance around the likely scale of initial familiarisation costs and process by which businesses in their sector read and understand their obligations under SyAPs and also potential benefits. Responses to the targeted consultation have been used to inform the following estimates in this BIT assessment.

General Assumptions

Time Horizon and Discounting

17. We assume an appraisal period of 10 years, applying a discount rate of 3.5% per annum, consistent with HM Treasury's (HMT) Green Book.²
18. We assume that one-off costs are borne in the first three years of implementation (i.e. 2017 / 18 / 19). We also assume that any on-going costs and cost savings are borne each year from Year 1 to Year 10, unless otherwise stated.
19. All figures are in 2016 prices, unless stated otherwise.

Cost of Time

20. We assume a working week of 36 hours, with 7.2 hours in a working day.
21. The following analysis assumes that the value of employee time is the opportunity cost of that time to the employer. This will be equal at the margin to the cost of labour to the employer; that is, the gross wage rate plus any non-wage labour costs that the firm faces, such as national insurance and pension contributions. The rationale for this is that a firm will hire workers up until the point at which the cost of doing so (i.e. the wages plus various non-wage costs paid on employed labour) is equal to the value the firm receives for the output of the additional worker.
22. Information on wage rates is taken from the ONS' Annual Survey of Hours and Earnings (ASHE), which provides data on wage rates by occupation and industry.³ ONR has assumed a cost for 'professional occupation' of £716.70 per week which we have doubled to £1433.40, given the skilled nature of nuclear assessment work and the profit margins of an operating facility (diversion of labour), over a 36 hour week and uplifted by 20.2% to account for non-wage labour costs. This gives £47.86 per hour. This assumption was tested during the consultation and agreed as reasonable.

²https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220541/green_book_complete.pdf

³ Based on ASHE 2015 figures for 'professional occupation' of £716.70 per week which we have doubled to £1433.40, given the skilled nature of nuclear assessment work and the profit margins of an operating facility (diversion of labour), over a 36 hour week and uplifted by 20.2% to account for non-wage labour costs. This assumption was tested during the consultation and agreed as reasonable.

<http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcn%3A77-337425>

Rounding

23. Costs estimated in this assessment are rounded to two significant figures; as such, some totals may appear not to sum.

Which type of business will be affected? How many are estimated to be affected?

24. The main stakeholders outside ONR are:

- Civil nuclear sites holding a site licence and their tenants (31 in total). This group can be broken down to operating facilities – power stations, decommissioning sites and fuel cycle and waste commercial enterprises;
- Approved carriers of nuclear material including the domestic transport of nuclear materials by road, rail and sea and the international transport of nuclear and other radioactive materials by UK flagged vessels (there are currently 18 in total); this group includes five Class A Carriers and 13 Class B Carriers. Class B Carriers are limited to the type of material they can carry and are therefore less hazardous than the Class A Carriers, who are approved to carry a wider range of material ; and
- Dutyholders holding or controlling Sensitive Nuclear information (SNI) (a fluctuating average of ~250, dutyholders obtain and dispose of SNI continually hence the average quantification figure for this stakeholder group).

25. New nuclear organisations undergoing generic design assessment and applying for new site licenses will not experience any cost impact because of the change to the new guidance, as when they come to familiarise and implement their requirements, they will find them to be different from those at present, but no more or less costly. However, we estimate that they will benefit from the flexibility of the new objective setting focus of SyAPs in the future, relative to the regime that is in place currently. They are not included in the cost or savings estimates, but ONR believes that they should be acknowledged as part of the cost savings estimate. These organisations include:

- Organisations entering the Generic Design Assessment (GDA) process
- Organisations submitting nuclear licence applications
- Organisations constructing new nuclear facilities

Please set out the impact to business clearly with a breakdown of costs and benefits

26. The number of dutyholders that could potentially be affected by the change is calculated as 299 and includes site licensees, approved carriers of radioactive materials and other sites holding Sensitive Nuclear Information (see paragraph 24). All dutyholders must comply with the outcomes stated in the SyAPs document; therefore 100% of dutyholders are expected to read this document. 250 dutyholders are holders of SNI and this group would not be expected to read the entire document; this group is expected to read five areas of the document which equates to around half of the document.

27. Although no dutyholders are required to read ONR's TAGs, ONR would normally expect around 2% of dutyholders to read updated guides based on ONR's website analytics (the number of times similar new guidance was accessed on ONR's website during the first year of it being published). However, as the guidance supports a new method of regulation for the industry, we have calculated that all of the 31 civil licensed nuclear sites and the 5 Class A carriers will read them following their publication; this is a generous assumption based on expert assessment and feedback from industry.

