



Select Committee on the European Union

Energy and Environment Sub-Committee

Corrected oral evidence: The Office for Nuclear Regulation's Brexit preparedness

Wednesday 11 July 2018

10.25 am

Watch the meeting

Members present: Lord Krebs (Chairman); Viscount Hanworth; Duke of Montrose; Lord Rooker; Lord Selkirk of Douglas; Baroness Sheehan; Baroness Wilcox; Lord Young of Norwood Green.

Evidence Session No. 1

Heard in Public

Questions 1 - 10

Witnesses

I: Dr Mina Golshan, Deputy Chief Inspector, Office for Nuclear Regulation; Paul Dicks, Project Lead, Office for Nuclear Regulation.

Examination of witnesses

Dr Mina Golshan and Paul Dicks.

Q1 The Chairman: I would like to welcome our two witnesses from the ONR and members of the audience. I remind you that this is a public evidence session. It is being webcast live and will subsequently be made available to view on the parliamentary website. We will take a transcript of the session. The two witnesses will have a chance to review it before it is published in final form. I remind Members of the Select Committee to declare any relevant interests before they speak.

That is the background. I invite our two witnesses briefly to introduce themselves, for the record. If you wish to make a short opening statement—with the emphasis on “short”—please feel free to do so. If not, we can go straight into the questions.

Dr Mina Golshan: Good morning. I am an ONR director and the senior responsible officer for delivering the State System of Accounting for and Control of Nuclear Material upon our departure from Euratom.

Paul Dicks: Good morning. I am a superintendent inspector at the Office for Nuclear Regulation. I am the project lead for the State System of Accounting and Control.

The Chairman: Thank you very much. I will kick off. As you are aware, the background to this is the leaked report on Sky News about your risk register, in which various key points were highlighted as “red”. We had an ongoing interest in the consequences of Brexit for nuclear safeguarding from our energy security report, to which you contributed in an evidence session. Following the Sky News report, we wrote to Richard Harrington, the relevant Minister, to seek clarification. We had a reply from him, which you have probably seen and may have drafted. We want to follow that up by finding out a little more about what is happening with the items that were highlighted in the risk register. We are hoping that you will be able to answer some of the questions that we have.

Dr Mina Golshan: Of course.

The Chairman: With that background, I will kick off with a general opening question. How confident are you that the ONR will be prepared to deliver an adequate safeguarding regime on the day the UK withdraws from Euratom? We have to bear in mind that we still do not know whether there will be a ‘cliff edge’ on 29 March 2019. Perhaps you could comment in the light of that possibility, as well as there being a longer transitional period.

There are further points under that. When we took evidence before, we saw a distinction between the international standards and the Euratom standards, which are higher. Initially, the Government said that on exit day we would meet Euratom standards, but subsequently they stated that the UK would be in a position to deliver international standards, with an intention of reaching higher standards “as soon as possible”. Can you

tell us about the timeline for those two benchmarks? Since this came from the leak about the risk register, can you explain to us what “red” on your risk register means? Dr Golshan, would you like to lead?

Dr Mina Golshan: I will. I am confident that we will meet our timeframes and objectives for delivering a State System of Accounting for and Control of Nuclear Material to enable the UK to meet its international obligations upon exit on 29 March 2019. That has always been our assumption. It has always been the project assumption that that is what we need to deliver, regardless of any withdrawal agreement that may or may not be concluded and agreed.

Before I come to your second question, I would like to give you some evidence of why I am confident. We have met our recruitment targets. We had set out to recruit a certain number of inspectors. We have met that target. They are well on the way to being trained and developed to become nuclear safeguards inspectors.

We had to put in place an IT system, which we refer to as Safeguards Information Management and Reporting System. We have procured that system, and work is under way to develop it into a system that will enable us to report to the International Atomic Energy Agency and our partners, in line with the Voluntary Offer Agreement and Additional Protocol that the Government recently signed with the Agency and our third-party states: namely, the United States, Japan, Australia and Canada.

Finally, we are working to develop our regulatory framework and operating model to implement the new safeguards regime in the UK as regulators.

The Chairman: That is helpful. We will come back to some of those points in a little more detail. Would you like to elaborate on the two supplementaries: the distinction between international and Euratom standards, and the meaning of “red”?

Dr Mina Golshan: On international standards, I would like to stress that it is international obligations that the UK needs to meet. The terms of those obligations are stated and agreed by the Voluntary Offer Agreement and Additional Protocol that the Government recently signed with the Agency. Under that, we have to report on material and operations in certain eligible facilities, as identified in the VOA, to facilitate independent verification by the IAEA inspectors and to meet the requirements of the Nuclear Cooperation Agreements. That is what the UK needs to deliver in order to meet its international obligations.

