

<b>Meeting:</b>	NuLeAF Steering Group, 20 <sup>th</sup> March 2019
<b>Agenda Item:</b>	4
<b>Subject:</b>	NuLeAF's position on Socio-economics
<b>Author:</b>	Philip Matthews
<b>Purpose:</b>	To present NuLeAF's position on socio-economics, to inform engagement with NDA on their planned Socio-economic Strategy.

## **Introduction**

The December 2018 Steering Group meeting included an extended discussion on the socio-economic aspects of radioactive waste management, with presentations from the UK Government, NDA and NuLeAF.

At the meeting it was agreed that NuLeAF should prepare a new Briefing Paper explaining the NDA's approach to socio-economics and setting out our position on how these can be maximised.

Since that meeting the Nuclear Decommissioning Authority (NDA) has announced that it will prepare a new Socio-Economic Strategy, likely to be published within the next year. In developing the Strategy, it has committed to engagement with NuLeAF and local authorities. NuLeAF's Executive Director has met twice with Andrew Van Der Lem, NDA's Head of Government Relations and Socio-Economics, to discuss the planned Strategy. Further meetings are planned along with wider engagement.

There is therefore an opportunity for NuLeAF to actively engage and influence a new NDA Strategy. Consequently, it is proposed that, rather than prepare a Briefing Paper, NuLeAF should agree a paper that sets out the issues we believe are important for NDA to address. This will help inform engagement by NuLeAF and individual councils.

An outline paper was discussed at the January 2019 Radioactive Waste Planning Group (RWPG), and the Group felt the paper presented covered the main areas of interest for local authorities. The paper has been further developed, and the views of the Steering Group are invited. In particular comments would be appreciated on whether it:

- Sets out the context and key issues clearly
- Identifies each of the elements of the overall socio-economic package that NDA should deliver
- Focuses on the correct areas within each element, or whether there are other issues NuLeAF should be pressing on?

Once the final NDA Socio-economic Strategy is prepared a new Briefing Paper will be prepared to reflect the final Strategy and the role for local government within it.

## **Recommendation:**

That the Steering Group review and agree this paper as a fair representation of NuLeAF's views on the key socio-economic issues that the Nuclear Decommissioning Authority (NDA) should address in its Socio-economic Strategy.

### **1. Overview and context**

The socio-economic impact of decommissioning is an issue of central importance to local government. The NDA is a significant employer, while the industry spends £3billion per annum on goods and services.

The **Energy Act 2004** establishes a clear duty on the NDA *to 'support and encourage activities benefiting the social and economic life of local communities'*<sup>1</sup>. The **Public Services (Social Value) Act 2012** requires all those who commission public services to consider how wider economic, social and environmental benefits can be secured; while other industries and developments, from new nuclear to fracking and renewables, have established community benefit protocols and commitments.

NuLeAF believes that, to date, the NDA has not developed a coherent approach that maximises the positive social and economic outcomes of the public money it spends every year.

Our view is supported by the **Public Accounts Committee (PAC)** of the UK Parliament. Their report on Sellafield, published in autumn 2018, criticised the added value that the large amount of public funding allocated to the NDA had delivered at Sellafield and across the estate<sup>2</sup>. The Committee recommended action on education and skills, stimulation of the supply chain and to maximise the impact of NDA spend on the local, regional and national economy. It also requested that the NDA develop a new Socio-economic Strategy to lend coherence and ambition to its approach.

NuLeAF believes that action by NDA on socio-economics is essential. It is particularly relevant given that this is a time of change within nuclear decommissioning. The new Strategy should recognise and address these issues including:

- The launch of the Industrial Strategy and the Nuclear Sector Deal
- The closure of the THORP plant at Sellafield
- Proposals for accelerated decommissioning of Magnox sites
- Changes to the management of Low-Level Waste (LLW) with significant diversion of material from the LLWR site
- Recognition that a number of communities will now host Higher Activity Wastes (HAW) for longer than originally envisaged

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<sup>1</sup> <http://www.legislation.gov.uk/ukpga/2004/20/notes>

<sup>2</sup> <https://publications.parliament.uk/pa/cm201719/cmselect/cmpublic/1375/137507.htm>

- The launch of the Geological Disposal Facility (GDF) siting process and consideration of the potential for Near Surface Disposal of some Intermediate Level Waste (ILW)

All this necessitates a step change in the approach across the whole NDA estate, which places the socio-economic interests of communities at the heart of the decommissioning mission and delivers the maximum possible benefits.

