

Briefing Paper 7

Socio-economics, sustainability and climate change

Revised August 2022

1: Introduction

Nuleaf's core objective is to promote the best economic, social and environmental outcomes for local authorities and communities. We want to see the maximum added value delivered from the £3.5 billion the Nuclear Decommissioning Authority (NDA) spends every year.

The **Public Accounts Committee (PAC)** concluded in October 2018 that 'We are not convinced that the NDA is achieving the wider economic benefits that would help justify the vast amounts of public investment'¹ at Sellafield and across the NDA estate. The NDA has responded to this challenge and has taken a range of steps to enhance its socio-economic offer and develop its response to the sustainability and Net Zero Carbon agendas. However, we believe there is more to do.

This Briefing sets out and explores the legislative and policy context within which NDA operates and the drivers for action. It highlights the NDA's current commitments across socio-economics, sustainability and climate change and suggests where their response should be further enhanced.

Nuleaf has also prepared **Policy Statements** on **Socio-economics, Sustainability and Climate Change** and **Community Benefits**². Additional information on community benefits is set out in **Briefing Paper 13**³.

2: Legislation and Policy

The need to deliver socio-economic value to host communities is underpinned by the legislation guiding the nuclear industry and by wider government strategy and policy:

- The **Energy Act 2004** requires the NDA to consider the impacts of its activities on local communities. It established a function for the NDA of providing 'encouragement and other support to activities that benefit the social or economic life of communities' near NDA sites. The Act gives the NDA the 'power to make grants or loans to persons

¹ <https://publications.parliament.uk/pa/cm201719/cmselect/cmpubacc/1375/137505.htm>

² <https://www.nuleaf.org.uk/policy-communications/policy-statements/>

³ <https://www.nuleaf.org.uk/policy-communications/briefing-papers/>

undertaking activities that benefit the social or economic life of communities’.

- In 2022 the UK Government is due to consult on a new **Nuclear and Radioactive Substances Policy**, the first review since 1995. The Policy will set out the Government’s expectations for the NDA on socio-economics, sustainability and Net Zero Carbon. This Briefing Paper will be reviewed and updated, if necessary, once the final policy is agreed.
- The **Nuclear Sector Deal**⁴ establishes an objective of securing wider economic benefits through decommissioning activities.
- Government has committed to a package to help all communities to recover from the impacts of the Covid-19 pandemic.

At UK and devolved government level there are requirements for public bodies to deliver sustainable development and promote social value:

- The UK government has pledged to deliver the United Nations **Sustainable Development Goals**⁵ by 2030. Government bodies, including the NDA, are expected to contribute to this (see Section 3 for more information).
- The **Public Services (Social Value) Act 2012** places a duty on all those who commission public services to secure wider economic, social and environmental benefits. The requirements of this were strengthened in 2020, with a **Social Value in Procurement Model** launched to assess suppliers’ social impact. Social impact assessment includes consideration of action to support the Covid Recovery, tackle economic inequality, promote equal opportunities and fight waste and climate change⁶.
- In Wales, the **Well-being of Future Generations Act 2015**⁷ requires public bodies to consider the long-term impact of their decisions, to work with communities, and to address issues such as poverty and climate change.

There is also recognition of the need for urgent and radical action to move to a **clean economy** and tackle **greenhouse gas emissions**:

- The UK Government has set a legally binding target to achieve Net Zero Carbon by 2050 and has recently committed to an enhanced target of delivering 78% emission reductions by 2035⁸.

⁴ <https://www.gov.uk/government/publications/nuclear-sector-deal/nuclear-sector-deal>

⁵ <https://www.gov.uk/government/publications/implementing-the-sustainable-development-goals/implementing-the-sustainable-development-goals--2>

⁶ [New measures to deliver value to society through public procurement - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/new-measures-to-deliver-value-to-society-through-public-procurement)

⁷ <https://www.futuregenerations.wales/about-us/future-generations-act/>

⁸ <https://www.gov.uk/government/news/uk-enshrines-new-target-in-law-to-slash-emissions-by-78-by-2035>