Euratom is a regional regulator. It has its own arrangements, scope and coverage for the work that it does. The Nuclear Safeguards Regulations that are currently in draft and out for consultation aim to deliver a regime in the UK that is broadly equivalent in scope and coverage to that currently delivered by Euratom. I stress that it aims to be equivalent, rather than to replicate the Euratom regime. There are good reasons for

that. As a regulator for safety and security, we have other means of getting intelligence and information that we need to draw up safeguards conclusions. We will do so, but it is important to note that Euratom, because of its remit and vires, does not have access to that set of information and intelligence. That is why it is appropriate for us to meet outcomes, rather than clearly and simply to replicate the Euratom regime.

The scope and coverage of Euratom is broader than what is currently stated in the Voluntary Offer Agreement. As intended by the Government, we aim to have that scope and coverage. The number of facilities involved is simply larger.

The Chairman: Could you address the question about what “red” means on the risk register?

Dr Mina Golshan: As the Committee will be aware, a risk register is simply a project tool. Paul is involved in day-to-day management of that, but I will give you an overall answer. The colours are determined by the impact and likelihood of a risk materialising. Paul was not part of our team at the time, so I will answer on why it was red. We had a milestone that meant that at a certain date we would have completed the procurement process for the Safeguards Information Management and Reporting System—the IT system. We had missed that. It was right and proper to indicate that and to say quite openly and honestly that we had missed it.

The Chairman: Mr Dicks, we have had a very clear and comprehensive response, but is there anything that you would like to add?

Paul Dicks: The register is an effective tool for risk management. It helps me and Mina to dedicate our resources, efforts and time to the areas that need attention. It is a live document. It is dynamic and changes as the project continues. As part of our governance and assurance, we will continue to review it and will be honest in our approach.

The Chairman: Dr Golshan mentioned one of the items that was red on the risk register—the procurement of the IT system—but there were several others. Is there anything more that you would like to say about those? Perhaps we will come to them as we go through the subsequent questions.

Paul Dicks: I think that we will come to them as we go through.

The Chairman: Viscount Hanworth and Lord Rooker would like to come in.

Viscount Hanworth: During the passage of the Nuclear Safeguards Bill, there were anxieties about your ability to meet the deadline of 28 March. The Lords had an amendment that effectively said that if, 28 days before the D-day, one or more of the arrangements was not signed, the Secretary of State must appeal to the European Union for some sort of

dispensation. I am not sure that that was replicated, but the Government put in place something that was rather obscure and difficult to understand. As I read this impossible text, it says that, in the event of any agreement not being in place by 1 March, or 28 March, the Minister must request a suspension, unless he believes that eventually agreements will be signed. It gives him some sort of discretion over whether or not he will make an appeal to Euratom. Can you tell us what sorts of dangers were envisaged by both the Government and yourselves? How would you react in the case of some agreements not being signed? What agreements do we have in mind?

Dr Mina Golshan: I think that you are referring to the Nuclear Cooperation Agreements.

Viscount Hanworth: I do not know. It was not specified in any of the legislation.

Dr Mina Golshan: If it is referring to the Nuclear Cooperation Agreements, those are something for the Government to sign with third countries. Although it is not within ONR's remit to strike Nuclear Cooperation Agreements with other countries, I am aware that good progress has been made, as part of delivering exit from Euratom, with those countries that, as a matter of law, have prohibited engagement with third countries that have no safeguards arrangement in place—namely, the United States—and those that prohibit it as a matter of policy: Japan, Australia and Canada. Good progress has been made on all fronts, but signing any Nuclear Cooperation Agreements is simply a matter for government.

Viscount Hanworth: I am looking at the text of the amendments, which talks of arrangements with Euratom. Again, I am a bit mystified as to what may have been in the mind of the Government when making their amendment to the Bill.

Dr Mina Golshan: Matters to do with negotiations are for the Government. We are not privy to those. However, simply as a general progress update, I am aware that the text relating to Euratom in the Withdrawal Agreement is green. That means that all the negotiations have concluded and been agreed between the two parties.

Viscount Hanworth: In other words, these anxieties have been put into abeyance.

The Chairman: Can I ask Lord Rooker to come in, followed by Baroness Sheehan?

Lord Rooker: Did ONR do any contingency planning before 23 June 2016?

Dr Mina Golshan: If you are referring to exit from Euratom, at the time it was not clear that when we left the European Union we would also leave Euratom. Therefore, the answer to your question is no. It became known later on in the process, as part of triggering Article 50, that

leaving the European Union meant that we would also leave Euratom. In simple words, no, we did not.

Baroness Sheehan: How often is your internal risk register updated?

Dr Mina Golshan: I can give a general answer, which is that it is updated monthly. However, this is a living document, so I will pass the question on to Paul.

Paul Dicks: The risk register is part of our project management tools. We review it regularly. We have a formal review session, which is monthly, but the reality is that it is undertaken on a weekly basis at the moment. It is a very fast-moving, dynamic project. We want a really healthy position around our risk and project.

Baroness Sheehan: Have any of the red alerts moved?

Paul Dicks: Yes. All the red risks have moved. We did our last review yesterday. As it stands, there are no red risks in the ONR State System of Accounting and Control project.

Baroness Sheehan: Is that in the public domain now?

