



Department for
Business, Energy
& Industrial Strategy

HINKLEY POINT C WIDER BENEFITS REALISATION PLAN

July 2018





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1. Introduction and Scope

- 1.1 Nuclear energy provides secure, reliable low carbon electricity and has an important role to play, alongside renewables, as the UK transitions to the low carbon economy. The Government has always been clear that any technology must provide value for money for consumers and taxpayers, and that the cost of nuclear should come down. That is why the recent publication of the Nuclear Sector Deal¹ is so important – it includes a commitment from industry to reduce the cost of new build by 30% by 2030.
- 1.2 Government recognises its role in helping to reduce costs– just last month the Government confirmed that it is considering direct investment in the Wylfa project, in line with recommendations by the National Audit Office and Public Accounts Committee. Government will also be reviewing the viability of a regulated asset base model as a sustainable funding model based on private finance for future projects beyond Wylfa such as for Sizewell C, which could deliver the Government’s objectives in terms of value for money, fiscal responsibility and decarbonisation.
- 1.3 In 2016 the Government directed the Low Carbon Contracts Company to enter in to a Contract for Difference with NNB Generation Company (HPC) Limited (‘NNB HPC’). The building of Hinkley Point C will provide 3.2 gigawatts of secure, low carbon electricity for around 60 years.
- 1.4 In its response to a Public Account Committee² report on the decision-making process behind agreeing the Hinkley Point C Contract for Difference, the Government committed to taking forward several actions for securing the wider benefits of the project. This included working with EDF Energy to develop and publish a benefits realisation plan and to profile benefits against future project milestones. This first publication seeks to meet this commitment and it will be developed over time as Hinkley Point C construction progresses.
- 1.5 This plan has been produced with support from EDF Energy and sets out how the wider benefits of the project will be delivered over its construction period.

¹ <https://www.gov.uk/government/publications/nuclear-sector-deal>

² <https://www.parliament.uk/business/committees/committees-a-z/commons-select/public-accounts-committee/inquiries/parliament-2017/hinkley-point-c-17-19/>

2. Hinkley Point C

The Building of Hinkley Point C

- 2.1 Hinkley Point C will consist of two [EPR reactors](#), which are a type of Pressurised Water Reactor. The UK EPR design marks significant progress towards sustainability. It has been designed to use less uranium fuel and produce less long-lived radioactive waste compared with other water-cooled reactors in operation today.
- 2.2 The two UK EPR reactor units at Hinkley Point C will take approximately ten years to build with the first unit planned to be online by the end of 2025. The key stages of construction are site preparation and preliminary works, earthworks, civil construction, mechanical, electrical and air-conditioning and commissioning.

Key Facts and Figures

- Hinkley Point C's strike price is £92.50 (2012 prices) per megawatt hour.
- Hinkley Point C will provide:
 - 3.2 GW of electricity capacity for around 60 years meeting 7% of the UK's electricity needs.
 - Enough electricity to power nearly 6 million homes

(Source: NNB HPC)

- Hinkley Point C is expected to provide:
 - Up to 64% of the value of construction contracts to UK companies.
 - 25,000 employment opportunities.
 - An aspiration that 1,000 apprenticeships will work on the project during the construction phase.
 - 900 jobs on site during the 60-year operational lifetime.
 - A contribution of £1.5 billion to the local economy during construction.
 - A contribution of £40 million a year to the local economy during operation.

(Source: NNB HPC)

Realising the Wider Benefits of Hinkley Point C

- 2.3 Building a new nuclear power station at Hinkley Point C isn't just about providing low carbon electricity to around six million homes; it is about powering the UK's economy, now and in the future. Beyond the contribution the project will make to generating the

electricity the economy needs, there are many wider benefits from this large infrastructure project being built, both during its 10-year construction and subsequent 60-year operational lifetime.

- 2.4 The construction of Hinkley Point C is one of the largest and most technologically complex construction projects in the UK and requires a highly skilled and competent construction workforce. With a build programme of approximately 10 years, Hinkley Point C provides an invaluable prospect for economic growth, sustained employment and enhanced skills provision both for the UK and the South West.
- 2.5 Additionally, the project aligns with the Government's priorities to encourage economic growth in the UK through the delivery of new low-carbon energy infrastructure. In particular, it supports the re-balancing of the economy, both geographically and sectorally.
- 2.6 NNB HPC has worked closely with government bodies and local partners since 2009 to develop and deliver a set of targeted plans and strategies to realise the wider benefits of the project. These delivery strategies are published within NNB HPC's Development Consent Order³ and include the Economic Strategy⁴, the Construction Workforce Development Strategy and the "Inspire" Education Strategy.
- 2.7 The Government is working with EDF Energy and industry to reinvigorate the UK's nuclear industries so that Hinkley Point C and other future new nuclear projects can be delivered. The experience and expertise that suppliers for Hinkley Point C will gain during the construction phase will be exportable, enabling UK companies to compete for nuclear contracts across the world.

³ [Hinkley Point C Development Consent Order](#)

⁴ [Economic Strategy](#) (the Construction Workforce Development Strategy and the Education Strategy are appendices C and D)



Figure 1: The expected wider benefits from the project.