- Government actions to deliver Net Zero are set out in the **Net Zero Strategy**⁹ and the **10 Point Plan for a Green Industrial Revolution**¹⁰, published at the end of 2020. A **Clean Growth Strategy**¹¹ was launched in 2017 and an **Industrial Decarbonisation Strategy**¹² was released in March 2021.
- The **25 Year Environment Plan**¹³ sets targets for clean air and water; reducing environmental hazards; using resources sustainably; enhancing heritage and the natural environment; and minimising waste. Commitments have also been made to the promotion of a circular economy.
- The **Welsh Government** has committed to Net Zero carbon by 2050 and has set interim targets of a 63% cut by 2030 and an 89% reduction by 2040¹⁴.

Action on climate change is being led at UK level by the **Department of Business, Energy and Industrial Strategy (BEIS)**, the sponsor department of the NDA. BEIS has published an Outcome Delivery Plan¹⁵ setting out 4 priority outcomes including tackling climate change. There is a clear expectation that the NDA should deliver against this.

3: NDA's impacts and commitments to action

The total cost of the NDA's clean-up mission is estimated at £121 billion over 120 years. Around three-quarters of NDA expenditure is allocated to the remediation of the Sellafield site, with the rest divided between the 12 Magnox sites, the Low-Level Waste Repository and other infrastructure. Significant funds will also be required to develop a Geological Disposal Facility (GDF) once a suitable host community has come forward.

The NDA spends over £1Billion per annum in procurement of goods and services. It directly employs 16,000 staff and supports almost 50,000 jobs in total.

⁹ <https://www.gov.uk/government/publications/net-zero-strategy>

¹⁰ <https://www.gov.uk/government/publications/the-ten-point-plan-for-a-green-industrial-revolution>

¹¹ <https://www.gov.uk/government/publications/clean-growth-strategy>

¹² <https://www.gov.uk/government/publications/industrial-decarbonisation-strategy>

¹³ <https://www.gov.uk/government/publications/25-year-environment-plan>

¹⁴ <https://gov.wales/net-zero-wales>

¹⁵ <https://www.gov.uk/government/publications/department-for-business-energy-and-industrial-strategy-outcome-delivery-plan/beis-outcome-delivery-plan-2021-to-2022#a-executive-summary>

Recent developments will have significant implications for local economies and the environment. These include:

- The creation of a single NDA with a corporate centre and four subsidiaries: Sellafield; Magnox (incorporating Dounreay and AGR decommissioning); Nuclear Waste Services (a single waste division); and Nuclear Transport Solutions.
- The end of reprocessing at Sellafield, moving the NDA's largest site towards one that will be focussed solely on decommissioning.
- The optimised decommissioning of Magnox reactors. This will affect the employment and spend profile of those sites selected for faster decommissioning, and those which will not be prioritised.
- The launch of the Geological Disposal Facility (GDF) siting process and consideration of the potential for Near Surface Disposal (NSD) of some Higher Activity Wastes (HAW).
- The agreement between BEIS, EDF and the Nuclear Liabilities Fund (NLF) over the decommissioning of the UK's fleet of 7 Advanced Gas Cooled (AGR) reactors. This will see the NDA take responsibility for the decommissioning of these plants, which are all due to close by 2028.

i. NDA Strategy and Business Plan

The work of the NDA is guided by its 5-year **Strategy**¹⁶, the latest iteration of which was published in March 2021. Nuleaf was actively involved in shaping this and advocated a more ambitious and integrated approach to economic, social and environmental issues.

The Strategy makes a clear commitment to delivering socio-economic value and supporting action on climate change and sustainable development. It states that 'Through our socio-economic and supply chain strategies we would like to see more opportunities awarded to our local communities, which in turn will support the development of sustainable and resilient communities that enable the delivery of the NDA mission.' (p23) It also recognises that 'Since the NDA was formed, global awareness of sustainability and specifically decarbonisation, clean growth and social value have become ever more important' (p15).

The Strategy identifies the main sustainability challenges facing the NDA as:

- Decommissioning and remediating nuclear sites in the most effective, efficient and sustainable way.
- Eliminating waste and reducing the consumption of natural resources by design through the reuse, repair, repurposing and recycling of assets.