## **2. Areas the NDA Socio-economic Strategy should address**

NuLeAF believes the NDA Socio-economic Strategy should be a wide-ranging and integrated document that sets out clearly an ambitious blueprint designed to maximise positive outcomes for communities and local government. It should address the following:

### **a. Employment**

The NDA currently employs around 16,000, with more than 50% of jobs being located in and around Sellafield. Employment at Sellafield has declined, and this process will continue as site remediation and decommissioning progresses. For Magnox sites, planned changes to the approach to decommissioning are also likely to impact on the employment profile over coming decades.

***Desired Outcome:*** *The NDA Strategy should underpin an approach that best maintains direct employment and maximise indirect employment across the estate. Critical areas for action are:*

- *Sellafield – work with local authorities and staff to build on the commitments in the Sellafield Social Impact Strategy*
- *Magnox – clarify plans for accelerated decommissioning of Magnox stations and ensure that proposals maintain the maximum levels of employment on sites for the longer term.*
- *Across the estate act to support the supply chain and local businesses and thus enhance local indirect employment.*

### **b. Investment in projects and infrastructure**

The NDA commits around 1% of spend (£31 million per annum) to socio-economics. The distribution of spending is based on an assessment of local need and is often done in partnership with others. The NDA has also committed to work to enhance the attractiveness of communities through investment in environmental, social and infrastructure improvements.

***Desired Outcome:*** *That NDA increases its direct spend on socio-economics and ensures that decisions about investment are transparent, fair and meet the NDA's environmental and social objectives. That wider NDA investment in infrastructure supports the wider economic health and development of*

*communities. A critical area for action is to demonstrate greater added value and better partnership working to maximise benefit.*

### **c. Support for the supply chain**

Much of the NDA's expenditure flows to private sector contractors including large international consortia but also Small and Medium Enterprises (SMEs). The NDA has a commitment to support local businesses around its sites but as the PAC has shown much more needs to be done.

***Desired Outcome:*** *That the NDA's procurement and investment processes optimise opportunities for local businesses and meet the commitment to enhance the social impact of their supply chain. Critical areas for action are:*

- *Work with stakeholders to review procurement processes and identify how best to overcome barriers to local suppliers and SMEs winning contracts. Monitoring and reporting of progress against targets should be established.*
- *To use the Sellafield Social Impact Strategy changes in the governance arrangement for Magnox to drive forward action to better support local businesses and SMEs.*

### **d. Education and Skills**

The Nuclear Sector Deal places a strong emphasis on skills with a commitment to significant investment in increasing apprenticeships and STEM engagement. Co-ordination of effort is supported by the Nuclear Skills Strategy Group (NSSG) involving Government, the NDA and the wider industry.

***Desired Outcome:*** *That, through the NSSG and other mechanisms, the industry delivers on the commitment to significant investment in apprenticeships and skills at every level. A critical area for action is to establish clearly how local government can contribute to this work and help support its outcomes through their role in supporting schools, colleges and LEPs.*

### **e. Community benefits**

Communities in West Cumbria and elsewhere currently host HAW and this will continue for many decades. In some other nations a package of community benefits is paid to each community hosting such material. In the UK a community fund has been established in West Cumbria, though this is not specifically related to waste storage on the Sellafield site. Other communities do not receive payments.

***Desired Outcome:*** *That the NDA recognises communities hosting the long-term storage of radioactive waste and other critical infrastructure. This should*

*be reflected in the establishment of a Community Fund for waste storage that would provide support based on the quantities and types of waste received.*

#### **f. Geological disposal**

The GDF siting process is now 'live'. NuLeAF has been active in working Government and RWM on the financial package on offer to communities, with this having many aspects. These include employment, infrastructure investment, supply chain support, skills, business rates and mineral rights.

**Desired Outcome:** *The socio-economic offer to communities and local authorities that enter and remain within the GDF siting process should be significant and integrated. Decisions on how funds are spent must be driven by local authorities and the wider community.*

#### **g. Governance, Indicators and Reporting**

It is important that the Socio-economic Strategy is properly embedded within the NDA and the wider industry, and that performance is measured, reviewed and reported on.

**Desired Outcome:** *That the Strategy should set out clearly:*

- *Governance structures for taking forward and monitoring socio-economic work. These should involve NuLeAF and local government.*
- *Indicators to measure progress against all objectives set. These should be SMART and must be reported on regularly and in an accessible way.*