- 2.8 Hinkley Point C is already having a positive impact at a local and regional level, with a number of plans and strategies being delivered by NNB HPC since development consent was granted. It is expected to create 25,000 employment opportunities during construction, in a broad range of occupations and careers, and it will provide around 900 jobs throughout its 60-year operational lifetime. Opportunities include construction, civil engineering, electrical and mechanical installation, skilled welding, commissioning, project and commercial management, hospitality and catering, logistics, security and site service and other support roles.
- 2.9 NNB HPC is aiming to provide training for 1,000 apprenticeships and trainees, and is actively investing around £15 million into education, skills and employment initiatives, which includes new infrastructure such as the Construction Skills and Innovation Centre and Energy Skills Centre. NNB HPC has also recently launched the Young HPC Programme⁵, designed to bridge the gap between its Inspire education programme, skills provision and Job Service.
- 2.10 At a local and regional level NNB HPC has also already delivered multi-million investments into the local and regional economy in a wide variety of socio-economic areas including; accommodation and housing, community safety, economic

⁵ <https://www.edfenergy.com/energy/nuclear-new-build-projects/hinkley-point-c/for-teachers-students-and-educators/young-hpc>

development, tourism, health, transport, the environment and dedicated council resourcing. Local investment also includes a dedicated £20 million Community Fund.

3. Reporting the Wider Benefits

The Story So Far

- 3.1 Currently, over 3,000 people are working on site each day and around 250 apprentices have worked on the project to date. Companies across the UK have been competing for, and winning, contracts for Hinkley Point C and the commitment that up to 64% of the project's construction value will go to UK firms has been reached.
- 3.2 In March 2018 NNB HPC published its first report on how the project has been realising the wider socio-economic benefits, [Hinkley Point C: Realising the Socio-economic Benefits](#).

Reporting

- 3.3 Annually, NNB HPC will publish an update to its report 'Hinkley Point C: Realising the Socio-economic Benefits', showing, amongst other things, progress on the realisation of wider benefits to the UK and to the regions.
- 3.4 Government will work with NNB HPC to consider the possibility of more detailed studies of the socio-economic benefits that have been achieved.

4. Benefit Profiles

- 4.1 The Government's energy policy objectives should be delivering the Industrial Strategy⁶ ambitions- the world's most innovative economy, good jobs and greater earning power for all, modern infrastructure, the best place to start and grow a business.
- 4.2 Since 1990, the UK has reduced its emissions by over 40 percent while growing the economy by over two thirds. The UK's clean economy already supports almost 400,000 jobs. Clean Growth⁷ is one of the Government Grand Challenges⁸ and it will help ensure that the UK maximises the economic benefits of a transition to low carbon.
- 4.3 The recently published Nuclear Sector Deal will set in train a number of actions to ensure the nuclear industry plays an important role in achieving the Clean Growth Grand Challenge. The deal aims to achieve significant cost reductions across the nuclear sector to ensure it remains competitive with other low-carbon technologies. It also supports the UK to become a leader in advanced nuclear technologies of the future.
- 4.4 The wider benefits of building Hinkley Point C will support both the Department's strategic objectives (in addition to helping to ensure the UK has a reliable, low cost and clean energy system) and the key foundations of the Industrial Strategy- ideas, people, infrastructure, business environment and places.
- 4.5 This section sets out profiles of the wider benefits that are expected to be delivered from the Hinkley Point C project.

Percentage (%) value of total construction budget to UK based companies

- 4.6 **Description** – Up to 64% of the overall value of the construction of Hinkley Point C will be with UK based companies.

⁶ <https://www.gov.uk/government/organisations/department-for-business-energy-and-industrial-strategy>

⁷ <https://www.gov.uk/government/publications/industrial-strategy-the-grand-challenges/industrial-strategy-the-grand-challenges#clean-growth>

⁸ <https://www.gov.uk/government/publications/industrial-strategy-the-grand-challenges/industrial-strategy-the-grand-challenges>

Summary

Criteria	Description
Value of the benefit to be assessed and recorded	Percentage value of the construction budget to UK based companies.
Lifespan	Construction phase
How the benefit will be measured	Analysis of the current percentage by value of construction contracts at preferred bidder stage or signed with UK companies compared with the total projected value of all construction contracts.
Assumptions	Where appropriate, based on specific circumstances of the company and contract involved, the % value has been split to reflect the make-up of any consortia.
Data source	NNB HPC

- 4.7 NNB HPC's Development Consent Order in 2012 originally included a commitment to 57% of the value of total construction budget to UK companies. This was the result of a review of the project budget by category against the potential supplier list. It made calculated assumptions as to where the contracts would be let. In the years that followed and as contractual certainty increased, NNB HPC raised its target to 64%.

Progress to Date

- 4.8 The Tier 1⁹ suppliers are suppliers that contract directly with NNB HPC. For the Hinkley Point C project, award of contracts is well-advanced, with around 83% (by value of the project) covered by signed contracts and a further 10% at Preferred Bidder stage. This gives a high level of certainty around spend location. For the remaining packages the initial estimate has been updated and NNB HPC advises that, by the end of construction, 64% of the overall value of the construction of Hinkley Point C is projected to be with UK companies.
- 4.9 Full details on the current view of work packages required to build Hinkley Point C, together with a brief description of scope, procurement status, value band and supplier details (where applicable) can be found on the [EDF Energy website](#).

