

Guidance for undertaking Leadership and Management for Safety Reviews

Office for Nuclear Regulation

RPC rating: **validated**

Description of proposal

ONR is revising pre-existing guidance for ONR inspectors undertaking reviews of a duty holder's leadership and management for safety (LMfS). The guidance is being revised to improve alignment with ONR's Safety Assessment Principles (SAPs). The purpose of the LMfS review is to make a judgement about the extent to which a duty holder meets the expectations set out in LMfS SAPs.

Overall the assessment process is being simplified by reducing the number of assessment topics from nine to four.

Impacts of proposal

ONR regulates the civil nuclear sector, and its main duty holders are the 37 single large entities that own and operate civil nuclear sites in the UK (both operating and in decommissioning phases), who bear primary responsibility for the safety of the sites they are licensed to run. ONR anticipates that only these businesses will be affected by the revised guidance.

Not all duty holders are reviewed each year. ONR estimates that approximately eight LMfS reviews will be carried out each year, based on reviews undertaken in previous years and those planned for future years.

The revised guidance will reduce the time spent by ONR inspectors undertaking the review. As the costs of inspectors' time are recoverable from industry, this will result in a direct saving to industry. ONR estimates a saving of three days per LMfS review. This figure has been derived by comparing the time taken to compile three LMfS reviews for calendar year 2016 (under the newly-revised guidance) with the time taken to compile the same three LMfS reviews for calendar year 2015 (under the superseded guidance). Assuming an average of eight LMfS reviews per annum, this yields a total saving of 24 days, with a monetised value of approximately £30,000, using the current ONR nuclear safety day rate of £1,251.

These benefits will be partially offset by the need for duty holders to familiarise themselves with the revised guidance.

It is anticipated that duty holders subject to an LMfS review will pay closer attention to the guidance than those not subject to it.

The guidance totals approximately 3,200 words, and ONR estimates that it can be read and digested in 48 minutes, allowing for three full reads of the document. This is based on Regulator Appraisal Subgroup (RAS) Group Guidance, which assumes that an average reading speed is 200 words per minute and stipulates that three full readings are required for understanding.

ONR estimates that six persons per duty holder subject to the review will read the guidance, whilst two persons per duty holder not subject to the LMfS review will read the guidance. It is further estimated that one person for each duty holder subject to the review will study the guidance in more depth, taking up to an hour of additional familiarisation time.

The total time spent re-reading the guidance by the industry is as follows:

- 8 duty holders subject to a review: $(8 \times 6 \text{ persons} \times 48 \text{ min}) + (8 \times 60 \text{ min for detailed review}) = \text{approximately 44 hours}$
- 29 duty holders not subject to the review: $(29 \times 2 \text{ persons} \times 48 \text{ min}) = \text{approximately 46 hours.}$

Assuming an industry hourly rate of £47.86, ONR anticipates the cost of rereading the guidance to be £4,346.

Overall, industry will achieve a net saving in year 1 of £25,700.

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of £0 million. This will be a qualifying regulatory provision that will score under the Business Impact Target.

Quality of submission

ONR has provided a well-evidenced assessment of the likely impact of the new guidance. The RPC considers the submission to be a good example of the level of evidence and analysis required to validate the impact of a relatively straightforward measure.

The RPC notes that the ONR has only considered the net benefit of £25,678 in year 1. However, it is likely that this net benefit will be slightly higher in ongoing years as business continues to save on the time spent on inspections but only the 8 duty holders subject to inspection are likely to continue to reread the guidance annually. Given that the annual net benefits are low, it is unlikely that this would affect the

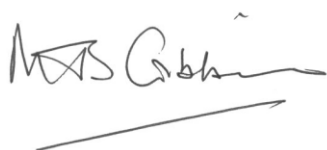
overall EANDCB. However, the NPV and business NPV over ten years are likely to have been underestimated very slightly.

Departmental assessment

Classification	Qualifying regulatory provision (OUT)
Equivalent annual net cost to business (EANCB)	£0 million
Business net present value	£0.03 million
Societal net present value	£0.03 million

RPC assessment

Classification	Qualifying regulatory provision (OUT)
EANCB – RPC validated ¹	£0 million
Business Impact Target (BIT) Score ¹	£0 million



Michael Gibbons CBE, Chairman

¹ For reporting purposes, the RPC validates EANCB and BIT score figures to the nearest £100,000.