

**Socio-Economic Study:
Opportunities Arising
from the
Decommissioning of Dounreay**

Executive Summary

for

**Caithness & Sutherland Enterprise
The Nuclear Decommissioning Authority**



August 2006

EXECUTIVE SUMMARY

INTRODUCTION

This is the executive summary of a socio-economic study of the impacts of, and opportunities arising from, the decommissioning of the Dounreay nuclear facility. It was undertaken on behalf of Caithness & Sutherland Enterprise (CASE) in partnership with the Nuclear Decommissioning Authority (NDA). The work was undertaken between August 2005 and August 2006.

The objectives are to:

- Provide a baseline which identifies the current reliance of the Caithness & Sutherland economy on the nuclear sector.
- Review the impact arising from the reduction and changing nature of employment at Dounreay.
- Compare the relative dependence of the Caithness & Sutherland economy on this sector with other economies where nuclear facilities exist and are being decommissioned.
- Identify the current and future opportunities for employees and businesses in the Caithness & Sutherland economy currently reliant on the Dounreay site.

The study was undertaken through:

- Review of Dounreay decommissioning plans and forecasts.
- Consultations with UKAEA.
- Literature review.
- UKAEA Staff survey.
- Contractor Survey.
- Consultations with businesses, agencies and industry bodies.

At the time of undertaking this analysis the decommissioning process was to be completed by 2036. This date has subsequently been brought forward to 2033. However, this does not significantly change the findings.

DOUNREAY IMPACTS BASELINE

Dounreay has a **significant impact** on the Caithness and Sutherland as evidenced through:

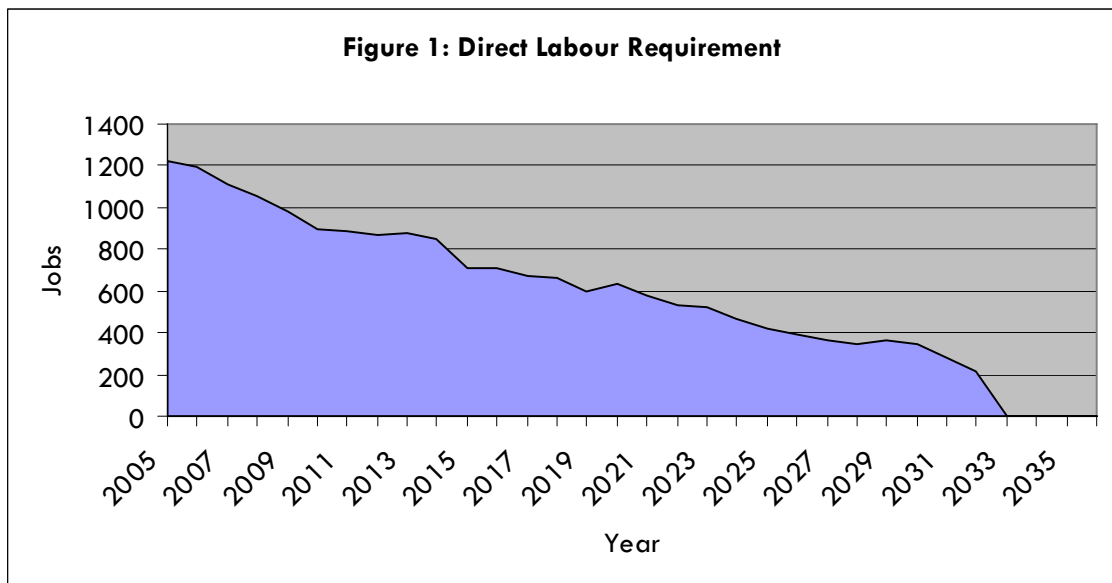
- Direct employment impact in 2005 (baseline year) of 1,184 FTE.
- Associated direct wages and salaries of £33m.
- Purchases of just under £68m initially sourced in Caithness & Sutherland.
- Indirect employment of 1,073 FTE.
- Induced employment of 213 FTE.
- Total impact is equivalent to around 15% of employment in Caithness & Sutherland.

If Dounreay had not existed it is estimated that 790 of the current UKAEA staff would currently not be living and working in Caithness & Sutherland. These individuals comprise:

- 714 households.
- 390 working spouses/partners.
- 250 dependent children.