⁹ Tier One suppliers provide their products directly to the developer, while Tier Two (and lower) suppliers provide their products and services to the supplier at the next higher level in the chain.

Outstanding Commitments and Projections

- 4.10 With a minority of contracts unsecured, a high level of certainty exists and NNB HPC advises that the overall 64% is unlikely to change significantly, if at all, over the course of the remaining construction of Hinkley Point C. However, changes in ownership of any of the key contributors to the project and the final Mechanical, Electrical, Heating, Ventilation and Air Conditioning strategy that is adopted for the erection and installation of much of the plant and equipment could alter the final percentage value in the years to come.

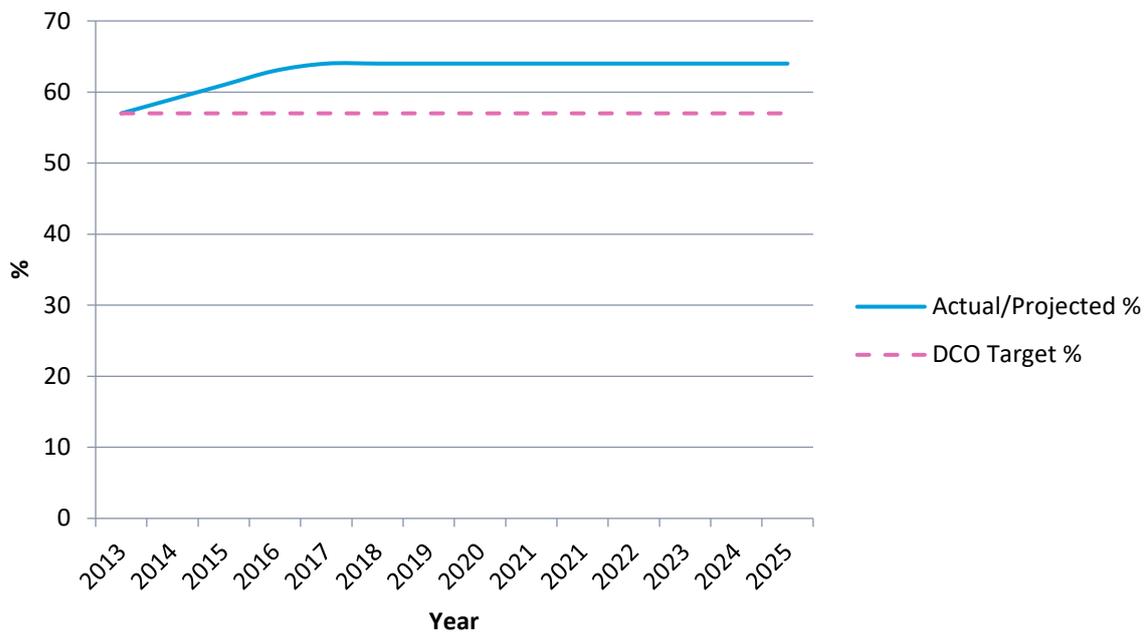


Figure 2: Value of total construction budget to UK-based companies (Source: NNB HPC)

- 4.11 Going forward NNB HPC have advised that they intend to report an additional measure against percentage value of whole life project costs, including operations and decommission to UK based companies.

Employment opportunities

- 4.12 **Description** - During the construction of the Hinkley Point C project, 25,000 employment opportunities are expected to be created on-site.

Summary

Criteria	Description
Value of the benefit to be assessed and recorded	Cumulative number of employment opportunities on site.
Lifespan	Construction phase.
How the benefit will be measured	<p>The projection of 25,000 employment opportunities is calculated using the predicted 50 million man-hours required to build HPC, converted to a Full Time Equivalent (FTE) measure.</p> <p>In order to measure progress against this projection, data will be taken from the live database of individual personnel working on site. This database will be filtered to remove personnel who have not been on site for 13 consecutive weeks or more (which is a Department for Work and Pensions' criteria for sustained employment).</p>
Assumptions	It is assumed that one individual may at times fulfil more than one job on the project and also that one job may be filled by more than one individual. The assumption is that these two effects can balance each other out, so that the number of people who work on the project is approximately equal to the number of jobs.
Data source	NNB HPC

- 4.13 The projection of 25,000 employment opportunities assumes that one individual may at times fulfil more than one job on the project and also that one job may be filled by more than one individual. Churn will occur as workers move between jobs on the project, through enhancing their skills, for example. Similarly, someone may retire and a replacement recruited. Therefore, the number of individuals who actually experience work on the Hinkley Point C project could be more or less than 25,000. It is these individuals that are being actively measured and tracked with this metric.
- 4.14 Very high levels of skilled labour prematurely leaving the project can be damaging to the effective delivery of major projects. The most recent data from National Skills Bodies such as the Construction Industry Training Board (CITB) and Engineering Construction Industry Training Board (ECITB) along with feedback from NNB HPC

Supply Chain partners indicates that contractors are now experiencing an upturn in their own demands for specialist skills and labour. Large scale infrastructure projects, such as Thames Tideway Tunnel, HS2 and announcements of future projects, including Heathrow's third runway, are all fuelling demand for skills in the major project /infrastructure sector. NNB HPC has advised that their skills interventions focussed on key areas of high demand will be essential to supplying and maintaining skilled labour. The interventions are bound together by an innovative, holistic pipeline that can support people from education, into skills development pathways and into sustainable employment. The pipeline includes a range of successful initiatives that include the HPC Inspire Education Programme, Young HPC, a range of training programmes and a dedicated Jobs Service.

