



Local Economic and Social impact strategy

Update

Jan 2020

Local communities should benefit from being near NDA decommissioning sites.

“We are not convinced that the NDA is achieving the wider economic benefits that would help justify the vast amounts of public investment at Sellafield...The NDA should, within 12 months, strengthen and publish its socio-economic strategy, outlining the opportunities for the wider economy and how it will realise those opportunities.”

Nuclear Decommissioning Authority: risk reduction at Sellafield (Public Accounts Committee, 2018)

What are the questions we need to ask ourselves?



What is the impact of decommissioning on our sites?

- What are the opportunities decommissioning creates and how do you maximise benefits for local communities?
- What are the negative impact of decommissioning and how do you mitigate against these?
- Degree of dependency and what new opportunities do you need to create as decommissioning reduces

Overall economic impact



Sites	Employment	Estimated GVA local	GVA per job supported
Sellafield	44,000	£1.2bn (local)	£27,272
Magnox	2,851	£208m (local)	£74,000
Dounreay	1,918	£68m (local)	£35,000

Various sources, years and methodologies: Economic insight, Oxford Economics, Ekos

Economics impact highlights



- Sellafield provides 58.7% of all jobs in Copeland (directly & indirectly)
- Regionally significant in Caithness and North West Wales
- Dounreay major tail off in employment
- Most NDA sites in rural, coastal and remote locations

History/ current state of play



Site	2013/14	2014/15	2015/16	2016/17	2017/18
Nuclear Decommissioning Authority	£2,726,601	£1,989,095	£671,792	£5,150,646	£1,208,325
Sellafield Ltd	£2,958,773	£2,838,584	£ 3,005,095	£13,062,358	£4,799,241
Magnox Ltd	£565,000	£565,021	£446,918	£320,209	£390,250
Dounreay Site Restoration Ltd	£193,850	£250,938	£328,629	£197,500	£397,536
Copeland Community Fund	£874,038	£1,518,382	£1,428,348	£786,712	£516,291
Total yearly spend/commitment	£7,318,262	£7,162,020	£5,880,782	£19,517,425	£7,311,643

Future allocations under new strategy



Under new strategy and spending arrangement there will be clearer budgets and processes. Average expenditure over last 6 years £11.7m. Future ambition is good value for money expenditure of £15.8m per year.

Location	Yearly Allocation
Magnox sites	£1.5m (£1m from Magnox and £500,000 from NDA corporate centre)
West Cumbria	£11.5m (£10m Sellafield, £1.5m Copeland Community Fund and £35,000 LLWR)
Caithness	£2.3m (£1.5m from NDA corporate centre, £500,000 from DSRL, £300,000 from Caithness & North Sutherland Fund)
Total	£15,835,000

Framework for decision making



- Local - Our projects need to reflect local priorities. This means we need to work in partnership with local organisations.
- Evidence - Decisions need to be made on the basis of clear evidence of need or opportunity and also evidence that projects can be delivered. We need to work with partners to help develop good quality projects, helping them access our expertise and knowledge.
- Governance - Our budgets are funded by the taxpayer, so we need to maintain robust governance systems.
- Outcomes - Our focus is on making a long-lasting positive social, economic or environmental benefit. Our resources will be allocated on the basis of clear expected outcomes that reflect need/opportunity. Actual performance against targets will need to be robustly monitored and reported upon.

- The NDA works closely with partners to identify regional and local economic opportunities and needs in line with strategy. Through this process, we can identify joint working, funding and delivery opportunities.
- The NDA operates in a complex landscape, meaning our work needs to incorporate strategy and priorities from and engage with LEPs, Combined Authorities, Local Authorities and Regional economic bodies (e.g. Northern Powerhouse).
- These agencies are well-placed to understand local strengths, opportunities, weaknesses and threats in terms of infrastructure, skills, and businesses.
- However, the NDA group is often an important player in the local economies where we operate, so we have to bring in our own insights and requirements.

- Business drivers
 - Sellafield masterplan
 - Magnox PBO contract and AGR decommissioning
 - Dounreay end is in sight
- Social impact/soc ec also has a business rationale
 - NDA has visible and credible presence in local communities.
 - Healthy local economies and communities
 - Crowding in of supply chain to increase competition and productivity
 - Healthier local labour markets
 - Supporting other “critical enablers
- Most local authorities and public bodies have reasonable, long-term plans
 - Real appetite to further links in educations and skills
 - Sensible use of NDA land and assets, especially non-licenced land
 - Also further opportunities in low-carbon, both renewables and nuclear
- Social inclusion support where NDA’s activities significant in local community (eg Wales, Cumbria, Northern Scotland)

- Need to scale up and crowd in other resources
 - From NDA “core business”
 - From central government
 - From other funders (PPP)
- Lack of capacity in partners to turn high-level objectives into projects
 - Numerous examples where projects are not worked up business cases
 - Also some experience of stalled projects and projects where funding has been committed too early
- Many local councils believe capital budgets will be significantly increased
 - Shared prosperity
 - Town centre regeneration
 - Coastal communities
 - BEIS programmes on low carbon
- Strong case for increase capacity building and support
- Regular studies and economic work to inform strategy (eg recent economic study of Magnox sites)
- Common approach welcomed procedures and decision-making including for funding of programmes and projects

Conclusions



- New processes will be important
- Single application form and process across all businesses
- Single set of rules for decision-making
- Greater transparency on spend
- More focus on capacity building and partnership working



Making a difference