Paul Dicks: We do not publish that in the public domain routinely. It is part of our project management tools. In isolation, it will not give the context of the information that is placed there. It is a one-page highlight report. There is a lot of detail behind that and information that needs to go with it to give a full picture of the health, delivery and effectiveness of our project.

The Chairman: May I clarify your answer to Baroness Sheehan's question? Are you saying that, after yesterday's review, there are no reds whatsoever on the risk register?

Paul Dicks: That is correct.

The Chairman: May we move on? You have touched on some of these points already, so the answers may be quite brief. I turn to Lord Selkirk.

Q2 Lord Selkirk of Douglas: As the Lord Chairman said, you have entered the answers to my question already. They have been very reassuring. Can I ask you what was the original timeline for the development of the Safeguards Information Management and Reporting System? What was the deadline that, according to your risk register, was "irretrievably lost"?

Dr Mina Golshan: The milestone that we wanted to meet before March 2019 was completion of the development of the Safeguards Information Management and Reporting System. Of course, there are a number of tactical milestones that sit before that, but the timeframe for meeting the main milestone was December 2018—December this year.

The milestone that was red and framed as "irretrievably lost", which is project management language, was in relation to procurement. We have since put in place good measures. We have procured the system. The

contractor that we have employed has significant experience in developing State Systems of Accounting for and Control of Nuclear Material. It has done so for a number of countries and operators. We have a good level of confidence in their technical capability and, so far, delivery of the system for us. So, I am confident that we will be able to meet that milestone. We have a contingency measure in place, as a period of parallel running with Euratom, should that be needed.

Lord Selkirk of Douglas: You may already have mentioned the answer to the question that I am about to ask. For the sake of clarity, what, if any, compromises have been made in order to maintain the delivery deadline?

Dr Mina Golshan: There were no compromises made. We had a plan to deliver a system with certain functionalities. Those functionalities remain in place and we are well on the way to delivering them.

The Chairman: With the timeline that is now in place, the software will be completed by the end of 2018?

Dr Mina Golshan: That is the plan.

The Chairman: Then you will have three months to test it. Are you confident that three months is enough to iron out any bugs?

Dr Mina Golshan: I believe that it is. I will pass the question on to Paul, who is dealing with this on a day-to-day basis.

Paul Dicks: Yes, we believe that three months is an adequate time period for parallel running. Through the build of the IT package, there is User Acceptance Testing. Our confidence is growing as we deliver each of the elements. As you would expect, we do not always plan for success, we have built in a contingency as well. We have a manual contingency if, during the period of dual running, the IT system presents itself as non-operational.

The Chairman: That leads me to Lord Young, who will ask a bit more about that.

Q3 **Lord Young of Norwood Green:** You have answered my question, which was about what contingency plans are being developed to allow IAEA reporting in the event that the new system is not ready. You said that you had those. I want to probe on the IT, because IT systems have a notorious habit of not performing exactly as expected. I would be interested to know whether the contractors are developing something that already exists elsewhere. They are not giving you some sort of leading-edge system, are they? If I were involved, that is the bit that would make me a bit nervous.

Dr Mina Golshan: You are absolutely right.

Lord Young of Norwood Green: When it goes live, things happen. Despite all the contingency testing and everything else, it does not quite

do what you want. You say that you have a manual recording arrangement, but that is not what you hope to achieve. "Happy" is not the word that I want to use, but it sounds like you have all the checking arrangements with your contractors to ensure that things will not be revealed at the end.

Dr Mina Golshan: My position is that I am confident, not complacent.

Lord Young of Norwood Green: Very wise.

Dr Mina Golshan: And I am never fully satisfied. Paul has contingency measures he may wish to expand on.

Paul Dicks: As Mina has already discussed, the IT suppliers have a proven track record, so we have some confidence around that. We will not be complacent. We need a healthy, questioning attitude as we work through this. We are working through a period of User Acceptance Testing, to gain confidence on delivery of the IT package. Notwithstanding those points, we will build a contingency, in case the IT system does not work, to meet the international reporting requirements that are placed upon us as the UK.

The Chairman: What does the contingency consist of?

Paul Dicks: The contingency would be manual calculations.

The Chairman: It would be hard copy.

Paul Dicks: It would. There would need to be the correct checks and balances within that, because there could be potential for human error. We need to ensure that there are the correct checks and balances of governance and assurance around that. That is the contingency we are working on.

The Chairman: Viscount Hanworth and Baroness Sheehan would like to come in.

Viscount Hanworth: Will the IAEA be looking over your shoulder as you test your system? Who will ultimately validate it and say that it is working to the standards that are required?

Dr Mina Golshan: In general, the IAEA does not verify or validate State Systems of Accounting and Control. What the IAEA is interested in is having an agreement in place with the government or state that clarifies the remit of the IAEA's involvement in the case of weapons states such as us. That Voluntary Offer Agreement has already been made by the Government and signed. The IAEA knows the remit of its involvement. In theory, all our civil facilities are open to it. It has nominated a certain number as those eligible for IAEA verifications. We know what they are. Effectively, no further verification and assessment of UK sites will be required.

