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Sizewell C Economic Impact Assessment

Draft Executive Summary

Prepared for Suffolk Coastal and Waveney District Councils and Suffolk County Council

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Executive Summary

i. This report is an economic impact assessment of the construction of the proposed Sizewell C nuclear power station. Sizewell already has a nuclear power station, and the energy sector is significant in the economy of the wider New Anglia area around Sizewell. However, this is a largely rural local area and the construction of a new nuclear power station over a period of around ten years will inevitably have a significant economic impact.

Areas and Components of Local Economic Impact

ii. A number of case studies have been considered, to identify the likely positive and negative local economic impacts of the construction projects, including the construction of Sizewell B and the current construction of Hinkley Point C. In addition, the actual and potential impacts of Flamanville in France, Olkiluoto in Finland, Wylfa in Wales, Moorside in Cumbria, London 2012 Olympics, High Speed 2, and Heathrow Runway Three have been considered. The main components of local economic impact identified in these case studies and through contemporaneous consultations with local stakeholders are discussed briefly below.

iii. Around 2,000 **home-based workers** could be employed on the main site at the peak of the construction process, predominantly from within a 90-minute travel-time. An additional 500 home-based workers could be employed in associated development sites, such as the worker accommodation campus. Over the entire construction period, home-based employment on the main site could generate gross direct impacts of £500 million of wages and £1.3 billion of Gross Value Added (GVA) to the local economy. Employment on the associated development sites could generate another £60 million of wages and £140 million of GVA.

iv. **Non-home-based workers** will spend on food and accommodation in the local area. Many will stay in a purpose-built accommodation campus, but others will stay in tourist accommodation, private-rented housing, and owner-occupied housing. Spend by non-home-based workers in the local economy could be £30 million per year at peak, or £160 million over the entire construction period.

v. In estimates drawn from the Hinkley Point C project in Somerset, EDF Energy has suggested between £100 million and £200 million of **supply chain** spend in the local area per year, or £1.5 billion in total over the construction period. Suffolk Chamber of Commerce is already working with EDF Energy to identify local businesses that are interested in participating in the supply chain. Engagement of local businesses in the Sizewell C supply chain provides an opportunity for greater product and process **innovation** in the local business community, as they respond to the project's requirements. The project will also attract **inward investment** to the local area as part of the supply chain development to serve the project.

vi. There will be both positive and negative impacts on the **tourism sector** in the local area. The use of tourist accommodation by non-home-based workers could generate £1 million of impact in the local economy at the peak of the construction process, or £6 million impact over the entire construction period. However, any discouragement of visitors from the local area will have a negative economic impact. A 1% drop in visitor numbers would mean a loss of £6 million of local economic impact per year, and a 5% drop in visitor numbers would mean a loss of £30 million per year. There is also the

issue of displacement if tourism industry workers move to jobs at Sizewell C or its associated developments such as the accommodation campus.

Figure 1: Summary of Published Data on Sizewell C Construction Project

Employment on-site at peak	5,600
Home-based employment on-site at overall construction peak	2,000
- Home-based employment in Civil Engineering	Up to 1,330
- Home-based employment in Mechanical & Electrical Engineering	Up to 990
Home-based employment in accommodation campus	500
Non-home-based workers in accommodation campus at peak	2,400
Non-home-based workers in tourist accommodation at peak	360
Non-home-based workers in private rented accommodation at peak	360
Non-home-based workers in owner-occupied accommodation at peak	460

vii. In addition to the figures set out above, there is potential for local and regional supply chain spend of between £100 million and £200 million per year during construction, based on the similarities between the Sizewell C project and the Hinkley Point C project, from which this figure is derived.

viii. . It is recognised that much of the negative impact on the tourism sector will be in close proximity to the site (e.g. through the loss of visitors) whereas the benefit will be more widespread (e.g. through the provision of accommodation for non-home-based workers).

