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Interim assessment of duty-holder regulatory attention level

Decision on the timing of a scheduled CNI themed inspection

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EXECUTIVE SUMMARY

Decision on the timing of a scheduled CNI themed inspection

The key purpose of this report is to inform an ONR decision on the timing of a CNI themed inspection of AWE which is currently scheduled for November 2019.

Background

AWE sites at Aldermaston and Burghfield are operated by AWE plc. The sites deliver the design, manufacture, maintenance and support of the UK arsenal of nuclear warheads. AWE Aldermaston is a Nuclear Licensed Site in its entirety, whilst AWE Burghfield contains a Nuclear Licensed Site enclave.

Both sites have been in enhanced regulatory attention for approximately six years. Historically, this was due to safety and compliance concerns, and the continued undertaking of operations in ageing facilities due to delays to the delivery of replacement modern standard facilities. More recently, the focus of safety and compliance concerns is on timely delivery of adequate safety submissions, organisational capability arrangements to secure and maintain safety, and repeat events.

During 2017, ONR reviewed the Weapons regulatory strategy to provide increased focus on the key issues contributing to the sites being in enhanced regulatory attention. The strategy strikes an appropriate balance between enabling regulation and enforcement in accordance with the Regulators Code and the ONR Enforcement Policy Statement.

AWE has developed a Structured Improvement Programme that focuses on medium to long term improvement initiatives. Via the Structured Improvement Programme, AWE is delivering outputs in line with regulatory expectations and is planning to deliver long term outcomes by 2021/22.

Also during 2017, ONR scheduled a CNI themed inspection for November 2019 to inform a decision on future levels of regulatory attention at both sites. A review of AWE's readiness for this CNI themed inspection was conducted during March 2019.

Since making the decision in 2017 to schedule a CNI themed inspection, ONR has established a new process for annual assignment of duty-holder regulatory attention levels. The review of AWE's readiness for the CNI inspection, undertaken in March 2019, was structured in a manner that allows coherent linkage with that new process.

At AWE, the new process focuses on three high level aspects of safety i.e. safety performance as a product of duty-holder compliance recorded across the various safety purposes, incidents on the site and delivery against agreed or required safety enhancements; control of hazard and risk as a product of the level of hazard and risk posed by the licensee's undertakings and the adequacy with which the licensee demonstrates that risks are controlled so far as is reasonably practicable in accordance with an adequate and live safety case; and safety leadership and culture relating to a framework adopted by ONR's Human & Organisational Capability specialism for assessing licensee performance against Leadership and Management for Safety (LMfS) themes.

This report reviews progress with safety improvements made by AWE through to March 2019 and considers whether a CNI themed inspection during November 2019 is timely to inform a decision on changing the levels of regulatory attention at AWE sites.

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Assessment and inspection work carried out by ONR

This report summarises the outcome of a number of interventions conducted at the AWE Aldermaston and Burghfield licensed sites between November 2018 and March 2019. All interventions were undertaken as part of the 2018/19 OFD Weapons Sub-division Regulatory Strategy and the supporting Intervention Plan. The interventions include compliance inspections, safety assessments, regulatory interface meetings and a readiness review.

Matters arising from ONR's work

Evidence was obtained to demonstrate that regulatory issues generally continue to be managed well by AWE.

Improvements have been found in some aspects of key enablers in the AWE SIP including leadership sufficient to drive safety performance, informed decision making on matters which may affect safety, learning and continual improvement to drive safety performance and in the management of events. There is also evidence of some improvement in delivering facility upgrades and new build.

Although there is evidence of some improvement in the management of matters arising from enforcement, there is also evidence of areas where this could be improved.

Improvement is still required in some aspects of safety performance and compliance.

Significant improvement is required in timely delivery of adequate safety submissions and organisational capability to secure and maintain safety and compliance across AWE's wider activities. Evidence sampled demonstrated ongoing non-compliance with LC15, "Periodic Review" and LC36, "Organisational Capability".

ONR welcomes the fact that AWE has developed a Structured Improvement Programme focused on corporate-wide, sustained safety improvements. The AWE Structured Improvement Programme is now at the implementation phase and ONR has already seen evidence of improvements to enablers in a number of areas. ONR recognises that the AWE Structured Improvement Programme is focused on medium to long term outcomes and these are scheduled to be delivered by 2021/22.

ONR's findings informed a meeting held with AWE senior management. The purpose of the meeting was for ONR and AWE to reach an aligned understanding of strengths and areas requiring improvement so that suitable and sufficient strategies/plans can be developed by AWE to secure timely safety improvements.

Conclusions

I conclude that AWE's performance is mixed with improvement found in a number of areas, but with enhanced regulatory attention required in others and significantly enhanced regulatory attention required in two areas i.e. LC15 and LC36.