Viscount Hanworth: If your system was in complete chaos—perish the

thought—would there be no consequences as far as the IAEA was concerned? It has to come up to scratch, and somebody has to pass the judgment that it is up to scratch.

Dr Mina Golshan: ONR already has a safety and security remit. The safeguards remit has been added to that. If a fuel system is in complete chaos, there will be safety and security consequences. Regardless of our safeguards responsibilities, we would be looking into those, as an independent regulator.

Viscount Hanworth: I am sure that you would have a high state of anxiety. I do not imagine that this will happen, but I want to find out what the consequences would be if, in the judgment of international authorities, your system was not operable.

Dr Mina Golshan: There are two elements here. As Paul has mentioned, if the system is not operable, we have contingency measures for reporting to the IAEA that mean that we will be able to report manually on activities and the material held by the operators in the UK.

Viscount Hanworth: Forgive me, but I do not think that you have answered my question. I will give way.

The Chairman: Perhaps I could put Viscount Hanworth's question in a slightly different way. He asked, "Who looks over your shoulder?" I think that you said, "We look over our own shoulder".

Dr Mina Golshan: I misunderstood the question. The IAEA has independent verification processes in place. The IAEA does not rely on State Systems of Accounting for and Control of Nuclear Material, apart from receiving reports from them. Its mission is to trust but verify. It will conduct its own verification activities, regardless of what we do.

Viscount Hanworth: That is the point that I was trying to make. I wanted to know what the substance of those arrangements is, but we have to pass on.

Baroness Sheehan: You may have answered this question, and I may have missed it. Could you clarify for me whether at the IAEA's meeting in June it approved the UK's new domestic nuclear safeguarding arrangements?

Dr Mina Golshan: It did. The UK and the IAEA signed the Voluntary Offer Agreement and Additional Protocol that, effectively, set out the UK's international obligations with the Agency.

Baroness Sheehan: That is an unequivocal yes.

Dr Mina Golshan: Yes.

The Chairman: May I turn to Lord Rooker, to pick up the question of inspectors?

Q4 **Lord Rooker:** In your introductory remarks, you said that you were

satisfied with the planning for recruitment of inspectors. Could you give us the up-to-date figures for how many you have recruited and the training that they are undertaking? Have you had to make any changes in the person spec in order to meet the recruitment targets?

Dr Mina Golshan: I will start with the answer and then pass on to Paul, who has been heavily involved in that process. We met our recruitment target, which was for 14 inspectors. They are undertaking the training towards becoming warranted inspectors. At this point, I will go to Paul for the detail.

Paul Dicks: As Mina said, 14 have now been recruited. They are progressing through their training. The aim is to have them in place for March 2019 as pretty competent, able safeguards inspectors.

Your second question was about whether we changed the role specification. Within the build of our operating model on the regulatory framework, we recognise that we need to recruit not only inspectors, but nuclear material accountants. We have changed the specification for the next phase of recruitment to attract people with the right skills to undertake nuclear material accountancy jobs, as opposed to the inspector roles we previously advertised and recruited against.

Dr Mina Golshan: Effectively, the inspectors we recruit all have different specialisms. We tailor the specification to meet the requirements of any particular job we want to recruit to.

Lord Rooker: I am not asking about now, because they are still undergoing training, but will these inspectors be such that they will be trained and qualified to work anywhere in the nuclear industry in other countries?

Dr Mina Golshan: The requirements of other countries depend on their legal framework.

Lord Rooker: Within Euratom. Although we are leaving Euratom, will they be qualified to that sort of standard?

Dr Mina Golshan: It is very hard for me to comment on whether Euratom will consider them to be qualified. By the time they have undertaken the training, they will certainly be qualified to work on UK sites, as our inspectors. However, if there is a vacancy and they wish to apply for Euratom jobs, it is clearly for Euratom to determine whether they are qualified to work there.

Lord Rooker: Can I go back and ask a supplementary to my original supplementary question? On what date did the ONR become aware that leaving the EU meant leaving Euratom?

Dr Mina Golshan: I believe that an announcement was made in July 2017 that triggering Article 50 meant that we were also leaving Euratom. I may have forgotten the exact date, but I think it was in July 2017.

The Chairman: If you wish to follow up in writing to confirm that, we are happy for you to do so.

Dr Mina Golshan: That would be helpful.

The Chairman: The Duke of Montrose and Lord Young would both like to come in.

Duke of Montrose: In your introductory remarks, I think that you said that you were recruiting 700 people.

Dr Mina Golshan: Absolutely not.

Duke of Montrose: The 14 inspectors are the only extra staff you have required.

Dr Mina Golshan: We determined that, to meet the UK's international obligations, ONR needs to have in place around 14 inspectors by 1 April 2019. We have met that target. The totality of ONR's staff does not come to 700. So, no, we do not intend to expand by that number.

Lord Young of Norwood Green: Are they all UK citizens? Were there any visa implications for the officers you recruited?

Dr Mina Golshan: I believe that they are.

Paul Dicks: I believe that they are all UK citizens.