4.15 The five phases of construction at Hinkley Pont C are shown in figure 3 below. The figure also shows some of the key job types that will occur during these different phases.



Figure 3: Phases of construction and forecast job types on Hinkley Point C throughout construction (Source: NNB HPC)

4.16 Figure 4 shows a combined chart which breaks-down the primary work areas and specific populations that make up the total forecast workforce requirement over the course of the construction phase. It identifies a civils construction peak workforce of just over 3,000, a Mechanical and Electrical work force peak of 3,200 and a combined overall peak of 5,600 on-site.

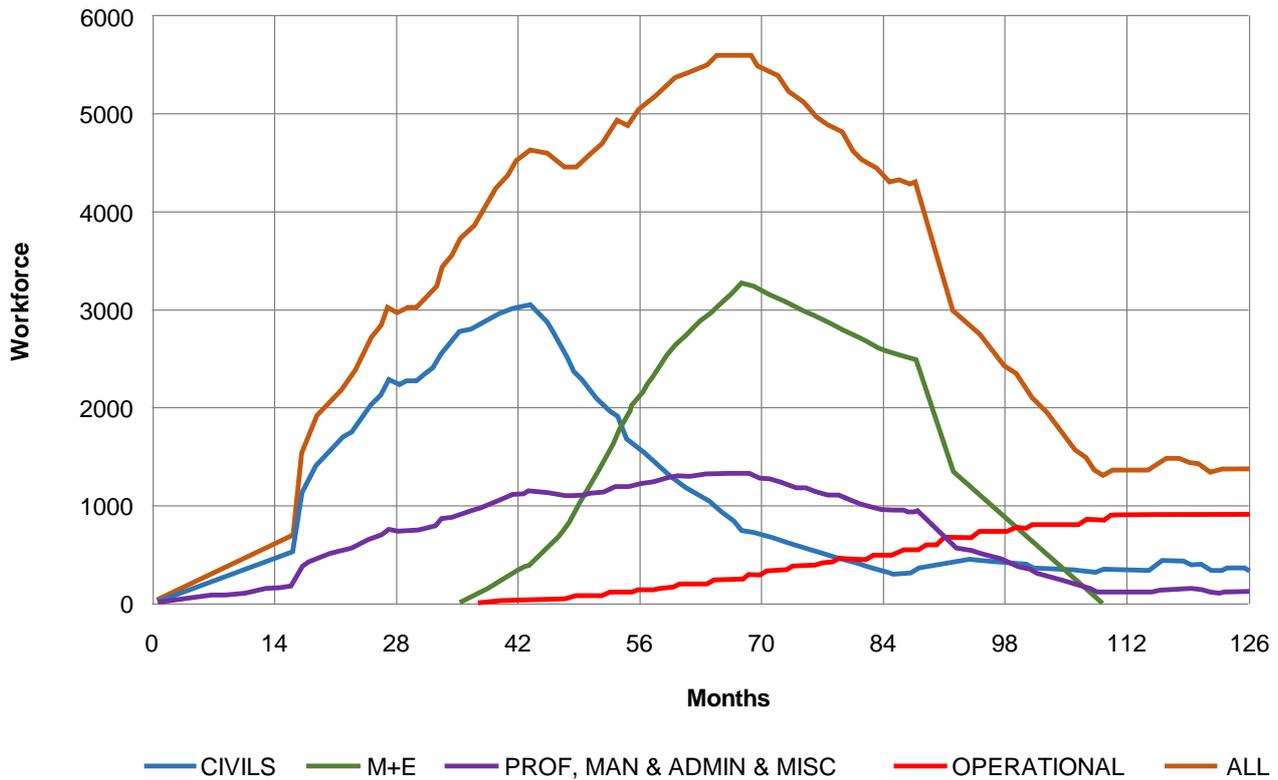


Figure 4: Primary areas of the workforce population over the course of the project (Source: NNB HPC).

Forecasting Limitations and Opportunities

- 4.17 NNB HPC will provide periodic updates on the actual data on the overall cumulative and current workforce numbers. NNB HPC will not be forecasting its overall cumulative workforce population over-time¹⁰, given that there is not a workforce population target value to track against, and given that forecasting would involve making assumptions about staff turnover rates, which would be inappropriate.
- 4.18 NNB HPC advises that it does anticipate that the number of opportunities will expand and contract in-line with the overall workforce number profile shown in figure 4. Opportunities will be created at an elevated rate during the progression to the peak workforce on-site, followed by a plateau towards the end of the project before ramping up again into a stable operational population of around 900 individuals.