I conclude that it is not clear if AWE has an adequate holistic strategic approach to achieve and sustain compliance.

I conclude that a CNI themed inspection in November 2019 would not be timely and should be postponed as I judge that, due to the significant nature of some of the areas requiring improvement identified during ONR interventions, a move into routine regulatory attention in 2020 would be inappropriate.

Recommendations

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I recommend that ONR influences AWE to review existing improvement initiatives and develop an adequate holistic strategic approach aimed at achieving and sustaining compliance.

I recommend that the Enforcement Management Model is applied against ongoing non-compliance with LC15, "Periodic Review" and LC36, "Organisational Capability", in accordance with ONR's Enforcement Policy Statement.

Due to the significant nature of some of the improvements required, I recommend that a CNI themed inspection in November 2019 to inform a change in the level of regulatory attention at AWE sites would not be timely and should be postponed.

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LIST OF ABBREVIATIONS

AWE	Atomic Weapons Establishment
CNI	Chief Nuclear Inspector
EMM	Enforcement Management Model
EPS	Enforcement Policy Statement
LC	Licence Condition
ONR	Office for Nuclear Regulation
OFD	Operating Facilities Division
RIM	Regulatory Interface Meeting
SIP	AWE Structured Improvement Programme

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1 BACKGROUND

1. AWE sites at Aldermaston and Burghfield are operated by AWE plc. The sites deliver the design, manufacture, maintenance and support of the UK arsenal of nuclear warheads. AWE Aldermaston is a Nuclear Licensed Site in its entirety, whilst AWE Burghfield contains a Nuclear Licensed Site enclave.
2. Both sites have been in enhanced regulatory attention for approximately six years. Historically, this was due to safety and compliance concerns, and the continued undertaking of operations in ageing facilities due to delays to the delivery of replacement modern standard facilities. More recently, the focus of safety and compliance concerns is on timely delivery of adequate safety submissions, organisational capability arrangements to secure and maintain safety and repeat events.
3. During 2017, ONR reviewed the Weapons regulatory strategy [1] to provide increased focus on the key issues contributing to the sites being in enhanced regulatory attention. The strategy strikes an appropriate balance between enabling regulation and enforcement in accordance with the Regulators Code and the ONR Enforcement Policy Statement. The strategy also contains judging criteria that include leading and lagging indicators of AWE's safety performance.
4. AWE has developed a SIP that focuses on medium to long term improvement initiatives. Via the SIP, AWE is delivering outputs in line with regulatory expectations and is planning to deliver long term outcomes by 2021/22.
5. Also during 2017, ONR scheduled a CNI themed inspection to be undertaken during November 2019. The purpose of a CNI themed inspection is to inform the CNI's position on regulatory matters that are of a strategic nature. This includes, for example, matters having high current or potential safety or security significance, or having the potential to adversely impact public confidence. Examples of where the CNI may choose to commission a CNI themed inspection include the UK nuclear industry response to national and international events, informing potential changes to levels of regulatory attention, inspection of international supply chain partners supplying significant nuclear safety or security equipment and as a means of informing closure of a Level 1 Regulatory Issue. The purpose of the scheduled CNI themed inspection at AWE was to inform a decision on future levels of regulatory attention.
6. Since making the decision in 2017 to schedule a CNI themed inspection, ONR has established a new process for annual assignment of duty holder regulatory attention levels. The review of AWE's readiness for the CNI inspection, undertaken in March 2019, was structured in a manner that allows coherent linkage with the new process.
7. This report considers AWE's progress on delivering safety improvements and the timeliness of a CNI themed inspection during November 2019 for informing a decision to change the level of regulatory attention.

2 ASSESSMENT AND INSPECTION WORK CARRIED OUT BY ONR

8. ONR has carried out a programme of assessment and inspection work to provide an update on AWE's readiness for a CNI themed inspection.
9. This report is informed by:
 - 9.1 A table top review of AWE's progress carried out during November 2018.

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- 9.2 Intelligence gathered through interventions and assessments since November 2018.
- 9.3 A readiness review at AWE Aldermaston and Burghfield sites in March 2019.

Table top review

10. During November 2018 ONR conducted a table top review of AWE's safety and compliance performance. The review assessed AWE's progress against the criteria detailed in the OFD Weapons Sub-division Regulatory Strategy. The outcome of the table top review was shared with AWE.
11. Subsequently, a new ONR process has been developed for assignment of duty-holder regulatory attention level [2]. At AWE, the new process focuses on three high level aspects of safety i.e. safety performance as a product of duty-holder compliance recorded across the various safety purposes, incidents on the site and delivery against agreed or required safety enhancements; control of hazard and risk as a product of the level of hazard and risk posed by the licensee's undertakings and the adequacy with which the licensee demonstrates that risks are controlled so far as is reasonably practicable in accordance with an adequate and live safety case; and safety leadership and culture relating to a framework adopted by ONR's Human & Organisational Capability specialism for assessing licensee performance against Leadership and Management for Safety (LMfS) themes.
12. The criteria in the OFD Weapons Sub-division Regulatory Strategy continue to be used to inform the new process.