Lord Young of Norwood Green: I have a little supplementary. We talk about leaving Euratom. Will you have any contact with Euratom as regards exchange of information, updating of safeguards, or whatever? I always feel that we talk about it, but in fact there is always a footprint or a trace of co-ordination and co-operation activity. Am I wrong in assuming that?

Dr Mina Golshan: No. The Government were very clear that their intention was to keep close ties with Euratom and to have a very smooth transfer of responsibilities from Euratom to the UK. When it comes to technical engagement, we have had a very good relationship with Euratom in the past. We continue to have a good relationship with them. As part of the transfer of responsibility, we have engaged with them a number of times. At the end of this month, the team and I will go to Luxembourg to discuss some technical details in relation to the handover.

Lord Young of Norwood Green: There is one other little thing I forgot to ask about. Just as a matter of interest, what is the gender breakdown of the inspectors you have recruited?

Dr Mina Golshan: I think that we have one female.

Paul Dicks: We have two¹ at the moment. There are two out of the 14, as I recall.

¹ Note by the witness: the ONR subsequently clarified that there are three women

Lord Young of Norwood Green: Two women and 12 men; oh well. Could do better, but—

Dr Mina Golshan: That is certainly at the forefront of our mind. Generally, ONR intends to improve its gender diversity. We are not separate from that intention.

The Chairman: Baroness Sheehan would like to come in. I will then turn to Baroness Wilcox.

Baroness Sheehan: Could you comment on the statement in the press release from Sky that “Parliamentary sources have raised some doubt that”—13 inspectors and trainee inspectors—“could be trained in time, claiming it takes five years to train a safeguards inspector fully”?

Dr Mina Golshan: They are entitled to their opinion. In our experience—and we have considerable experience in training inspectors over the years—it takes round about 12 to 18 months to train a specialist to become an inspector. I am not saying that it is not challenging to recruit, train and utilise this resource that we have just brought in. It is challenging and we do have risks on that, but those risks are under control and we believe that, with the measures that Paul and his team have put in place, we will train them in time. Paul, do you want to comment?

Paul Dicks: We also benefit within ONR from a dedicated training academy that provides the prerequisite training around the legal system to move towards a full warrant as well. So, I have confidence in the ability to train the inspectors in on-the-job training to get them through in a 12 to 18-month period.

The Chairman: That partly anticipates what you were going to ask, but would you like to develop it a little bit?

Q5 **Baroness Wilcox:** You have answered the questions that we need to have answered, and it is very refreshing and good to hear the confidence that you both have in what I believe to be a complicated and very frightening idea, if it is not right. You can work in and slosh around some areas for ages, but certainly not with this. I am finding it reassuring to have you both here.

You have answered the main question on safeguards officers training to be safeguards inspectors and the time that it takes. I would imagine that you have answered the question about whether you have the necessary resources to train your staff. I would be terrified to have you come in and demand the money, but do you really get everything you need financially?

Dr Mina Golshan: As to finances, the Department for Business, Energy and Industrial Strategy had allocated £10 million for the establishment of a State System of Accounting and Control for Nuclear Material. That

includes bringing in, recruiting and training inspectors. The figure I quoted was for 2018-19 roughly. Therefore, yes, we do have the funding and the resources that we need to undertake the required training for our inspectors.

There is probably another element to this. Do we have the people to help train these new people? The answer to that is yes, but it is challenging, because these people are coming through quite rapidly and that involves experienced inspectors devoting time to on-the-job training of the new recruits. We recognise those risks and we have put in place measures should we require in any way to mitigate the risks of not having sufficient numbers trained in the right timeframe—for example, bringing in safety inspectors to help out and suchlike.

Baroness Wilcox: Would you say that children in schools now, who are going on to university and other places, understand what you do?

Dr Mina Golshan: It is very difficult for me to comment on whether children at school understand nuclear regulation, but ONR over the past few years has put in place measures to work with apprentices and graduates to make them familiar with nuclear regulation and the work of ONR, and we have successfully brought in as new recruits graduates who joined us. I am hoping that these new routes that we have established for bringing in inspectors have been effective in advertising what we do.

Baroness Wilcox: Seeing that you only have a couple of girls on parade, are you making sure in schools that the girls are as attracted to this as the boys are?

Dr Mina Golshan: The two female officers that we mentioned are only in the safeguards area. ONR has a far greater number of female inspectors in place than the two we mentioned.

The Chairman: Could I ask for a bit of clarification? You think you can train these people up in 12 to 18 months, and you have enough time to do that. On day one, after they have completed their training, do they go out on their own? Are they fully equipped to work on their own, or do they have to have a period of working alongside somebody else?

Dr Mina Golshan: Paul is heavily involved in on-the-job training, so I will ask him to answer.

Paul Dicks: There are a couple of phases to this. There is the legal training that provides the warrant. There is a whole package of on-the-job training. We recognise that we need people armed with the correct technical and behavioural capabilities. So, they do get a period of on-the-job training to assure us that they are displaying the correct behaviours out in the field.