¹⁰ The projection of 25,000 employment opportunities was calculated using the predicted total work requirement of 50 million man-hours to build Hinkley Point C. This was converted into full-time-equivalents to give a more meaningful indication of workforce requirements. An FTE, or Full-Time Equivalent, is a 'top down' measure and is effectively a unit of work which may be filled by more than one individual.

4.19 NNB HPC further advises that it can anticipate the types of opportunity available as the project progresses over time. Figure 3 shows the change in skills requirement over time (and core project phases) and should be considered in combination with the overall site population profile of figure 4.

Apprenticeships

4.20 **Description** - During the construction up to 1,000 apprentices will work on the project.

Summary

Criteria	Description
Value of the benefit to be assessed and recorded	Cumulative number of apprentices who have worked across the project.
Lifespan	Construction phase
How the benefit will be measured	The cumulative number of apprentices working on the project (over and above those provided directly by EDF Energy) is reported directly to NNB HPC by the project's delivery partners. This is a requirement of their Employment and Skills Plans (ESPs).
Assumptions	<p>The aspiration that 1,000 apprenticeships would work on the project emerged following discussions on skills planning between NNB HPC and its potential suppliers before the programme of work was finalised.</p> <p>The forecasts are built on schedule and workforce forecast information provided by contractors to NNB HPC in their Employment and Skills Plans.</p>
Data source	NNB HPC

4.21 NNB HPC has committed to an aspirational target of providing 1,000 apprenticeships during the construction phase of Hinkley Point C. This target has been created based on NNB HPC's partnership with Trades Unions and contract partners, and as a commitment to defined industrial relations agreements.

-
- 4.22 The aspirational target is supported by NNB HPC's contractor delivery partners committing to train at least 500 trainees and apprentices within the Construction Sector Agreement, and 500 traditional and adult apprentices within the Engineering Sector Agreement over the construction phase of the project. In addition to apprentices falling within these defined areas, NNB HPC also expects additional apprentices to work within wider sectors; from hospitality and catering to logistics. NNB HPC have reported that the number of apprentices that have been created to date is 250.
- 4.23 In order for these targets to be successfully met, NNB HPC is working with its supply chain partners to identify the areas in which demand and need are highest.
- 4.24 Skills capacity issues and shortages are expected to be an increasing feature on major projects and NNB HPC advises that it will ensure that its contractors are focused upon apprenticeships forming an integral part of their strategy. They are being asked to commit to realistic, yet ambitious targets.
- 4.25 In order to capture those commitments, supply chain partners are required to complete an Employment and Skills Plan. As some contractors are not due to mobilise until 2021, it is difficult at this stage to accurately forecast. NNB HPC has advised that the wider apprenticeship reforms and the introduction of the apprenticeship levy present further forecasting challenges in profiling apprenticeships on the Hinkley Point C project.
- 4.26 In addition, in common with all employers, the NNB HPC supply chain partners keep their skills and training policies under constant review and may identify methods to establish the skilled workforce they need through means other than apprenticeships. This may affect both the current uptake and overall commitments in some skills areas, which are likely to have an impact on the accuracy of NNB HPC's apprenticeship forecasts.
- 4.27 The profile of apprenticeships at Hinkley Point C is therefore dynamic and changeable. It is possible, however, to profile expected apprenticeship performance in the form of the indicative graph shown in figure 5, which has been created using the current project schedule and anticipated overall workforce profile. Given the long time-scales, this profile is indicative in nature and will be updated as more detailed information from NNB HPC's contractors becomes available.

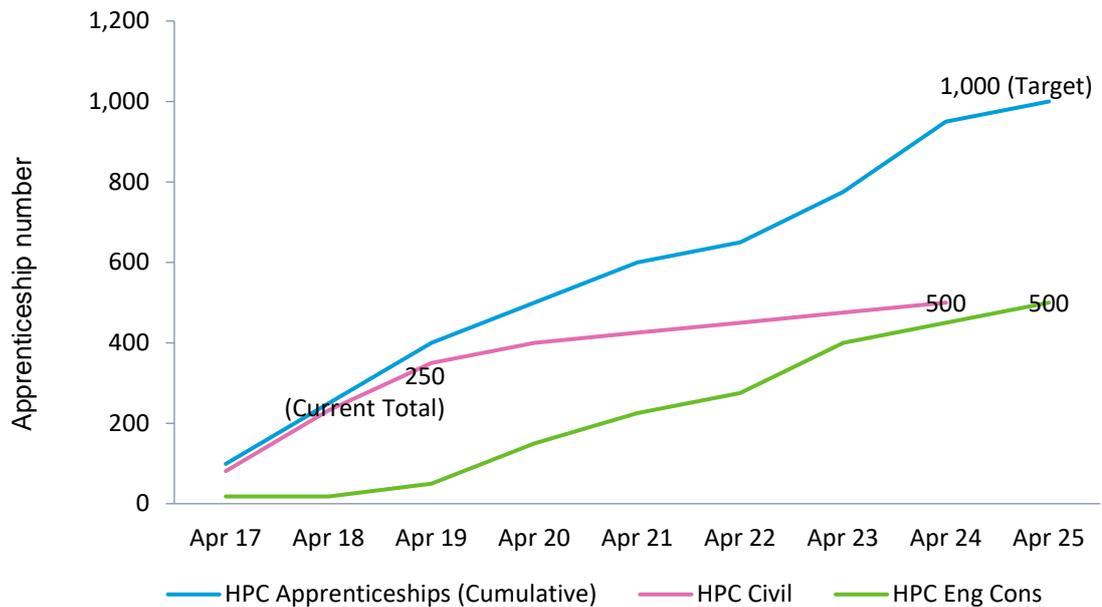


Figure 5: Expected apprenticeships over the construction phase (Source: NNB HPC)