28. The remaining 13 Class B Carriers will only read the Transport Manual, as the TAGs are not relevant to them.
29. As with the SyAPs document, around half of the TAGs are relevant to holders of SNI – however, unlike the main dutyholders, this group is not required to produce NSSPs or any other formal documentation to present their security arrangements but are subject to ONR's requirements to comply with the NISR 2003 Regulations. The normal website analytics are therefore applied here in line with expert assessment and feedback from industry. ONR would therefore expect around 2% of holders of SNI to read updated guides; however as the guidance does support a new method of regulation we have calculated based on ONR sector experience that five times this number (10% of the SNI dutyholder base) will read it; this will then drop down to normal referencing levels at no additional cost.
30. As previously discussed, the assumptions applied to this impact assessment have been tested by consulting a representative sample of dutyholders⁴; the consultation targeted a mix of large, medium and smaller size organisations covering a number of functions and stages in the nuclear cycle, all consultees currently hold a Nuclear Site Licence and are currently required to have an up to date Nuclear Site Security Plan (NSSP).

DIRECT COSTS

Familiarisation

SyAPs

31. This new guidance document is approximately 92 pages long with 40 pages of annexes and comprises 35,295 words in total. It could easily be read and digested over 8.8 hours, which would comprise three full reads of the entire document⁵.
32. As discussed, holders of SNI would only be expected to read the relevant areas of the guidance which equals approximately half of the calculation in Paragraph 3130, or 4.4 hours, which also comprises three full reads of the relevant sections.
33. ONR anticipates from past experience with this type of guidance that a single representative of each of the civil nuclear sites and approved carriers will read the document at the time of its publication incurring a cost of one dutyholder personnel x 8.8 hours x 49 dutyholders x hourly rate (est £47.86²) = approximately £21,000. However, ONR has checked this assumption through the consultation exercise and the response confirmed that an average of two to three personnel rather than one would need to read the guidance. For the purpose of this assessment ONR has tripled the initial cost to account for three personnel per site = around £62,000.
34. For holders of SNI, the reading time is reduced to cover only the relevant areas of the guidance - one dutyholder personnel x 4.4 hours x 250 holders of SNI x hourly rate (est £47.86³) = around £53,000. Holders of SNI are smaller concerns or individual departments within larger organisations so this number is not tripled in the same way that we have calculated impact on the main dutyholders.
35. With regard to subsequent years, it is anticipated that dutyholders will refer to SyAPs at the same rate and frequency as they would use the current guidance. However, SyAPs is a much less complex, shorter document than its predecessor so will require less time to read and analyse. It is anticipated that the change to the new, simpler, less prescriptive guidance will provide a cost saving

⁴ Sites consulted with to test the assumptions in this BIT assessment remain anonymous to protect commercial interests.

⁵ Based on RAS Group Guidance: valuation of guidance gives an estimate of around 200 words per minute, and assuming that three readings are required for understanding (2 hours 56 minutes x 3 = 8 hours 48 minutes)

to dutyholders; benefits and savings are discussed in the section on benefits below (Paragraph 57 onwards).

36. The total one-off cost in Year 1 for the nuclear industry to familiarise themselves with the new SyAPs guidance is estimated at around £110,000.

TAGs and Transport Manual

TAGs

37. There are 38 TAG documents comprising 526 pages in total with 160,205 words. They could easily be read three times in about 40 hours. In line with the assumption described in paragraph 33, ONR anticipates that a single representative of the 31 civil nuclear sites and five Class A Carriers will read the documents at the time of their publication incurring a cost of approximately one dutyholder personnel x 40 hours x 36 duty holders x hourly rate (est £47.86²) = around £69,000.
38. Approximately half of the TAGs are relevant to holders of SNI; ONR anticipates based on feedback from industry and sector knowledge a single representative of approximately 10% of all holders of SNI will read the documents at the time of their publication incurring a cost of approximately one dutyholder personnel x 40 hours x 0.5 of TAGs relevant x 250 dutyholders x 10% x hourly rate (est £47.86²) = £24,000. Holders of SNI are smaller concerns or individual departments within larger organisations so this number is not tripled in the same that way we have calculated impact on the main dutyholders.