¹⁶ <https://www.gov.uk/government/publications/nuclear-decommissioning-authority-strategy-effective-from-march-2021>

- Decarbonising the estate and supporting the UK commitments to reduce greenhouse gas emissions to net zero in England and Wales by 2050 and in Scotland by 2045.
- Embedding behaviours which promote sustainability within the workforce and throughout the supply chain.
- Maintaining a suitable decommissioning and waste management capability which is both enduring and adaptable to change.
- Maximising the socio-economic benefits derived from the mission, thereby encouraging diverse and resilient economies and thriving, inclusive communities.
- Listening to, and working with, their stakeholders, to gain their trust and support for the next beneficial use of released land.
- Enhancing biodiversity and environmental net gain.

NDA Strategy identifies a number of Critical Enablers, each of which has a topic strategy. These include:

Health, Safety, Environment and Wellbeing	Sets out new actions on mental health issues and commits to a 3-year improvement programme.
Sustainability	Aligns the NDA to the UN Sustainable Development Goals, to the production of a sustainability plan and to action to deliver Net Zero Carbon across the estate.
People	Sets an ambition to create a positive work culture, support skills development and to work in partnership with stakeholders.
Asset Management	Makes a commitment that plans for NDA assets will be developed in consultation with stakeholders.
Supply Chain	There is an intention to support local economies, to deliver targets for spend with SMEs and to use procurement to help drive sustainability.
Socio-Economics	The NDA pledges to 'support local sustainable and inclusive economic growth and greater value wherever possible.' It is recognised that different communities have different needs and that a tailored approach is required. There is also a pledge to help support the diversification of local economies.
Public and Stakeholder Engagement	The NDA's goal is to 'work directly with stakeholders who have a declared and ongoing interest in our work and to encourage participation from harder to reach groups. We want to ensure that the concerns and aspirations of interested parties are consistently understood and considered'. There is an undertaking to work with local government through existing fora and for issue-led engagement on particular issues or topics.

The organisation's **Business Plan 2022-25**¹⁷ underlines these commitments with specific actions to implement the Socio-economic strategy, to lead on mental health and wellbeing and to enhance sustainability performance. It states that the NDA's mission is 'to leave the environment in a better place for future

¹⁷ <https://www.gov.uk/government/publications/nuclear-decommissioning-authority-business-plan-2022-to-2025>

generations.... We will be placing significant emphasis on our roadmap to becoming net carbon zero.'

ii. Socio-economic Strategy and Social Value

The NDA published its **Local Economic and Social Impact Strategy**¹⁸ in 2020. The original intention had been for this Strategy to run until 2026. However, the Covid pandemic led to the publication of a short-term strategy, with further engagement planned in to develop a longer-term approach and support covid recovery. A **Social Impact Strategy**¹⁹ and a **Transformation Plan**²⁰ for Sellafield have been published, while Magnox has prepared an interim **Socio-economic Plan**.²¹

In 2021 the NDA appointed Jamie Reed as its first Director of Social Impact. The organisation has also commissioned new reports aimed at quantifying the socio-economic impact of Sellafield, Magnox and Dounreay. These are due for publication later in 2022.

The NDA currently allocates around 1.5% of its budget to socio-economic projects and community funds. It has targets for its wider spend, for example that by 2022, 33% of supply chain budget will be spent with Small and Medium Enterprises (SMEs).

The Authority is also promoting skills development through the Nuclear Skills Strategy Group (NSSG). This Group has developed a Strategic Skills Plan.

iii. Net Zero Carbon and Sustainability

As noted earlier, NDA's Strategy commits the organisation to the UN Sustainable Development Goals and delivering Net Zero Carbon. To support this, the organisation has appointed Directors of Sustainability and Environment.

The Authority's first **Sustainability Strategy**²² was published in 2022. This sets a vision that the NDA will be 'recognised as a leader in transforming nuclear legacies into opportunities for local, regional and national sustainable development.' It sets out actions designed to support four sustainability legacies: decommissioning, environmental, socio-economic and cultural.