Home-based workers within the construction workforce

4.28 **Description** – An average of 34% of home-based workers will work within the construction workforce over the course of the construction period.

Summary

Criteria	Description
Value of the benefit to be assessed and recorded	Average % of home-based workers within the construction workforce over the construction period.
Lifespan	Construction Phase
How the benefit will be measured	A workforce survey is completed periodically on site, and the results allow the proportion of personnel on site living within a 90-minute commute to be calculated.
Assumptions	The 90-minute commute zone to define home-based workers was developed in 2011 following detailed research by the Impact Assessment Unit at Oxford Brookes University.

Criteria	Description
Data source	NNB HPC

- 4.29 This metric is based on targets for local employment that are specified within the NNB HPC Development Consent Order and specifically the Construction Workforce Development Strategy.
- 4.30 The "home-based local" workforce is defined as anyone living within a 90-minute commute of Hinkley Point C, referred to as the Daily Commute Zone as shown in figure 6. The "home-based" 90-minute zone was developed in 2011 following detailed research by the Impact Assessment Unit at Oxford Brookes University to create a gravity model.
- 4.31 The Development Consent Order target for the percentage of home-based workers within the construction workforce within the local area is 34% and is set as an average figure calculated over the course of the whole construction period. The figure is expected to rise and fall throughout the build due to the varying availability of local skills and the local populations ability to complete specialist works.
- 4.32 NNB HPC has reported that, to date, on average, 48% of the workers on the project are, or have been, home-based.
- 4.33 NNB HPC advises that the proportion of the total workforce which will be home-based is likely to vary over the period of the development, with a higher proportion at the outset, which then reduces as the project moves towards its peak and increases again towards completion as the permanent workforce grows – all of whom will ultimately live in the area. The overall number of local opportunities is however expected to continue to increase as the project moves towards peak.

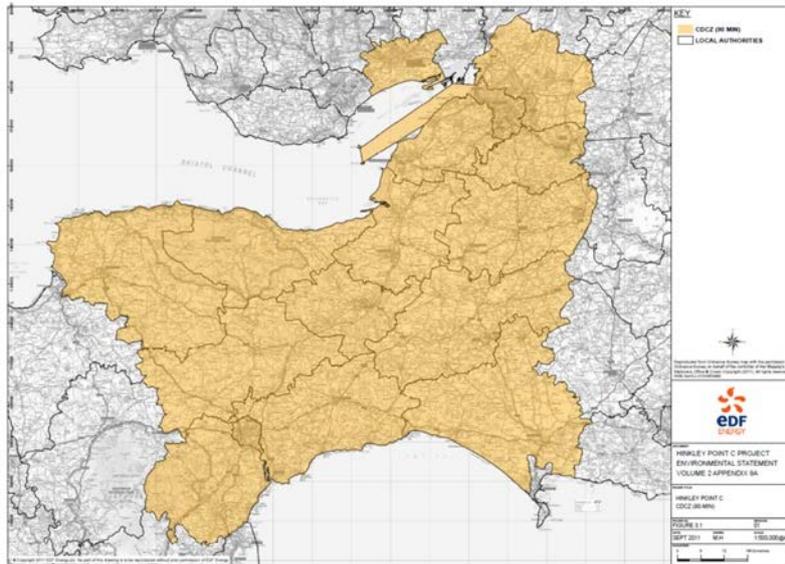


Figure 6: Map of the daily commute zone (Source: NNB HPC)

- 4.34 This phasing of employment opportunities provides both NNB HPC and delivery partners with the opportunity to increase local workforce proportions in the later stages by recruiting local people in the earlier stages and then helping them to develop their skills and move between contractors and different types of contract throughout the construction period. This approach has been a successful feature of large scale construction projects and depends on a concerted effort at the early stages to produce high quality skills information, and tailored programmes to address local needs. NNB HPC has been implementing this through its Construction Workforce Development Strategy.
- 4.35 A projection of the expected numbers of home-based workers is shown in figure 7 with the project remaining confident of meeting the target of a 34% local workforce over the course of the project.