Dr Mina Golshan: The day they get their warrant, effectively, is the day that they have satisfied the due process that ONR has in place—that not only do they know the theory, but they have worked alongside experienced inspectors to understand what the work involves.

Paul Dicks: I would add as well that we are looking at opportunities around specific safeguarding training with the International Atomic Energy Agency and with Euratom. We are in conversation to explore opportunities for mutual training in the specific area of safeguards as well.

The Chairman: The warrant is like a graduation certificate, in effect. It tells you, "I have this. I completed the training and I have done some on-the-job practical work". Once I have my warrant, am I then free to go out and do it on my own?

Dr Mina Golshan: Yes, with some support from others.

The Chairman: That is what you will have completed by March 2019.

Paul Dicks: That is what we are aiming for and have confidence around. Also, as Mina has indicated, we have some contingencies if required.

The Chairman: Thank you. Let me turn to Baroness Sheehan.

Q6 **Baroness Sheehan:** By when do you need clarity regarding the funding for your new safeguarding activities?

Dr Mina Golshan: If I may give a little background, the regulations that are out for consultation clarifies what is required to deliver the framework. The question of funding has not been addressed in the Regulation, but, as part of that consultation, the Government seek to get views from industry and other stakeholders on what the funding regime should look like. By the time we take the responsibility for regulating safeguards, or having a safeguards regime in place in the UK, we need to know how those costs are recovered. If that date is March 2019, clearly by then we need to have clarity about how the costs are recovered. If it is a later date, then we can live with that gap.

Baroness Sheehan: So you do not have clarity at the moment.

Dr Mina Golshan: It is fair to say that we are awaiting the result of the consultation.

Baroness Sheehan: That is interesting. Thank you.

Viscount Hanworth: Do you expect the industry to bear much of the cost—people such as Euratom and others?

Dr Mina Golshan: I would expect that thorough consultation is undertaken and that the Government, as is intended, take feedback from that consultation and make the right decision.

Can I add for clarity that the cost of establishing the safeguards regime is already covered by BEIS, so there is no doubt about the recovery of our costs in relation to establishing this framework? That is already covered. It is the future costs—the running costs from the day that we take on the responsibility of safeguards—that is out for debate.

Baroness Sheehan: In a no-deal situation, by when do you need to know that?

Dr Mina Golshan: We need to know by the end of March 2019.

Baroness Sheehan: You can wait until the eve before crashing out.

Dr Mina Golshan: In theory, but perhaps clarity before that would be helpful in the way that we arrange our finances.

Baroness Sheehan: You are content, then, to move the funding item on your risk register from a red alert to not a red alert.

Dr Mina Golshan: As to the funding in the risk register, there are two different fundings. The funding in the risk register was in relation to clarity of arrangements for ongoing funds to fund establishment costs—the work that we are doing, right up until the time we leave, to develop this framework and to develop the regime. We wanted to have security of funding, which is now being provided because the BEIS business case has received approval from the Treasury. Within that, there is a clear allocation for ONR's costs.

Baroness Sheehan: Is the funding item on the risk register an amber or a green?

Dr Mina Golshan: Paul?

Paul Dicks: I would have to confirm that in writing afterwards. It is not red, but I do not know if it is amber or green.

Baroness Sheehan: It was updated yesterday.

Paul Dicks: I know it was updated yesterday.

Dr Mina Golshan: It is the words that help us here. I do not believe it is red, but whether it is amber or amber-green is up for debate.

The Chairman: You can follow that up in writing.

Paul Dicks: I can definitely confirm that it is not red, but I will follow up in writing what the colour is.

The Chairman: We have touched on the industry contribution, but, Duke of Montrose, perhaps you would like to clarify that.

Q7 **The Duke of Montrose:** All these conversations take you back quite a long way, and, as you know, the House of Lords covers everything from the sublime to the ridiculous. Some of our Members are experts in one and some in the other. One day we were discussing traffic regulations and one of our jokers got up and said, "Suppose a policeman stopped a car as it was going along for some traffic infringement, and he said, 'Ello, 'ello, 'ello. What've we got here?' The driver answered, 'An atomic reactor', and the policeman said, 'That's quite all right. On you go'". The Minister then had to try to answer. You, obviously, have a much better

grasp of all these questions than was evidenced at that time.

However, we are looking at what your charging arrangements are likely to be for your existing regulatory activities. How do they work? Have you received any initial views from industry or other stakeholders regarding the implications of extending these arrangements to the new safety regime?

Dr Mina Golshan: Our current funding arrangements for the supporting function that ONR has in safeguards today—remembering that we already have a safeguards function, by law, but it is a supporting function—is through our sponsoring department, the Department for Work and Pensions, so it is not cost-recoverable from industry directly.

As we move into the future and take on our regulatory safeguards responsibility, the costs of that and putting in place a safeguards regime in the UK outside of Euratom is something on which the Government need to come to a conclusion as part of the consultation and bringing in the new safeguards regulations. I cannot comment more than that as to what those arrangements would be like. There is a consultation. We will respond to that consultation with our views; so will the industry and other stakeholders.