Transport Manual

39. This document comprises 30 pages and 9,000 words. It could easily be read three times in 2.25 hours – ONR anticipates that a single representative of each of the 13 Class B carriers will read the documents at the time of its publication incurring a cost of approximately one dutyholder personnel x 2.25 hours x 13 approved Class B carriers x hourly rate (est £47.86²) = around £1,400.

Summary of TAGs and Transport Manual

40. As with the SyAPs document, it is anticipated that dutyholders will refer to the TAGs and Transport Manual at the same rate and frequency as they would use the current guidance.
41. The total one-off cost in Year 1 for the nuclear industry to familiarise themselves with the new TAGs and Transport Manual is estimated at around £94,000.

Summary of Familiarisation Costs

42. The overall one-off cost in Year 1 for the nuclear industry to familiarise themselves with the SyAPs document and its associated TAGs and Transport Manual is estimated at £210,000.

Implementation

NSSPs

43. Civil nuclear sites and Class A Carriers are required to have a Nuclear Site Security Plan (NSSP) to explain their security arrangements to ONR. Class B Carriers have a transport plan and although holders of Sensitive Nuclear Information (SNI) are not required to document their arrangements, they are subject to the standards set in the relevant regulations. The new SyAPs guidance will not change this arrangement. The driver for this change and major benefit is that the outcome-focused approach provides flexibility for dutyholders to deliver their security arrangements in innovative and novel ways, creating greater opportunity to use cost saving solutions and match the protective requirements to the needs of the business against the threats it faces.

44. ONR anticipates that all dutyholders at civil nuclear sites (31 in total) and Class A approved carriers (five in total) will update their NSSPs within three years of SyAPs being published; and the 13 Class B Carriers will also update their Transport Plans during this time thus completing the implementation phase. Dutyholders are currently expected to review their plans every two to three years so this assumption does not create a requirement for extra reviews; ONR will consult with all dutyholders to schedule NSSP updates intelligently to avoid reviews under NORMS and again under SyAPs being in close time proximity.
45. One consultation question asked how long the dutyholder expected to take to complete activities associated with and / or as a result of updating NSSPs. There was a mixed response: one of the more complex sites estimated around 600 hours per site and this estimate has been used in this BIT Assessment. This higher estimate provides ONR with the confidence that a fair and generous approach has been applied to measure the impact of the change on industry. ONR therefore estimates that 600 hours x 31 dutyholders plus five approved Class A Carriers x hourly rate (est £47.86²) = around £1,000,000.00 impact across the business to implement.
46. This impact figure is off-set by the amount of effort that dutyholders would have normally applied to review their plans, as previously discussed all dutyholders are required to review their NSSPs every two to three years. The consultees were asked how much **extra** effort would be required to undertake reviews of NSSPs under SyAPs; the response was inconclusive with some dutyholders, including one of the largest, saying that no extra work would be required but another company felt that the full 600 hours of **extra** effort would be needed. For the purpose of this BIT assessment, ONR has halved the total effort calculated above to estimate effort specifically associated with the change to the new guidance. Therefore, 600 hours x 36 dutyholders and Class A Carriers x hourly rate (est. £47.86²) = around £1000,000.00 / 2 to remove normal activities associated with the regular review of NSSPs = around £520,000.
47. As stated in paragraph 44, we expect that these additional costs to review NSSPs will take place during the first three years of implementation. For simplicity, we shall assume that these costs are spread evenly across those three years, giving around £170,000 each year.
48. Discounted at 3.5%, this gives a one-off present value cost of around £500,000.

Transport Plans

49. ONR anticipates that all approved Class B carriers (13 in total) will also review their Transport Plans within three years of SyAPs being published. Again, this is an exercise that all carriers would need to do every two to three years under the previous guidance so there is no requirement to do extra updates, but it might take longer because new guidance is being used. Data retrieved through the consultation indicates that the average time required to complete activities associated with implementation is around 600 hours per approved carrier. ONR therefore estimates that 600 hours x 13 approved carriers x hourly rate (est £47.86²) = around £370,000 impact across the business to implement. Using a similar approach to that taken to account for normal effort associated with updating and implementing NSSPs this figure is also halved = approximately £190,000.
50. Again, if we assume that these costs are spread evenly over the first three years of implementation, this would give around £62,000 each year.
51. Discounted at 3.5%, this gives a present value one-off cost of around £180,000.

SNIs

52. ONR does not legally require holders of SNI to review any plans or documentation to comply with SyAPs.

Total Implementation Costs

53. The total cost of implementing the new guidance through updating NSSPs and Transport Plans is therefore estimated at a present value cost of approximately £680,000.