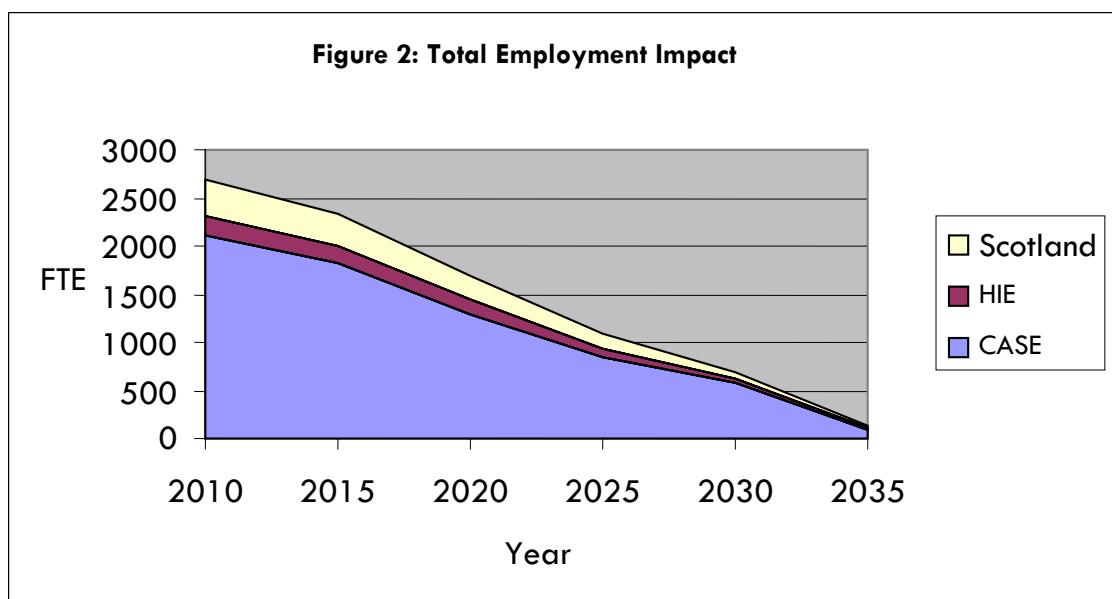
IMPACTS OF DECOMMISSIONING PROCESS TO 2036

The total **direct labour** requirement between 2005 and 2035 is shown in **Figure 1**.



Source: UKAEA

Figure 2 reports the **total (direct, indirect and induced) employment** impact of Dounreay across Caithness & Sutherland, the Highlands & Islands and Scotland.



Over the period of the **decommissioning process** it is estimated that:

- There will be a reduction of 1,184 FTE working for UKAEA at Dounreay.
- There will be a reduction of 996 FTE working for contractors/indirect employment.
- A total of 2,438 people could leave Caithness & Sutherland if no alternative economic activities/jobs replace those lost on site. Of these 1,841 would be adults and 597 children.
- The loss of this many households will have a significant impact in terms of social activities, for example volunteering.
- The loss of young people could account for over 8% of children under 16 years of age. Out-migration of this scale would have a significant impact on the local economy and potentially on the viability of some schools.

To **minimise the loss of population** to the area will be a challenge. It will require:

- The creation of an additional 531 jobs for those who want to stay and work in Caithness & Sutherland.
- A further 968 jobs to retain those people who are likely to leave the area.

This is an average of 50 additional new jobs in each of the next 30 years. This is an achievable target.

ASSETS FROM CLOSURE: SKILLS

The UKAEA and contractor staff have a range of general, nuclear and Dounreay specific **skills** that could either directly, or with some retraining, be applied elsewhere in the local economy. This will depend on appropriate jobs in terms of skill sets and pay levels being created.

COMPARATORS

The key lessons from our review of comparator areas are the need for:

- Adoption of a coordinated partnership approach including the site operator, economic development agencies, local authority, and community/business interests.
- Recognition that while there will be potential opportunities from the decommissioning process the long-term future will lie elsewhere.
- A strategy that is driven by market opportunities.
- The area significantly improving its 'offer' to investors.
- Focus on creating the right business environment in advance of demand from new and relocating companies.
- Not diluting effort but of directing most effort on initiatives with the greatest potential.

We believe that the approach being developed within Caithness & Sutherland recognises, and is responding to, these issues.

DIVERSIFICATION OPPORTUNITIES

The following areas could provide **potential opportunities**:

- Nuclear related activities.
- Renewable energy.
- Oil and gas.
- Further and higher education.
- Knowledge economy.
- Enhancing Caithness' resources.
- Culture, arts & heritage.
- Tourism.
- International retreat & conference location.

For most of these activities a population of motivated, entrepreneurial individuals is required. Preventing potentially significant out-migration from the area will require a major effort to change the attitudes of both the Dounreay reliant staff as well of the population in general.

Finally, to **deliver** and build on the potential opportunities the following are required:

- A coordinated partnership approach.
- A challenging and exciting strategy.
- Commitment by all partners to deliver the strategy.
- Inclusion of all social and economic groups.
- Strong leadership and networking.
- Development of a strong brand.
- Extensive marketing