The Chairman: Thank you very much. I would like to turn to Lord Rooker.

Lord Rooker: I want to ask about safeguarding equipment, but before I do I want to go back with a supplementary to the last question the Chairman asked you about the inspectors and their qualifications. You used the term “warrant”. With “warrant”, it is not just qualifications; it comes with powers, does it not?

Dr Mina Golshan: Correct.

Lord Rooker: And independence.

Dr Mina Golshan: Absolutely.

Lord Rooker: What is the most extensive power that the warrant gives the inspector?

Dr Mina Golshan: The warrant gives a range of powers to our inspectors—investigatory powers and those powers that allow us to hold the industry to account. There is a list of them: entering premises; giving advice; asking operators to put in place new measures; issuing improvement notices; and prosecuting. There is a whole range of powers that comes with the warrant.

Lord Rooker: I just wanted you to put that on the record, because the way it was left hanging in the air it looked like a certificate, “I am qualified to do this”, but the warrant is much more extensive than that.

Dr Mina Golshan: Absolutely.

Q8 Lord Rooker: Can I ask you about safeguarding equipment—the kit that is around now owned by, I presume, Euratom, with some owned by us? By and large, from the legislation that has gone through, most of the arrangements have been made. Are there any outstanding arrangements on transfer of either cash or equipment, or arrangements to be made for handing over equipment? I will ask this supplementary as well. If there is no deal, what contingency arrangements do you have for the equipment owned by Euratom that you have here?

Dr Mina Golshan: The question of equipment and negotiations around that has been handled by our colleagues at the Department for Business, Energy and Industrial Strategy. They are working with us, so we have a role here in establishing the completeness and correctness of the list that is exchanged between Euratom and the Department, and we have been engaged with Euratom to finalise that. BEIS deals with the part of the negotiation that is involved with the transfer and cost of the equipment.

In relation to use and utility of that equipment for ONR in the future, we are working on the development of our regulatory framework, and equipment is a tool for how we would deliver regulation.

As we stand today—based on the work that we have done—ONR does not require equipment to undertake our future regulatory responsibilities in relation to safeguards. I am quite careful in using the word “require”. We do not require it. That does not mean that at some future point we might not decide that we wish to have certain equipment. We reserve the right to have certain equipment, but we do not necessarily need to have the Euratom equipment in order to fulfil our function.

Lord Rooker: That is very interesting. What equipment would we be talking about, by the way?

Dr Mina Golshan: The equipment ranges from monitoring and measurement equipment that Euratom has, because it does not have access to the information that we can gain otherwise through our safety and security regulation of these operators.

Lord Rooker: Okay. We will pursue it with BEIS, I think.

Q9 The Duke of Montrose: Do I understand that your inspectors ask for records and information when they come into a site and compare the records with what they are looking for, for the ideal targets?

Dr Mina Golshan: That is certainly part of it.

The Duke of Montrose: If the records are not there, then somebody needs to go to monitor the thing physically, do they not?

Dr Mina Golshan: That is part of what our inspectors do. The operators have a duty under the new regulations, when they come into force, to provide us with reports of their activities and the material that they hold. One element of our role will be to assess those records for correctness

and completeness against the information to which we can get access. Paul, do you want to elaborate on that?

Paul Dicks: Yes. What you provide there is part of the role. It is actually much broader than that. We want to gain assurance as an independent regulator who would be enforcing the law as well, so it will be far broader than just information, records and reports. We want a sense of what is the behaviour, the culture, the management systems, the training—everything that sits behind that—that ultimately will give us confidence around the assurance we are seeking in accounting for and controlling nuclear material. It is much broader than the reporting element. We are building in an inspection regime—our regulatory framework—that takes into account the system as a whole so that we can gain that assurance.

The Duke of Montrose: If you come upon something that is obviously way out of control, do you call in the police?

Paul Dicks: No. As Lord Rooker was indicating, with the powers that will be brought forward in the Safeguards Regulations and the Safeguards Bill becoming an Act, we have a full range of warranted powers to enforce the law. They may range from routine interventions, dialogue and letters, up to formal notices, improvement notices, prohibition notices and, ultimately, sanctions such as prosecution; so we have the powers to do that.

Lord Young of Norwood Green: Building on that, they have a code of practice that they have to adhere to, so you have the key areas that you know that you need to check, if you can confirm that. To me, that would be the standard sort of risk-assessment approach, but in your industry even more crucial. What about the relationship with the Health and Safety Executive? I presume that—

Dr Mina Golshan: We have close ties with the Health and Safety Executive, although its remit does not extend to safeguards. Our relationship is in relation to, for example, general conventional health and safety policy as well as areas where we have asked their inspectors to undertake certain activities on our behalf. ONR is the regulator for safety and security—and safety in the sense of nuclear safety as well as conventional health and safety.

The Chairman: I think we are getting a little bit away from the core of our topics, so I turn to Viscount Hanworth to revisit the question of the relationship with the IAEA, which we touched on earlier.

