

BRIEFING NOTE

MOTION: OF SUPPORT FOR THE EXTENSION OF POWER GENERATION AT HEYSHAM 1 AND 2 POWER STATIONS

This Council welcomes last month's announcement that following a detailed technical review of the power stations, EDF's licensee board has decided to extend generation dates for Heysham 1 by one year to 2027 and Heysham 2 by two years to 2030.

This decision is great news for Heysham and the wider local community. The power stations are a provider of high skill, high wage jobs, and the extension of the generating life of the power stations secures employment for more than 1,500 staff and contractors. The power stations are anchor institutions, with supply chains and spending power boosting the local economy. They are also a major source of business rate revenue for the Council, whose significant contributions help secure a higher standard of local services and protect more Council jobs than would otherwise be possible.

This decision is also excellent news nationally. Extending the generating lives of the Heysham stations will bolster the UK's security of supply and support plans for the rapid expansion of renewables by helping to maintain grid stability. Nuclear power is a low carbon source of energy, and a key element of the Government's strategy to provide clean power by 2030. Ensuring the baseload with nuclear power also helps limit the UK's dependence on imported gas, a regrettable situation which has caused an energy crisis and led to inflated household bills.

Council has confidence in the safety considerations underpinning this decision. We note that ongoing generation from the stations will ultimately depend not on decisions by EDF, but on the outcome of future inspections, the results of which are reviewed by the independent regulator, the Office for Nuclear Regulation.

Looking to the future, Council notes that Heysham is a location earmarked by the Government for the potential siting of one or more Small Modular Reactors (SMR), that EDF is an approved development partner for these new technologies, and that the first reactors of this type are intended to be delivered by 2029. Council supports bringing 'New Nuclear' to Heysham and welcomes the continuation of the benefits this would bring to both our residents and the rest of the UK.

Council resolves that:

The Chief Executive will write to the Secretary of State for Energy and Climate Change, Cat Smith MP and Lizzi Collinge MP, welcoming the generating life extensions to Heysham 1 & 2, and conveying our support for bringing New Nuclear to Heysham.

That we publicise these views via our various communications channels.

That a full response to any consultation on New Nuclear is prepared on behalf of the Council by Business Committee at the appropriate time.

PROPOSERS:

The motion is proposed by Councillor Phillip Black

The motion is seconded by Councillors Louise Belcher, Colin Hartley, Jean Parr, Martin Gawith, Ruth Colbridge, Catherine Potter, Margaret Pattison, Jason Wood, Chris Hanna and Roger Cleet.

OFFICER BRIEFING NOTE

Background

EDF acquired Heysham 1 and 2 power stations in 2009. At that time they were due to end power generation by 2023. Since then, following a programme of considerable investment, both power stations have benefitted from several lifetime extensions.

The benefits arising from the lifetime extensions, including the most recent announcement on 3 December 2024, are described in the Motion and officers have nothing further to add.

In respect of the future of the site and the potential for the siting of Small Modular Reactors or other similar technologies, the Council's adopted Local Plan (July 2020) includes a policy which seeks to support the construction of any nuclear new build at the site. It also seeks to ensure that the existing nuclear facilities are protected from inappropriate development.

The Council has commenced a review of the Local Plan, which will be able to reflect changing circumstances regarding the site. EDF will be a major stakeholder as the plan-making process evolves. The Local Plan will also be subject to statutory periods of public consultation.

The Proposed Council Resolution

Officers have no further comments to add to the proposed resolution, other than to confirm that any future public consultation response regarding New Nuclear proposals would be considered by Council Business Committee.

SECTION 151 OFFICER'S COMMENTS

All Members will be aware of the significance of both nuclear reactors to the Council's finances through its business rates contributions.

Whilst the extensions to both reactors are welcome, the effect of the revised decommissioning dates will still have a significant impact of the Council, the impact of H1 in 2026/27 is highlighted in the Medium-Term Financial Strategy reported elsewhere on this agenda.

The Council maintains a Business Rates Retention Reserve to mitigate the fluctuations in Business Rates income, however given the size of the income reduction it is inevitable that the Council will collect less Business Rates Income than Central Governments assessed Baseline. As a result, it is likely the Council will be captured by the Governments "safety net" scheme which compensates Councils to 92.5% of the Baseline, this results in a funding short fall which will require a significant draw on reserves to maintain forecast levels of expenditure.

A further complication is the proposed baseline reset, which will consolidate business rates growth into a reset baseline. Under the current scheme Councils are allowed to retain 50% of growth over their baseline. The timing of the decommissioning of the nuclear power stations together with its impact on the revised baseline pose significant financial risks to the Council.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments to add