Ongoing intelligence

13. Intelligence gathered through regulatory interventions with AWE since November 2018 includes outcomes from licence condition compliance inspections, safety assessments and a structured framework of planned RIMs.

Readiness review

14. The readiness review was a series of interventions carried out during March 2019. The interventions were focused on selected licence conditions and also a follow up of AWE's response to enforcement following the June 2017 live working electrical event. A pre-readiness review intervention with the AWE Assurance Directorate was held during February 2019. The readiness review considers the evidence based progress that AWE has made against any of the relevant OFD Weapons Sub-division Regulatory Strategy criteria. It also provides ONR with an evidence based view on the degree of progress that AWE is most likely to achieve by November 2019.

3 MATTERS ARISING FROM ONR'S WORK

15. ONR's findings informed a meeting held with AWE during April 2019. The purpose of the meeting was for ONR and AWE to reach an aligned understanding of strengths and areas requiring improvement so that suitable and sufficient strategies/plans can be developed by AWE to secure timely safety improvements.
16. In summary, AWE generally continues to manage regulatory issues well.
17. Improvements have been found in some aspects of key enablers in the AWE SIP including leadership sufficient to drive safety performance, informed decision making on matters which may affect safety, learning and continual improvement to drive safety

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performance and in the management of events. There is also evidence of some improvement in delivering facility upgrades and new build.

18. Although there is evidence of some improvement in the management of matters arising from enforcement, there is also evidence of areas where this could be improved.
19. Improvement is still required in some aspects of safety performance and compliance.
20. Significant improvement is required in timely delivery of adequate safety submissions and organisational capability to secure and maintain safety and compliance across AWE's wider activities. Evidence sampled demonstrated ongoing non-compliance with LC15, "Periodic Review" and LC36, "Organisational Capability".
21. The majority of the leading indicators in the ONR strategy are demonstrating that AWE performance is improving in line with ONR expectations. Where the leading indicators show that improvements are not yet in line with ONR expectations (e.g. organisational capability), appropriate proactive regulatory engagement will take place to provide advice and guidance or proportionate enforcement will be taken if required.
22. A number of long-standing/historic challenges remain and further cultural change is still required. Accordingly, I judge that AWE's safety performance has not yet matured sufficiently to deliver improvement in certain lagging indicators (outcomes). One example of this is the timely delivery of quality safety submissions. However, this is in line with ONR expectations at this stage as AWE's organisational capability arrangements and improving planning arrangements are key leading indicators.
23. ONR welcomes the fact that AWE has developed a SIP focused on corporate-wide, sustained safety improvements. The AWE SIP is now at the implementation phase and ONR has already seen evidence of improvements to enablers in a number of areas. ONR recognises that the AWE SIP is focused on medium to long term outcomes and these are scheduled to be delivered by 2021/22.

4 CONCLUSIONS

23. This report presents the findings of ONR's assessment of AWE's readiness for a CNI themed inspection during November 2019.
24. To conclude, AWE's performance is mixed with improvement found in a number of areas, but with enhanced regulatory attention required in others and significantly enhanced regulatory attention required in two areas i.e. LC15 and LC36.
25. It is not clear that AWE has an adequate holistic strategic approach to achieve and sustain compliance.
26. I conclude that a CNI themed inspection in November 2019 would not be timely and should be postponed as I judge that, due to the significant nature of some of the areas requiring improvement identified during ONR interventions, a move into routine regulatory attention in 2020 would be inappropriate.

5 RECOMMENDATIONS

27. This project assessment report recommends:
 - 27.1 That ONR influences AWE to review existing improvement initiatives and develop an adequate holistic strategic approach aimed at achieving and sustaining compliance.

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- 27.2 That ONR applies the EMM due to continued non-compliance with LC15, “Periodic Review” and LC36, “Organisational Capability”, in accordance with ONR’s EPS.
- 27.3 That a CNI themed inspection in November 2019 to inform a change in the level of regulatory attention at AWE sites would not be timely and should be postponed due to the significant nature of some of the improvements required.

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REFERENCES

1. OFD Weapons Sub-division Strategy 2018 – 2020, Issue 1, June 2018
2. [ONR-GD-GEN-013, Rev 0, "Assignment of Duty-holder Attention Level"](#)

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