¹⁸https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/862345/NDA_economic_development_strategy_-_2020-2026_accessible.pdf

¹⁹<https://www.gov.uk/government/publications/sellafield-ltd-social-impact-strategy-2018>

²⁰<https://www.gov.uk/government/publications/transformation-plan>

²¹<https://www.gov.uk/government/publications/magnox-socio-economic-plan-2016-21-interim>

²²<https://www.gov.uk/government/publications/the-nda-group-sustainability-strategy-2022>

Working with the Carbon Trust the NDA has quantified the direct and indirect carbon emissions of its estate. This showed that in 2019/20 the organisation was responsible for just over 1 million tonnes of emissions (CO₂ equivalent). Sellafield was responsible for the great majority of this, with the procurement of goods and services constituting a significant proportion of group wide emissions. The NDA has pledged to achieve Net Zero Carbon by 2050.

4: The role of local authorities

Local authorities have a central role to play in enhancing the economy and delivering wider social and environmental benefits. They are therefore an important partner in the delivery of better outcomes, something the NDA has recognised.

Directly, and through the 38 **Local Enterprise Partnerships (LEPs)**, local government sets the strategic vision and the objectives designed to deliver healthy local economies and more sustainable communities. Critical to this are Economic Strategies and Local Development Frameworks (LDFs) and, through the LEPs, the preparation of Local Industrial Strategies and Local Growth Strategies. Councils also have responsibility for education and skills as statutory bodies with responsibility for schools and colleges; land use and waste planning; and the development of infrastructure.

Following the exit of the UK from the EU, a **Shared Prosperity Fund**²³ has been launched, while post-Covid recovery is supported by the **UK Community Renewal Fund**²⁴.

Most local authorities have established targets and commitments on sustainability and climate change through their own corporate and community level plans.

Many Nuleaf member authorities are also engaged in strategic work that is creating the energy infrastructure to deliver the UK's Net Zero Carbon ambitions. Examples of this include the **East of England Energy Zone**²⁵ and the **North Wales Economic Ambition** Board²⁶. More nuclear focussed networks include **Nuclear South-West**²⁷ and the **Northern Nuclear Alliance**²⁸.

²³ <https://www.gov.uk/government/publications/uk-shared-prosperity-fund-prospectus/uk-shared-prosperity-fund-prospectus>

²⁴ <https://www.gov.uk/government/publications/uk-community-renewal-fund-prospectus/uk-community-renewal-fund-prospectus-2021-22>

²⁵ <https://newanglia.co.uk/sectors/energy/>

²⁶ <https://ambitionnorth.wales/>

²⁷ <https://nuclearsouthwest.co.uk/>

²⁸ <https://www.nuclearalliance.uk/>

5: Nuleaf's view: An integrated and ambitious approach is needed

Nuleaf welcomes the steps that the NDA has taken over the last year to improve its performance on socio-economics, sustainability and climate change. What has been done should be seen as the start, but not the conclusion. A significant overhaul of approach is required.

The NDA must deliver the greatest possible legacy for the communities that have hosted nuclear licensed sites on behalf of the nation for generations. The approach should be tailored to the needs of individual communities, all of which have distinct economies within which the nuclear sector varies in terms of significance. Where the nuclear sector is being reduced or lost, the NDA should engage early with relevant local authorities to better understand the local socio-economic context and needs. It should support diversification that is appropriate to the local area and the particular skills that will help local people to access new employment.

The sustainability and Net Zero Carbon agendas offer particular opportunities that should be built upon. Local authorities are already actively engaged in work on environmental enhancement and climate change, and there is great potential for active partnership with the NDA.

Better reporting is also required, enabling an understanding of how the NDA is working to minimise negative impacts and maximise positive outcomes across all areas from investment to the support of local supply chains.

Nuleaf's **Policy Statement 5**²⁹ on Socio-economics, Sustainability and Climate Change sets out in detail the range of actions we wish to see the NDA Group and Government adopt to deliver a coherent approach that maximises 'added value' to communities and society as a whole.

²⁹ <https://www.nuleaf.org.uk/policy-communications/policy-statements/>