

# DUNGENESS DECOMMISSIONING ECONOMIC IMPACT ASSESSMENT AND SOCIO- ECONOMIC PLAN



## Case Study 13 March 2012

**OUTCOME:** The information generated in producing the Economic Impact Assessment Report has led to the creation of the Romney Marsh Socio-Economic Plan. This sets out principles and actions which will support the development of the area's economy and community over the next decade; in particular, this responds to the impacts of decommissioning Dungeness A nuclear power station. A new body, the "Romney Marsh Improvement Partnership" (name to be agreed) will be established to deliver the Plan, alongside the people of the area and the local and regional delivery agencies.

**BENEFIT TO THE COMMUNITY:** The intent is to ameliorate the impact on the local economy of decommissioning Dungeness A. The Plan is built around three key themes: "supporting local employment, diversifying the business base and helping Romney Marsh remain a great place to live".

**BACKGROUND:** Construction of Dungeness A began in 1960 and the station produced electricity 1965 to 2006. The site is currently undergoing decommissioning with final site clearance anticipated in 2098. As a major employer in the area, it is inevitable that the decommissioning of the site will have an impact on the area in many ways. In the summer of 2011, Regeneris Consulting was commissioned by Shepway District Council, Kent County Council, Magnox Limited and the Nuclear Decommissioning Authority, working with the Dungeness SSG, to carry out an assessment into the socio-economic impacts of the decommissioning of Dungeness A nuclear power station, with the intention that an action plan would be derived from the results of the survey, setting out a strategy for the future of the local area.

**THE REPORT:** The Economic Impact Assessment Report considered the economic contribution to the local economy in three ways:

1. Direct Economic Impacts – those impacts that are a direct consequence of the activities and operations of the site.
2. Indirect Economic Impacts – the impacts which arise from the purchase of goods and services (the supply chain).
3. Induced Economic Impacts – the impact of spending by the site and supply chain workers.

It is clear that Dungeness is an important constituent of the local economy, especially in terms of employment, both direct and indirect. Around 354 people are directly employed by Magnox at the site, that number rising to 432 when sub-contractors and agency workers are included.

The estimated combined economic impact (direct, indirect & induced) of Dungeness in the Kent economy is around 490 jobs and a GVA<sup>1</sup> of around £19.8M, of which 460 jobs and £18.6M is within the Shepway area. The decommissioning of the site will result in a significant decline in levels of direct, indirect and induced economic value. The most significant period of job losses is currently projected to take place between 2017-2019, when the number of direct employees will reduce by approximately 260. These timescales mean that there is the opportunity to be proactive and deliver strategy which allows the local economy to adjust.

Indirect and induced economic indicators are also anticipated to decline significantly over the next twenty years. Although there is a relatively low level of direct expenditure by the site in the local economy (which would imply that the decommissioning of Dungeness A would have relatively little impact on local suppliers and businesses), there is anecdotal evidence which indicates that there are some parts of the local economy which is reliant on the power station i.e. local service business such as guest houses, restaurants and shops, which generate income from the spend of the high number of sub-contractors and temporary workers employed by the site.

**NEXT STEPS:** The delivery of the Action Plan will start straightaway, given that the majority of job losses will occur from 2017. The projects in the plan are a mix of immediate actions, 'quick wins', medium term projects and longer term interventions, including a number of immediate projects which address the issue of supporting those who lose their jobs as a result of the closure of the power station. Delivery of the projects will be the responsibility of local people supported by local and regional delivery organisations. A new 'Romney Marsh Improvement Partnership' will be set up to facilitate this.

*Information sources:*

1. Romney Marsh Socio-Impact Assessment Report by Regeneris
2. Romney Marsh Socio-Economic Action Plan by Regeneris
3. [www.magnoxsites.co.uk/our-sites/dungeness-a](http://www.magnoxsites.co.uk/our-sites/dungeness-a)

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<sup>1</sup> Gross Value Added: GVA is used in the estimation of Gross Domestic Product and measures the contribution of a particular activity to the economy. The GVA figure can also be described as a combination of wages received by those employed at Dungeness A Site, plus profit generated. Thus it is the economic value created by operations which is distributed back into the economy.