

## Regulator Assessment: Qualifying Regulatory Provisions

<b>Title of proposal</b>	NEW - Asset Management Technical Assessment Guidance
<b>Lead Regulator</b>	Office for Nuclear Regulation
<b>Contact for enquiries</b>	Gavin Smith – Mechanical professional Lead - [REDACTED], Felicity Robinson (ONR Policy) [REDACTED]

<b>Date of assessment</b>	22 December 2016 (retrospective)
<b>Commencement date</b>	7 November 2016
<b>Origin</b>	Domestic
<b>Does this include implementation of a Cutting Red Tape review?</b>	No
<b>Which areas of the UK will be affected?</b>	GB
<b>ONR internal reference</b>	Trim: 2016/470065

### 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	7 Nov 2016	10	0	0	0	0

### Brief outline of proposed new, withdrawn, or amended regulatory activity

ONR has produced nuclear specific Asset Management guidance for use by ONR inspectors to inform regulatory judgements and provide advice on what is expected from duty-holders in demonstrating adequate management of nuclear significant assets important to safety, security and environmental functions. An asset is an item of property owned by the nuclear industry, regarded as having value, whilst Asset Management is a systematic process of deploying, operating, maintaining, upgrading and disposing of such assets cost effectively.

Under ONR's openness and transparency policy the guide will be published and available for duty-holders to read on the ONR website. The guidance is not contrary to existing arrangements nuclear licensed sites already have in place and brings together many sources of relevant good practice and applies it to the nuclear industry.

The new guidance interfaces with existing guidance to inspectors, providing clarity on regulatory expectations for asset management systems.

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

**affected?**

The new guidance would be immediately relevant to the 37 duty-holders who hold nuclear site licences. Asset management of nuclear significant assets is primarily the responsibility of the nuclear site licence company, who is the main operator of the site.

Third party contractors that operate onsite will not be affected by this new asset management guidance.

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

The new asset management guidance has been produced to address a gap in ONR's suite of assessment guides. Whilst there is a wealth of guidance on asset management already available to industry, this is not specific to nuclear safety, security or environmental protection. The introduction of the new assessment guidance provides ONR inspectors (and wider nuclear duty holders) clarification on the expectations for managing nuclear significant assets.

ONR regulates the civil nuclear sector, and its main duty holders are the large entities that own and operate civil nuclear sites in the UK – both operating and in decommissioning phases. There are 37 of these duty-holders 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 separate sites that hold sensitive nuclear information – which brings the number up to approximately 250 separate entities in the UK that would have an interest in this guidance, as it could affect them. 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.

Asset management has potential to affect all duty-holders throughout their operational life (design through to final decommissioning). The number of duty holders that could potentially be affected (i.e. the entire duty-holder base) is calculated as approximately 250 with regard to aspects of ONR on-site regulation (this number bounds and encompasses those regulated for nuclear, radiological and conventional health and safety matters, and security sites); plus approximately 2,000 for radioactive materials transport, which is the only sector to include small businesses. No duty holder is required to read the asset management guide. From previous web analytics of new guidance placed on ONR's website, ONR would however expect that around 2% of the entire duty holder base (pop. 45<sup>1</sup>) will read the document during the first year that it is published.

The new asset management guide is 18 pages long (6617 words). It could easily be read and digested in less than 1.7 hours<sup>2</sup>, inclusive of three full reads of the document for understanding. ONR anticipates from past experience with this type of guidance that two employees (the engineer and their direct manager) of each of the 37 nuclear licensed sites will voluntarily read the guide for background information at the time of its publication. Assuming that the guidance is read by both the responsible engineer and their direct manager, the incurred cost to industry in the first year is calculated to be approximately: (2 representatives x 1.7 hours x 37 licensed

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<sup>1</sup> 2% of entire duty holder base (2000 +250)

<sup>2</sup> 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 (1 hour, 39 minutes).

sites) plus an additional (45 interested parties from web analytics x 1.7 hours) x hourly rate (est £47.86<sup>3</sup>) = £9,682.08.

Implementation of the new guidance will not increase the number or frequency of regulatory inspections. Inspections of asset management arrangements will be undertaken as part of wider regulatory business and not as a stand-alone specific activity. No extra time will be added to routine inspections in order to carry out this activity.

No additional work will be required by the duty holders on the basis that the guidance is based on well-established guidance already in place in the nuclear sector. Significant consultation has been undertaken with duty holders at all levels to ensure the guidance is not contrary to existing arrangements and does not place any unnecessary burdens. The guidance is specific in stating that *“where a duty-holder’s arrangements are found to meet recognised asset management standards, and adequately demonstrate compliance with the licence conditions, this guidance should not make additional demands upon them.”* As such, the introduction of the new assessment guidance will not introduce additional direct cost to duty holders.

As asset management is a through life issue, the guidance will remain in place indefinitely. The asset management guidance will be expanded in future to provide specialism specific guidance to inspectors. This may however be through updates of existing technical guidance documents (both inspection and assessment) to better reflect details of the regulatory expectations of asset management. This work will be controlled through a reasonable, periodic update of existing guidance documents, and will be subject to BIT requirements at point of update.

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

As the net impact 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.

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<sup>3</sup> 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 hr week and uplifted by 20.2% to account for non-wage labour costs