Impact Scenarios

ix. The report considers five scenarios for the possible local economic impact of the construction of Sizewell C. The **baseline scenario** is based on EDF Energy's currently known proposals for the construction project and assumptions about the impact in areas on which data is not available. The gross direct local economic impacts are those set out above and discussed in more detail in the main body of the report. The net additional local economic impact, taking account of factors such as leakage, displacement and the multiplier effect shows a sometimes lower level of local economic impact.

x. The local stakeholders' preference is for a more **positive scenario** in which there is significant investment in mitigation, and all potential variables turn out favourably. The main differences would be a greater positive impact of local business engagement in the supply chain and less negative impact on the local tourism sector. However, there is a risk that there is a more **negative scenario** if there is insufficient investment in mitigation and other variables turn out less favourably. There could be less local economic benefit from home-based employment (but commensurately more local economic benefit from non-home-based employment), less benefit to the local business community from supply chain engagement, and a greater negative impact from the loss of visitors to the local area.

xi. The **cumulative impact** if Sizewell C is delivered at the same time as other infrastructure development projects in Suffolk and the wider area could mean that there is less employment of home-based workers on the project, so less local economic impact from this (but commensurately more local economic benefit from non-home-based employment), and less local economic benefit

from local business engagement in the supply chain. **Constrained labour availability** caused, for example, by Brexit could mean that there is less employment of home-based workers on the project, so less local economic impact from this (but commensurately more local economic benefit from non-home-based employment).

xii. Figure 2, below, shows a summary of the possible local economic impact of the baseline scenario (i.e. a scenario built up from EDF Energy's proposals, with further assumptions and modelling applied), and a more positive scenario, based on local stakeholders' aspirations to maximise the local economic impact.

Figure 2: Summary of Baseline and Positive Scenario Impacts

	Baseline (Gross Direct Impact)	Baseline (Net Additional Local Impact in Suffolk)	Positive Scenario (Net Additional Local Impact)
Main site home-based employment	13,000 worker-years £500 million of wages £1.3 billion of GVA	7,000 worker-years £200 million of wages £700 million of GVA	7,000 worker-years £200 million of wages £700 million of GVA
Associated developments' home-based employment	2,500 worker-years £60 million wages £140 million GVA	2,500 worker-years £60 million wages £140 million GVA	2,500 worker-years £60 million wages £140 million GVA
Non-home-based employment	£30 million p.a. at peak £160 million total during construction	£30 million p.a. at peak £160 million total during construction	£30 million p.a. at peak £160 million total during construction
Supply chain	£150 million p.a.	£73 million p.a.	£88 million p.a.
Tourism	+£1 million spend on tourist accommodation p.a. at peak -£6 million loss of visitor spend p.a. at peak	+£1 million spend on tourist accommodation p.a. at peak -£6 million loss of visitor spend p.a. at peak	+£1 million tourist accommodation at peak -£3 million from loss of visitors at peak

Mitigation Actions

xiii. To maximise the local economic impact of Sizewell C a number of mitigation actions should be delivered, by both EDF Energy, local stakeholders, and national stakeholders. The main areas for mitigation are:

- Investment in local workforce development, as part of a broader initiative to support the energy and infrastructure sectors, and not just Sizewell C.
- Commitment from EDF Energy and all supply chain businesses to the recruitment of local workers
- Investing in training and workforce development at the right time to minimise any negative impact of displacement in the local economy
- Ensuring that recruitment of local workers into higher quality roles in the project is prioritised
- Ensuring that there is sufficient campus accommodation to be able to manage the number of non-home-based workers staying in tourist accommodation
- Support to local businesses to help them to identify supply chain opportunities and achieve accreditation to be able to win work in the supply chain, including investment in innovation support to improve the capabilities of local businesses, and provide them with legacy opportunities
- Investment in attracting inward investors to the local area, and also encouraging and enabling the delivery of suitable sites and premises to accommodate inward investors
- Investment in marketing and business support to the tourism sector to minimise the loss of visitors to the local area

xiv. Mitigation will need to be directed to where the need is greatest e.g. actions to address the loss of visitors will need to be focused in close proximity to the site.