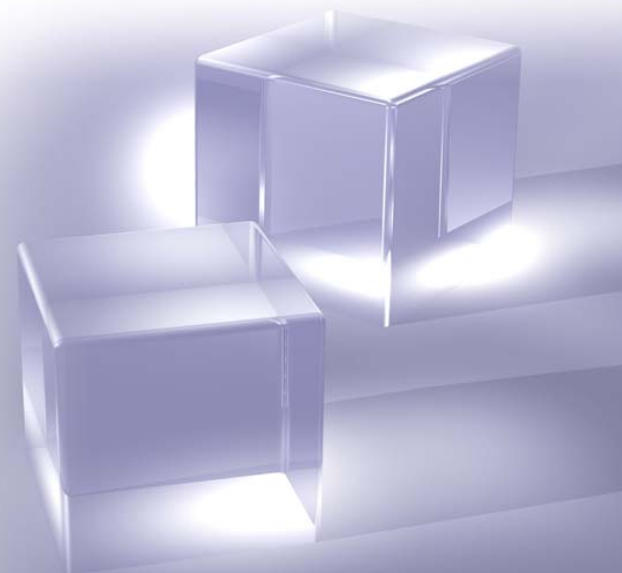


Wylfa and AAM
Socio-Economic Impact Assessment
Executive Summary
February 2006



Wylfa and AAM: Socio-Economic Impact Assessment – Executive Summary

1. The planned closure of the Wylfa Nuclear Power Station and the likely consequential closure of the plant operated by Anglesey Aluminium Metal (AAM) will have a profoundly adverse and potentially long lasting impact on Anglesey. Anglesey is one of the most economically disadvantaged areas of Wales with low levels of economic activity and gross value added (GVA) per head which is barely half (53%) of the UK average.

Potential Impact

2. Wylfa, AAM and the businesses which depend on them account for almost 9% of total employment on the island.
3. In a three year period, between 2009 and 2012, it is estimated that the decommissioning of Wylfa and the closure of AAM will result in the loss of 1,500 jobs and £42.2 million of wages and salaries from the Anglesey economy.
4. The loss of employment and of local incomes resulting from these closures will have further social and community impacts through effects on migration, population and living standards.
5. It is expected that closure of the plants will materially reduce population growth and change the structure of the population, with the proportion of the population aged over 65 years increasing, while the younger age groups decline. The impact on population will be potentially serious in Amlwch, Holyhead and the communities to the north of the Island.
6. Job losses are expected to double the number of areas on Anglesey experiencing very high unemployment rates. Again the greatest impact will be felt in the communities to the north of the Island.
7. Average earnings on Anglesey are predicted to drop by 5% as a result of the closures and the loss of £42 million in wages and salaries from the employees of Wylfa and AAM will bring income per head to a level which is half (49%) of the UK average.

The Way Forward

8. The existing Anglesey Economic Regeneration Strategy is unlikely to be an adequate response to the challenge. Its target of creating 2,000 new jobs was highly ambitious without the closure of the two plants. Closure of the plants will significantly increase the scale of the challenge of economic regeneration on Anglesey.

9. In light of the above considerations and challenges, a more radical approach is required based on a credible but ambitious view of the island's economic future. The island's stakeholders and partners should work together to increase Anglesey's locational competitiveness and to develop an economy which is more resilient and which rests on a number of "pillars" of growth.
10. Anglesey does have *some* time to develop its strategy given the timescales for decommissioning. Nevertheless, a new approach to development will be required over the next ten years.
11. Specific action to improve locational competitiveness will be required in: infrastructure and site development, particularly improved traffic management/capacity on the Britannia Bridge; development of sites and premises for high technology businesses; and actions on skills – notably retraining of Wylfa and AAM employees.
12. However, as well as maintaining elements of the existing strategy, relating to business site and tourism development, the strategy needs to be expanded in scope with action to broaden the economic base. New priorities should focus on: development of academic activities on Anglesey with the aim of creating one or more sub-campuses on Anglesey; development of at least one major tourism destination/resort; local skills development, particularly entrepreneurial skills and residential development to bring in households and incomes to the Island so underpinning local services and communities.
13. We recognise that some hard choices are called for. Expanding residential development has risks of creating dormitory communities but it is necessary to accept that homes and jobs cannot always be co-located and that residential development can create stable communities with long term development potential. Employment cannot necessarily be created in exactly the locations where jobs were lost and it is likely that some further shift of the island's economic gravity to the south will emerge. This may be unavoidable but the best response will be for positive action to improve transport links from the north of the Island to areas of employment growth.
14. Special effort will be required in the hardest hit areas to the north of the Island to promote regeneration and development. We consider that a special vehicle – a regeneration company – involving the local authority and all other stakeholders should be created to develop and implement a local regeneration strategy for this area.