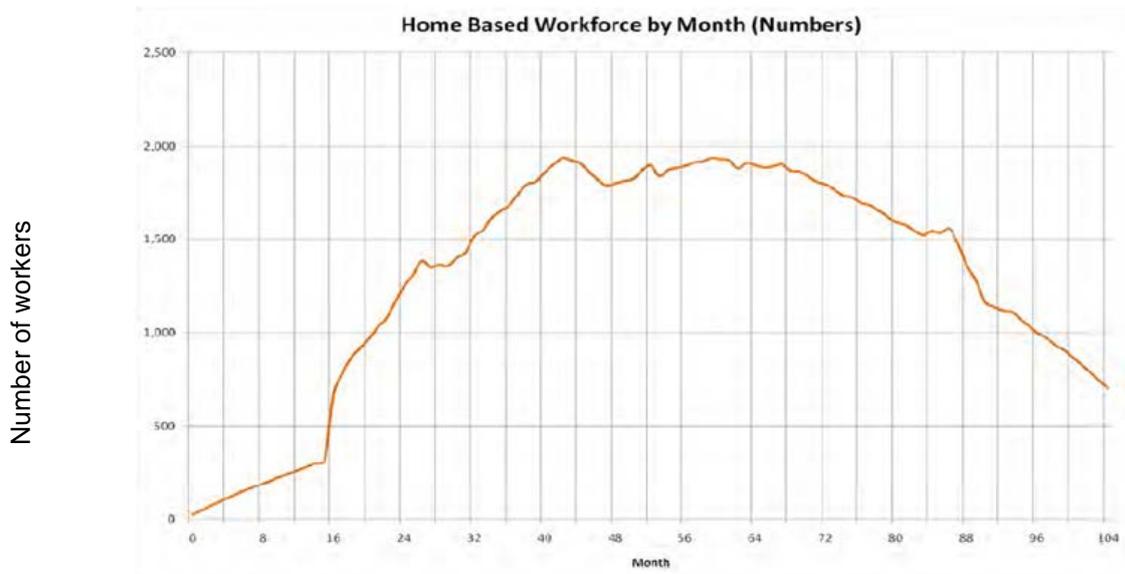


Figure 7: Expected numbers of home-based workers (Source: NNB HPC)

Total spend (£) within the regional economy throughout the construction of Hinkley Point C

4.36 **Description** – £1.5 billion total cumulative spend within the South West during construction.

Summary

Criteria	Description
Value of the benefit to be assessed and recorded	Total spend within South West economy.
Life span	Construction phase.
How the benefit will be measured	Total spend (£) is measured through the analysis of payments made to contractors. Current values include spend at Tier 1 of the supply chain. It is intended that the measurement of this metric will be further developed to include spend below Tier 1 of the supply chain. Tier 1 refers to companies contracting directly with NNB Generation Company (HPC) Ltd. Tier 2 refers to their contractors and Tier 3 refers to Tier 2's -contractors.

Criteria	Description
Assumptions	Expenditure is assigned to the principal address of the contracted entity
Data source	NNB HPC

4.37 NNB HPC's commitment for the total cumulative spend within the South West as a result of the Hinkley Point C project is £1.5 billion. This includes the spend on land, leases, the legal agreements between Local Authorities and the developers that are linked to the Development Consent Order s106 commitments and through the tiered supply chain spend.

4.38 In 2011, NNB HPC defined the local area as the counties of Somerset, North Somerset and part of Bath and North East Somerset. NNB HPC also defined the region as all of the south west peninsular, including South Wales. Figure 8 shows this division. The project reports benefits within the local area to local authority stakeholders¹¹ in line with Development Consent Order commitments.



¹¹ Stakeholders include; Somerset County Council, West Somerset Council, Sedgemoor District Council, Taunton Dean Council and North Somerset Council.

Figure 8: Map showing defined local and regional areas (Source: NNB HPC)

- 4.39 An infrastructure project of this size will induce spend within the region in many ways, NNB HPC has advised that with the use of supply chain spend tracking tools, it may be possible to assess this much greater value later in the project.
- 4.40 NNB HPC reported in July 2018 that over £650 million had already been spent in the South West. This figure is conservative as it does not yet specifically account for spend below Tier 1 within the region. More specifically, the present calculation does not include regional expenditure situations where a Tier 1 contractor based outside the region appoints a Tier 2 contractor within the region.
- 4.41 In addition to the £650 million of expenditure to date, contracts have been entered into for a further £700m, including larger Tier 2 contracts. This brings a total of commitments, including spend to date, over £1.3bn. NNB HPC has advised that a project to capture spend below Tier 1 has been initiated and will be rolled out during 2018.

Outstanding Commitments

- 4.42 NNB HPC have advised that as Tier 2 contracts are typically placed closer to the time that delivery occurs, it is not unusual for different Tier 2 suppliers to be appointed than were anticipated at the time the original contract was placed.
- 4.43 The Hinkley Supply Chain Team¹² is helping to identify opportunities for local and regional businesses, and NNB HPC remains positive that significant additional contracts will be awarded over the next two to three years for delivery in 2020/21. Where possible these successes will form case studies that will further promote local and regional businesses and help them win more work.
- 4.44 There is a target for £200 million regional supply chain spend per year during the construction period. NNB HPC advises that this peak regional supply chain spend is expected to coincide with when the workforce numbers plateau. This is when the main civil works on reactor unit 2 is taking place alongside the major Mechanical, Electrical, Heating, Ventilation, and Air Conditioning works on reactor unit 1.