54. As discussed in paragraph 8, as these changes are permissive, we anticipate based on feedback from industry that these implementation costs would only be incurred by dutyholders if they saw the benefits of implementation through greater flexibility and proportionality as worth the initial cost.

Total Costs

55. The overall cost to the nuclear industry to familiarise themselves with the new guidance and update their NSSPs and Transport Plans is estimated at a present value of around £890,000.

56. In equivalent annual terms, this is around £100,000 in 2014 prices and 2015 present value base-year, in line with BIT accounting guidelines.

BENEFITS

57. As described in Paragraph 8, ONR expects the one-off familiarisation and implementation costs estimated above to be at least offset by ongoing savings to existing businesses as a result of greater flexibility in how they manage security and, to some extent, now being able to review a simpler set of regulations and guidance. This is based on feedback from industry.

58. The major cost saving will be as a result of the less prescriptive guidance: there will be opportunities for businesses to use less expensive, more fit-for-purpose solutions to meet the standards required by ONR and this is one of the key drivers for the move from NORMS to SyAPs. This is a similar assessment to the recently validated assessment of the Review of Dangerous Substances in Harbour Areas Regulations 1987 (DSHAR) – IA No: HSE0096, in that much of the cost savings cannot be quantified in hours, effort or cash flow but have to be estimated qualitatively through stakeholder engagement and opportunity analysis. In short, we have had to ask our stakeholders and consultees ‘will there be an opportunity to gain cost benefits and will they out-weigh familiarisation and implementation costs’ to be able to assess the impact as pragmatically as possible. We have included in Annex A some of the comments from the consultation to support the decision to assess the impact at zero net cost.

59. In order to estimate the time savings required to offset the total costs to business, we have assumed that for the purpose of this analysis, ongoing savings to business are limited to those dutyholders that incurred one-off costs of familiarisation estimated above. In reality it may be the case that any new entrants to the market would also benefit from the revised shorter, simpler and less prescriptive guidance; we spoke about the potential benefits to nuclear new build in the UK in Paragraph 25. Significant savings could be made in nuclear new build as they are able to build in security by design instead of being restricted by the requirements of previous prescriptive regulation. This assumption was supported in the responses from the consultation and via ongoing engagement with the project’s stakeholder groups.

60. One-off familiarisation costs plus initial implementation costs are estimated to be £890,000 (ten-year present value), or around £100,000 in equivalent annual terms. In order to offset these costs, total savings to businesses right across the nuclear sector would also need to be approximately £100,000 per annum in equivalent annual terms.

61. If we only include the major businesses holding a site licence and the approved carriers (49 companies in total) this is around £2,100 per site per annum; the holders of SNI will also have opportunities to make cost savings but they will probably be small and are extremely difficult to capture. Using the cost of time of £47.86 per hour, this gives a time-saving each year required to offset the transitional costs of around 44 hours – a little over a working week.
62. ONR, consultees and other project stakeholders believe that £2,100, or 44 hours, is a very conservative figure to state as the potential cost saving per site per year when considered against the opportunities for savings against the major nuclear projects, systems and processes that will be regulated under SyAPs. In the absence of any firmer, quantifiable data we have decided to offset spend with this amount to achieve a zero net cost impact to business. This approach is in-line with that taken for the validated assessment of the Review of Dangerous Substances in Harbour Areas Regulations 1987 (DSHAR) – IA No: HSE0096.
63. Dutyholders currently refer to SyAPs' predecessor document (NORMS) to comply with ONR's requirements and the expectation upon them to maintain effective nuclear security on their sites. The new SyAPs document is only 38% of the size of its predecessor document; it is also far simpler with less referencing to other documents, which the reader must then seek out. Dutyholders were not able to quantify how much they referred to NORMS per annum via the consultation but confirmed that the document was referred to continually throughout each year and the new document will be used at a similar frequency. A crude analysis would indicate that, given the document has lost two-thirds of its length, approximately two-thirds less effort will be required to consult the new guidance offering a significant saving in hours (at £47.86 per hour) each year. The consultation and our stakeholder groups agree that this cost saving is viable, but were not able to quantify it.
64. The overall cost is also off-set by the opportunities for savings associated with the change to outcome-focused regulation from the currently prescriptive approach. The driver for SyAPs was to move to regulation that continues to hold dutyholders to account on behalf of the public whilst enabling them to be innovative and flexible in how they achieve the high standards of nuclear security required by implementing arrangements that meet their particular circumstances.
65. A major benefit of this regulatory approach is that it allows sites to find less expensive, fit-for-purpose solutions for achieving the outcomes required by ONR. We understand that similar benefits have already been realised in the regulation of nuclear safety and also in the conventional health and safety community, although we are also not in a position to quantify these.
66. ONR has engaged heavily with the nuclear industry, Government and other external and internal stakeholders to understand and maximise the benefits of moving to SyAPs including these potential cost savings. As discussed in paragraph 13, there is strict governance in place to continually check that the expected benefits are still viable. Responses to the consultation support this assessment of viability. It is therefore fair to assume that a majority of the cost savings following the implementation of this guidance will be identified when our dutyholders update their NSSPs and when they request approvals for projects, activity, new build etc. on their sites. Unfortunately we were unable to quantify this and the consultation responses were also inconclusive. This is because of the complexity of the work on nuclear sites. However, we believe that opportunities for large cost savings will be available following the implementation of the new guidance through security upgrades, projects and new build activities worth millions of pounds being planned and delivered across the nuclear industry and this new, modernised, enabling regulation will allow better use of available funds to implement security measures that fit at our UK nuclear sites. We have accounted for this qualitatively in this BIT Assessment to estimate that total impact nets to zero, while acknowledging the potential for real savings in the future that we are unable to quantify at this stage, even with extensive industry input.

