

Regulator Assessment: Qualifying Regulatory Provisions

Title of proposal	Guidance for undertaking Leadership and Management for Safety Reviews
Lead Regulator	Office for Nuclear Regulation
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Date of assessment	22 December 2016
Commencement date	September 2016
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	2016/498197

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	Sept 2016	10	0	0	0	0

Brief outline of proposed new, withdrawn, or amended regulatory activity

This assessment relates to the revision of pre-existing guidance, and therefore the costs and benefits are associated with the change which has resulted from the revision; not the guidance in itself.

This guidance is for ONR inspectors undertaking reviews of a dutyholder's leadership and management for safety (LMfS). It has been revised to provide greater alignment to ONR's Safety Assessment Principles (SAPs), which in turn has simplified the process: reducing the assessment topic-areas from nine to four (to reflect the four LMfS SAPs).

The purpose of the LMfS review is to make a judgement about the extent to which a dutyholder meets the expectations set out in four LMfS SAPs: this may lead to future interventions where shortfalls (or potential shortfalls) with relevant good practice are identified. The results of LMfS reviews are also shared with dutyholders as it provides an independent perspective on the effectiveness of their leadership and management for safety.

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

ONR regulates the civil nuclear sector, and its main dutyholders are the single large entities that own and operate civil nuclear sites in the UK – both operating and in decommissioning phases. There are 37 of these dutyholders with primary responsibility for the safety of the sites they are licensed to run, with a number of contracting entities on each site (not directly liable) on each site, and a number of sites that hold sensitive nuclear information – which brings the number up to approximately 250 separate entities in the UK. ONR is responsible for nuclear safety, security and conventional health and safety on such sites. In addition, there is a larger base of those who transport radioactive materials around the UK – these are primarily SMEs. The number of duty holders that could potentially be affected (i.e. the entire dutyholder base) is calculated as 37: this guidance is not applied to the 250 contracting entities or the transport SMEs.

LMfS reviews are carried out a maximum of once per year and in a proportionate and targeted manner. ONR carries out approximately eight LMfS reviews each year – just a small-subset of the 37 major dutyholders. This figure is derived from the number undertaken in previous years and those planned for future years.

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

This revision to the guidance will reduce the time spent by ONR inspectors undertaking the assessment. As the costs associated with the inspector's time are recoverable from industry, this will result in a saving to industry. It is estimated that three days per LMfS review are saved as a direct result of simplifying this guidance: this figure is derived by comparing the time taken to compile three LMfS reviews for calendar year 2016 (newly-revised guidance), and the time taken to compile the same three LMfS reviews for calendar year 2015 (superseded guidance). Based upon eight LMfS reviews per annum, this equates to a total of 24 days, or a saving to industry of £30,024, based on the current ONR nuclear safety day rate of £1,251 per day¹.

This revised guidance will be re-read by dutyholders. The dutyholders who are subject to an LMfS review will pay closer attention to the guidance than those not subject to it. It is estimated that the guidance, totalling approximately 3200 words, will take 48 minutes to read which would comprise three full reads of the entire document². It is further estimated that two persons per dutyholder not subject to the LMfS review will read the guidance, compared to six persons per dutyholder subject to the review. It is estimated that one person for each dutyholder subject to the review will study the guidance in more depth: up to an additional one hour. The total time spent re-reading the guidance by the industry is as follows:

- 29 dutyholders not subject to the review: 29 x 2 persons x 48 min. = 2784 min or 46.4 hours.
- 8 dutyholders subject to the review: (8 x 6 persons x 48 min.) + (6 x 60 min for detailed review) = (2304) + (360) = 2664 min or 44.4 hours.

¹ The ONR day rate fluctuates quarterly, this is accurate at the time of submission.

² 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 (48 minutes, or 0.8 hours).

This is a total of 90.8 hours spent re-reading the guidance. Assuming an industry hourly rate of £47.86³, we anticipate the rereading of the guidance to be £4,345.69.

Overall, this presents a net-saving to industry of £25,678.31 (cost of re-reading at £4,345.69 deducted from savings to industry of £30,024).

Please provide any additional information (if required) that may assist the RPC to validate the BIT Score

As the net benefit to business is estimated at less than £50k per annum, the BIT score is rounded to zero in accordance with the Better Regulation Framework manual.

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.