¹² The Hinkley Supply Chain Team is funded by the Heart of the South West and West of England Local Enterprise Partnerships, North Somerset Council and, more recently, by the Welsh Government. EDF Energy provides significant core funding via a longstanding contract with the Somerset Chamber of Commerce who are one of the three organisations that make up the Hinkley Supply Chain Team

Total cumulative wider financial investment

4.45 **Description** – The financial value of both the Development Consent Order Section 106 planning commitments (including Site Preparation Works and Development Consent Order agreements) and investment into wider local infrastructure.

Summary

Criteria	Description
Value of the benefit to be assessed and recorded	The total financial value of both the Section 106 planning commitments (including Site Preparation Works and Development Consent Order agreements) and investment into wider local infrastructure.
Life span	Construction phase
How the benefit will be measured	Data is tracked directly against payments made to beneficiaries stated within the Development Consent Order Section 106 planning agreements. Investment into wider infrastructure is measured through the analysis of spend data with specific contractors delivering specific projects in the local area.
Assumptions	None
Data source	NNB HPC

4.46 The financial value of both the Section 106 planning commitments (including Site Preparation Works and Development Consent Order agreements) and investment into wider local infrastructure, represents a substantial socio-economic benefit to the local area of approximately £130 million.

4.47 There is no formal financial target to reach over and above the committed values. However, the total value of this metric represents financial commitments to all parties listed under the Site Preparation Works and Development Consent Order s106 agreements and includes financial investment into accommodation and housing, the Hinkley Point C Community Fund, community safety, economic development, tourism, education, health, archaeology and heritage, landscape and visual, public rights of way and amenity, skills and training, transport, environment and dedicated council resourcing. In addition, the figure also accounts for additional infrastructure development and associated development work across the South West.

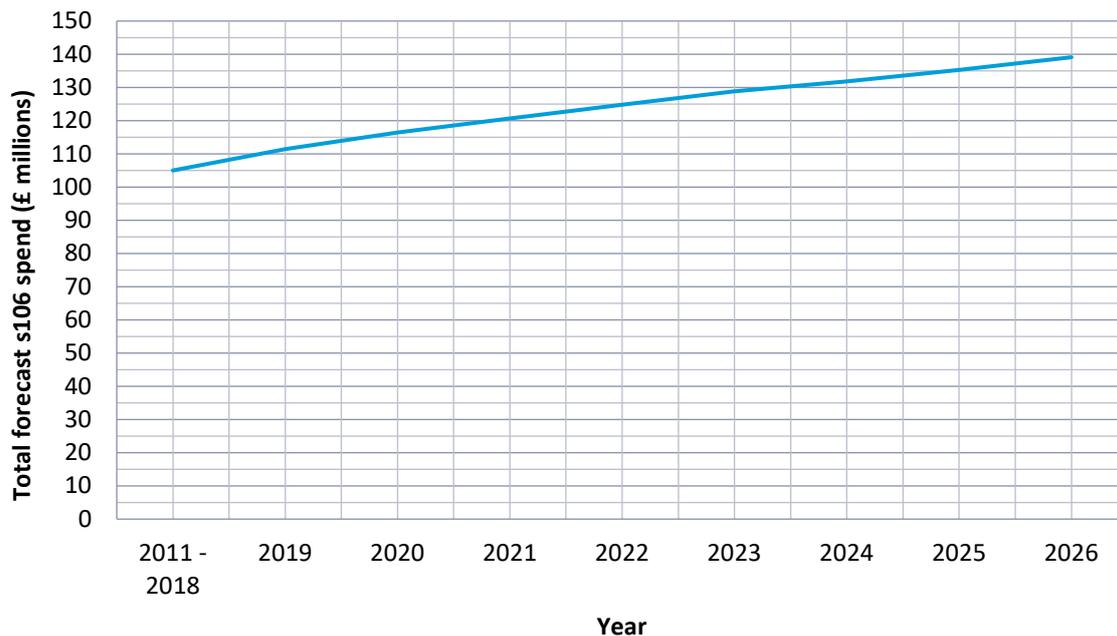


Figure 9: Total cumulative spend from s106 and wider infrastructure development
(Source: NNB HPC)

Forecasting Limitations

- 4.48 The majority (£102.6 million) of the £130 million has already been delivered to the local area. All major additional infrastructure projects to support the Hinkley Point C project are now complete, the Site Preparation Works s106 agreement is fully discharged and a large part of the Development Consent Order 106 has also been delivered.
- 4.49 Although spend can in most areas be accurately predicted based on planned payments, some investments will be made when specific requests are made for appropriate projects. In addition, there are substantial sums set aside for specific contingencies that will only be drawn on if specific criteria are met. These on-request and contingency payments cannot be forecast accurately so have been equally spread across the remainder of each payment term.

5. Next Steps

- 5.1 NNB HPC will publish an update to its report 'Hinkley Point C: Realising the Socio-economic Benefits in the first half of 2019. This will show the progress on the realisation of wider benefits to the UK and to the regions.
- 5.2 The Government will work with NNB HPC to consider the possibility of more detailed studies of the socio-economic benefits that have been achieved.
- 5.3 The Government will consider how this Wider Benefits Plan should be developed over time as Hinkley Point C construction progresses.