

MEMORANDUM OF UNDERSTANDING

BETWEEN

DEPARTMENT FOR ENERGY SECURITY AND NET ZERO

AND

THE OFFICE FOR NUCLEAR REGULATION

Relating to the overall relationship between the parties for the provision of Office for Nuclear Regulation services to the Department for Energy Security and Net Zero Nuclear Cluster

Version	Date approved	Approval
1	17 July 2023 21 July 2023	DESNZ – Director Nuclear Directorate ONR - CNI

Introduction

1. This Memorandum of Understanding (“MoU”) is made between the Department for Energy Security and Net Zero (“DESNZ”) and the Office for Nuclear Regulation (“ONR”).
2. It relates to the overall operational relationship between the parties and sets out how they will work together to enable the provision by ONR of services and facilities to, and the performance of functions by ONR, on behalf of the Nuclear Cluster [and other Directorates with the Department with related nuclear interests] and to set out the parties’ expectations with respect to the funding thereof.

Background and legal framework

3. ONR is a statutory public corporation established under Part 3 of the Energy Act 2013 (“EA 2013”). It acts as the independent regulator of the nuclear industry in Great Britain. ONR’s purposes are set out in sections 67 to 73 of the EA 2013 and include those relating to nuclear safety, nuclear site health and safety, nuclear security, nuclear safeguards and the transport of radioactive material and security thereof. ONR enforces a range of legislation including the Nuclear Installations Act 1965 (NIA 1965), the Health and Safety at Work etc Act 1974 (HSWA 1974) and the Nuclear Industries Security Regulations 2003. ONR’s mission is to protect society by securing safe nuclear operations. As the national nuclear regulator, ONR has extensive expertise on nuclear matters.
4. The Department of Work and Pensions (DWP) is the sponsor department for ONR. The Secretary of State for Work and Pensions has the principal responsibility to Parliament for ONR governance, finance and performance in relation to conventional health and safety for the organisation. If required, this MoU should be read in conjunction with the DWP/ONR Framework Document which governs the relationship between DWP and the ONR, outlining the effective structures between the two organisations.
5. The Secretary of State for Energy Security and Net Zero is accountable to Parliament for the UK civil nuclear regulatory framework and policies. This covers civil nuclear safety and security; new-build and decommissioning programme; emergency preparedness and response; nuclear safeguards; and the safe and secure transport of radioactive material by all modes of transport. This MOU relates to civil nuclear only.
6. ONR is funded through its fees to the nuclear industry and to government departments to whom ONR provides a service, with some funding in the form of grant through ONR’s sponsor department.
7. It has a range of powers in relation to the recovery of costs, charging of fees and payment arrangements, including:
 - i. Regulatory costs are charged to the civil nuclear industry under section 24A NIA 1965, regulations 16 and 17 of the Health and Safety and Nuclear (Fees) Regulations 2022, the Nuclear Industries Security (Fees) Regulations 2005, regulation 27 of the Carriage of Dangerous Goods and Use of Transportable Pressure Equipment Regulations 2009, and the Nuclear Safeguards (Fees)

Regulations 2021.

- ii. Section 88(4) EA 2013 allows arrangements for the provision of training by ONR to any person in connection with ONR's purposes to make provision for payment by or on behalf of other parties to the arrangement or the persons to whom the training is provided.
- iii. Section 89(5) EA 2013 allows ONR to charge fees for providing relevant advice and relevant information requested by the relevant authorities listed in sub-section (8), including Ministers.
- iv. Section 90 EA 2013 allows ONR to enter into agreement, which may provide for payment, for ONR to perform any function exercisable by the Minister, department or public authority. Under section 90(5) ONR may provide services or facilities, with or without payment, in connection with the performance of that function.
- v. Section 91(5) EA 2013 states ONR may agree terms for payment for the provision of relevant services under S.91 EA 2013, which are not relevant to ONR's purposes but in relation to which ONR has particular expertise.

8. Given DESNZ's civil nuclear policy responsibilities and ONR's expertise on nuclear matters, ONR provides advice and assistance to DESNZ and charges for that work in line with the powers set out above.

9. ONR has produced a set of charging principles which define the areas of work chargeable to DESNZ that are not a service to dutyholders and/or is not linked to the development of Relevant Good Practice:

- i. ONR advice to support DESNZ in the development of government policy and / or legislation
- ii. ONR technical assessment of DESNZ's work
- iii. ONR attendance at international fora on behalf of UK where it does NOT inform Relevant Good Practice
- iv. Coordination/administrative activity delivered by ONR on behalf of DESNZ

Purpose

10. The purpose of this MoU is to:

- i. Ensure there is a clear and common understanding between the parties of the basis of their overarching relationship and how specifically they will work together (by way of separate work packages/charging agreements), and
- ii. Set out the framework for the provision by ONR of services and facilities to, and the performance of functions by ONR on behalf of, DESNZ ("ONR services"). It sets out the parties' expectations in relation to the ONR services by establishing a process for agreeing the scope of, the funding for, and the delivery and governance of these services.

11. It is not intended to be legally-binding and no legal obligations or legal rights shall arise between the parties from this MoU.

12. Any subsequent work package relating to a chargeable service must be cognisant of this overarching MOU. This MOU acts as the operational platform underpinning all future charging agreements made between DESNZ and ONR. A record of all charging agreements (including charges) will be kept.

13. This MOU is jointly owned by the ONR Sponsorship team in DESNZ and the ONR Policy Team. They have joint responsibility to ensure that the principles are adhered to and the wider policy teams are aware of its existence.