Q10 **Viscount Hanworth:** What were the safeguarding agreements that were signed between the UK and the IAEA last month, and what was their significance? Beyond that, does the IAEA now accept that the UK's planned safeguarding regime will be sufficient to meet the international obligations?

I would like to pose another two questions, if I can add to it. Is the IAEA the body, the authority, that issues the warrants for your inspectors? After having received answers on that, can we talk a little bit about the

status of the NCAs—the Nuclear Cooperation Agreements—as you were mentioning, between ourselves, the US, Japan, Australia and Canada? I believe that an agreement with the US, which has been signed in principle, needs to be ratified by the Senate. What sort of impediment, if any, might that pose? I am sorry that it is a long set of questions, but let us begin with the significance of the two agreements: what were they and what did they signify?

Dr Mina Golshan: The current agreement that we have with the Agency is a tripartite one, so it is between the UK, Euratom and the IAEA. Upon our exit from Euratom, that agreement will be void, so the UK needs to have a bilateral agreement with the Agency. What we have signed in June is basically that—having a bilateral agreement in place with the Agency at the time we leave Euratom. It covers what will be the remit of IAEA's activities in the UK and our responsibility, as a country, as the UK, to meet those obligations. The obligations, therefore, are clear in the Voluntary Offer Agreement and Additional Protocol that the Government have just signed. Those set out what the UK's obligations are, so it is a significant agreement that has been signed.

Viscount Hanworth: The second question was whether the IAEA now accepts that the planned safeguarding regime is sufficient to meet the obligations.

Dr Mina Golshan: The IAEA, as I mentioned earlier, has identified as part of this agreement what will be the facilities in which it has an interest. It falls on ONR to provide reports to the IAEA in relation to those eligible facilities. The IAEA will in turn undertake its independent verification activities to satisfy itself that the report that it is getting from the state—in this case, ONR discharging that—is correct and complete and meets its requirements.

Viscount Hanworth: Is there a schedule for its ratification of your arrangements?

Dr Mina Golshan: Do you mean as to IAEA verification activities?

Viscount Hanworth: Yes.

Dr Mina Golshan: IAEA will engage with ONR in the future to, effectively, advise us of its activities in the UK. We will support those activities, but it is very much IAEA's activities.

Viscount Hanworth: But there is the question of a deadline of 1 March 2019.

Dr Mina Golshan: That deadline is not important in this case because the IAEA will let us know when it comes to the UK, as it does currently, and we support those visits today. They are joint visits normally with Euratom, but there is no reason that we would not be able to support those in the future. There is no deadline for telling us by March 2019 what inspections they intend to undertake, let us say, in April 2019.

Viscount Hanworth: My third question is—and it may be a case of my inattention—is the IAEA the authority that issues the warrants for your inspectors?

Dr Mina Golshan: No. ONR issues warrants to its inspectors.

Viscount Hanworth: In other words, we are judge of our own competence.

Dr Mina Golshan: That is not a unique position. There are not many countries that have regional regulators such as Euratom. The Canadians, I am sure the Japanese, and so on, sit outside of regional regulatory arrangements; they have a State System of Accounting for and Control of Nuclear Material that they have put in place. They have inspectors that they have arrangements in place for and who fulfil those roles, so we are not unique in that.

Viscount Hanworth: Number 4, if I may, was—

The Chairman: Very briefly, because we need to move on.

Viscount Hanworth: —the Nuclear Cooperation Agreements and the need to ratify them, particularly in the US.

Dr Mina Golshan: Again, that is something that our colleagues at BEIS are dealing with. As far as I know, as a matter of update, the ratification process has begun. As part of that, the signatures have been acquired. The ratification process requires the NCA to have a period where it sits in the Senate, and it is currently going through that process.

Viscount Hanworth: In a timely way?

Dr Mina Golshan: Yes, I believe so.

The Chairman: Thank you very much. Lord Selkirk wants to come in.

Lord Selkirk of Douglas: On the subject of the storing of high-level nuclear waste quite near the nuclear power stations concerned, high standards have to be maintained for virtually all time coming—well beyond our lives. Are we absolutely confident that the monitoring is being carried out, and will be carried out, with tremendous resolve and dedication?

Dr Mina Golshan: That is the responsibility of operators in the first instance—our licensees. As to our regulatory activities, that falls under our safety regulation and those arrangements remain unchanged.

Lord Selkirk of Douglas: Thank you.

The Chairman: Thank you very much for your responses to our questions. You have been very helpful indeed and quite reassuring, I think, to us. You will, as I mentioned, receive a transcript in draft and you will have an opportunity to review it. I think you have agreed to follow up a couple of points in writing. If there are any other things that

you feel you would like to say now, please feel free to do so, but, if you have any thoughts on which you would like to write to us, you can do that after this session. I will just give you a final opportunity. Is there anything you would like to add at this point?

Dr Mina Golshan: There is nothing to add from me. Paul?

Paul Dicks: There is nothing from me.

Dr Mina Golshan: I would like to take the opportunity to thank the Committee for inviting us. It was an opportunity for us to provide you with an update.

The Chairman: Thank you very much. I will draw this session to a close.