Summary of Costs and Savings

67. The preferred Option 1 is to use the opportunity of redrafting the guidance to move to a more outcome focused, less prescriptive approach that aligns with ONR's Safety Assessment Principles.
68. The total one-off costs to industry are estimated at a present value of around £890,000.
69. In equivalent annual terms, this is around £100,000 in 2014 prices and 2015 present value base-year, in line with BIT accounting guidelines.
70. The potential for cost-savings is high and the real impact on business is probably a significant financial credit – delivering this is one of the major drivers for the change to the guidance and of industry's support for it. However because we are unable to quantify savings at this time we have assessed the impact to business as cost neutral based on qualitative data. There is also a significant cost saving to be made because businesses will be consulting shorter and simpler guidance, again the responses from the consultation and through our stakeholder groups did not provide ONR with a quantifiable response when asked how much effort would be saved by consulting less complex guidance so we have not included a quantitative calculation for this cost saving either.
71. Therefore, we estimate that the impact overall is **zero net cost**.

Annex A

The following sample comments are taken from responses to the consultation question – ‘Please provide an overview of what you see as being the operational impact on business of being able to operate within a less prescriptive, more outcome focused set of regulations’:

“the ability to use innovative and novel ways of working creates greater flexibility to use cost saving solutions and match the protective requirements to the needs of the business against the threats it faces.”

“likely to be able to explore ways to limit costs where upgrade work or replacement/repair is required”

“the ability to align / streamline safety and security arrangements e.g. training, maintenance schedules etc. should provide a holistic approach to the delivery of both disciplines; which will encourage greater alignment.”

“right first time modifications and engineering – building in security by design.”

“the benefits would be realised post implementation with security being more effectively integrated in to the station process, infrastructure and culture. With the resultant less prescriptive requirements I believe we will break the security silo mentality and drive security improvements in an integrated way in the same way we have driven nuclear safety.”

“this is the crux of it for the site ~ With SyAPs complementing and empowering the transformation and resilience capability. This will mean that the level of knowledge and ownership of security and resilience will steadily increase, thus helping to underpin: secure by design; alignment with nuclear safety; improved security culture; security aligned with risk; improved proportionality; graded approach; enabling the business”

“effective application of SyAPs should make security and resilience both more effective and more efficient. Therefore, with ‘more bang for our buck’ we will either spend the same as we would have done but attain a better outcome, or achieve the same outcome but at less cost.”

Annex B

Stakeholder Engagement

- S6 governance meeting engages major industry bodies, DBEIS, and Security Directors Forum
- Internal Civil Nuclear Security inspectors and wider ONR Professional Leads (Project team sentenced >2,000 comments)
- Industry engaged throughout:
 - Workshops to define scope and content of SyAPs
 - Written consultation on SyAPs (ONR sentenced 560 comments)
 - Workshops to define scope and content of TAGs
 - Written consultation on TAGs (ONR sentenced 380 comments)
 - Cyber Security and Information Assurance specific workshops and consultation
- Chief Nuclear Inspector Independent Advisory Panel
- Safety Directors Forum – Security Sub-Group (and Supply Chain sub-group)