Expectation and Responsibilities

Overarching

14. Both parties will:

- i. Commit to an open and honest partnership, adopting a policy of 'no surprises' by keeping each other informed in a timely manner of any significant matters and through sharing skills, experience and good practice.
- ii. Work collaboratively to ensure that appropriate mechanisms are in place to enable ONR to fund essential regulatory activity without delay that enables ONR to be fit for the future.
- iii. Engage formally from time to time as agreed. This will take the form of senior engagement between ONR Board and Executive with Ministers, the Director General with nuclear responsibility and senior staff in DESNZ's Nuclear Cluster and other Directorates with related nuclear interests. These sessions will be designed to review the overall relationship (this MOU) as opposed to specific work packages (charging agreements).
- iv. Follow the [Suppliers Code of Conduct](#) in relation to the provision of the ONR Services.

ONR Services Chargeable to DESNZ - Forward planning

13. As part of business planning, before the end of each financial year, DESNZ and ONR project leads should collaborate to identify and produce a list of new, or continuation of existing projects, which may require the provision of ONR services in the subsequent financial year.

14. This list should be updated with any additional projects requiring the provision of ONR services that are identified during each financial year.

15. For each project identified, the project leads will seek to agree:

- i. General details of the scope of the ONR services to be provided in relation to the project; and
- ii. The expected basis for funding those ONR services.

Project planning, approval and commencement

16. The project leads will collaborate to produce the project specification setting out an overview of the project, the scope of the ONR services to be provided, deliverables, performance indicators and the agreed legislative basis for funding those services. The precise format of the project specification and guidance thereon, is to be agreed by the parties from time to time.
17. Once agreed, the project specification will inform the charging agreement to be agreed by the parties in relation to each project. The charging agreement will be based on the template to be agreed between the parties from time to time.
18. All funded projects require a signed charging agreement which should be in place for the provision of ONR services to commence. In exceptional circumstances, where a charging agreement is outstanding and both parties agree there is recognised need, work may commence providing there is an interim 'note of comfort' from DESNZ providing assurance on funding. In these circumstances, the charging agreement must be concluded within an agreed timeframe, determined on a case-by-case basis.
19. ONR will issue a monthly charging breakdown for each project alongside a monthly summary. The overall value of the ONR services as agreed in the charging agreement is not to be exceeded without prior agreement.

Invoicing

20. Unless agreed otherwise, ONR will prepare and submit monthly invoices for provision of the ONR services in the previous calendar month in accordance with the charging agreement. This will include the purchase order number and the name of the project lead in DESNZ.
21. DESNZ will check the invoices submitted by ONR and, in accordance with the charging agreement, will provide payment to ONR in line with agreed terms and conditions for payment of invoices. Any queries on invoicing will be referred to key contacts as set out in the charging agreement before escalating.

Monitoring and reporting

22. ONR will provide monthly financial updates setting out the delivery of the ONR services, resource and spend against budget for each project and a summary thereof.
23. This information will be used as a basis for reporting to the senior level quarterly assurance review meetings between ONR, DWP and DESNZ. An annual report summarising performance and spend against delivery of the ONR services for all projects will be prepared by ONR, in collaboration with the ONR Sponsorship Team, at the end of each financial year.
24. For individual projects, the DESNZ project lead, in collaboration with the ONR project lead, will lead on the monitoring, performance and oversight of delivery of ONR services.

25. Upon the completion of a project, the ONR project lead, in collaboration with the Department project lead, will produce a project closure report to document whether the project has been delivered to both parties' satisfaction. The precise contents of this report are to be agreed on a case-by-case basis and are to be proportionate to the size of the specific project.

26. The ONR Sponsorship Team and ONR Policy Team will meet on a regular basis to monitor overall performance and discuss any issues relating to sponsorship relationship and delivery of the Services (as per this MOU).

Disclosure of Information

27. The parties are subject to the Freedom of Information Act 2000, and the Environmental Information Regulations 2004 and will follow the requirements of the Energy Act 2013 and other relevant legislation with respect to the disclosure of information shared under this agreement. To encourage a consistent approach to disclosure, if either party is intending to disclose information relevant to the other, it shall make the other aware of its intention prior to disclosure.

Resolution of queries and disputes

28. The parties will, in the first instance, resolve any queries or disputes at a working level involving ONR finance where appropriate. Where agreement is not possible, the DESNZ Deputy Director responsible for policy sponsorship and ONR's Director of Policy and Communications will liaise to seek to resolve the issue.

29. If necessary, DWP sponsorship team will be asked to opine.

30. If queries or disputes remain, the issue may be escalated by either party to the signatories of this MOU for further review with a view to resolving the issue.

Review and termination

31. This MoU comes into effect once signed by both parties.

32. This MoU will be jointly reviewed by the DESNZ Sponsorship Team and ONR Policy Team at least once every three years or at earlier intervals as agreed by the parties.

33. Either Party may terminate this MOU on two months' notice in writing to the other party.

Signatories

For the Office for Nuclear Regulation:

Mark Foy, Chief Executive and Chief Nuclear Inspector

A handwritten signature in black ink, appearing to be 'M. Foy', with a circular flourish at the end.

Signature:

Date 21 July 2023

For the Department of Energy Security and Net Zero:

Philip Luxford, Director, Nuclear Protection

A handwritten signature in blue ink, appearing to be 'Philip Luxford', with a long horizontal flourish at the end.

Signature:

Date 17 July 2023