

Please check the examination details below before entering your candidate information

Candidate surname <i>StemUp Model Solution</i>		Other names
Centre Number	Candidate Number	

Pearson Edexcel Level 3 GCE

Monday 12 May 2025

Morning (Time: 2 hours)	Paper reference	9EB0/01
-------------------------	-----------------	----------------

Economics B

Advanced

PAPER 1: Markets and how they work

You must have: Source Booklet (enclosed)	Total Marks
--	-------------

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** questions.
- Answer the questions in the spaces provided
– *there may be more space than you need.*

Information

- The total mark for this paper is 100.
- The marks for **each** question are shown in brackets
– *use this as a guide as to how much time to spend on each question.*
- Calculators may be used.

Advice

- Read each question carefully before you start to answer it.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

P84930A

©2025 Pearson Education Ltd.
Y:1/1/1/



Answer ALL questions.

SECTION A

Read Extracts A–F in the Source Booklet before answering Question 1.

Write your answers in the spaces provided.

- 1 (a) Explain **one** benefit to train operating companies (TOCs) of leasing the trains.

(4)

One benefit is that leasing reduces the capital expenditure the TOCs need, as they do not have to buy their own trains outright.

Instead, they pay leasing fees to the ROSCOs, which totalled £3.3bn from April 2023 to March 2024. The ROSCOs are also often responsible for the maintenance and rebuilding of the trains, so the TOCs avoid these costs and the risk of owning ageing trains.

This could improve cash flow for the TOCs because less borrowing is required to acquire new trains, freeing up funds to spend on running services, and the cost is spread as regular payments over the life of the contract.

DO NOT WRITE IN THIS AREA

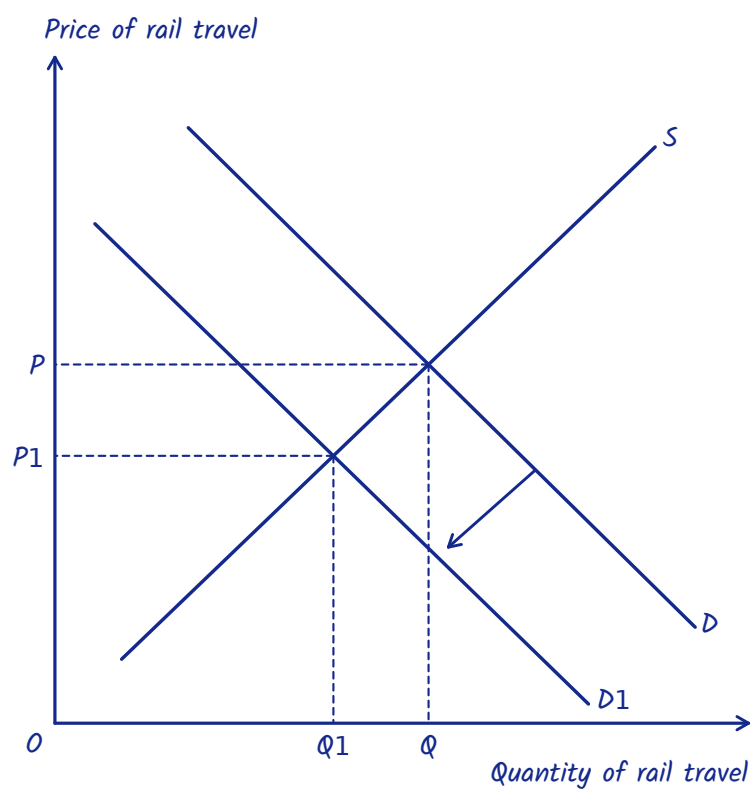
DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



- (b) Using a supply and demand diagram, illustrate the impact on the market for rail travel from a decrease in bus fares.

(4)



Bus travel is a substitute, so lower bus fares shift demand for rail travel left from D to $D1$: price falls from P to $P1$ and quantity falls from Q to $Q1$.

- (c) Using Extract B, calculate to two decimal places, the percentage of total income for the rail industry that came from government subsidies between April 2023 and March 2024. You are advised to show your working.

(4)

$$\text{Percentage} = (\text{government subsidies} \div \text{total income}) \times 100$$

$$\text{Government subsidies} = \text{£12.5bn}, \text{total income} = \text{£25.4bn}$$

$$(\text{£12.5bn} \div \text{£25.4bn}) \times 100 = 49.2126\ldots\%$$

$$= 49.21\% \text{ of total income came from government subsidies}$$



(d) Analyse **two** possible reasons why the UK Government subsidises rail travel.

(6)

One reason is to encourage the use of public transport instead of private cars. The government paid £12.5bn in subsidies between April 2023 and March 2024, almost half of the industry's income. TOCs can use the subsidy to lower the price of rail tickets, so rail becomes cheaper relative to driving and some people switch from cars to trains. Fewer cars on the road helps to reduce road congestion and decrease carbon emissions, reducing negative externalities such as pollution and time lost in traffic.

A second reason is to make rail transport more accessible to many more people. Without the subsidy, passenger income of only £11.0bn would not cover the £25.0bn of expenditure, so fares would need to rise sharply or unprofitable routes would close. By keeping fares lower and services running, UK rail travel is more affordable, ensuring that the benefits of rail transport, such as access to jobs, education and services, are widely available to all income groups, including people on low incomes who do not own a car.

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



(e) Using Extract C, discuss the power that train drivers have in the labour market.

(8)

Train drivers appear to have considerable power in the labour market. Their trade union, ASLEF, represents over 21,000 members, and its successful negotiation of £600 for each overtime shift demonstrates the union's strength against Avanti West Coast. This bargaining power as a member of a trade union, together with their unique skills, gives drivers power to push wages above the level an individual could negotiate alone.

Drivers can disrupt essential travel for many people with industrial action, which enhances their negotiating position: Avanti agreed the deal partly to avoid more strikes and improve reliability. In addition, the specialised nature of driving trains, requiring years of training, limits the supply of qualified train drivers, so labour supply is inelastic and drivers are hard to replace. This is reflected in a typical salary of £70,000 excluding overtime, which could rise to around £100,000 with overtime, showing the high value of their work.

However, their power may be limited. The fact that there has been 22 months of travel disruption suggests drivers have not been able to win their demands quickly, and continued industrial action could sway public opinion and political support away from them. The deal is also only temporary, lasting until 13 March 2025. In the long run, more working from home and the use of alternative modes of travel could reduce the demand for train services, and so the derived demand for drivers, while technological advances such as driverless trains could threaten their role.

Overall, train drivers currently have strong power because of high union membership and skills that are scarce, but this power depends on demand for rail travel and may weaken in the long run if technology or changing travel habits reduce the need for drivers.



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

Handwriting practice area with 12 horizontal dotted lines.



- (f) Using Extract D, assess the impact on consumers of Avanti West Coast having a monopoly on its routes.

(10)

A monopoly is where a single firm dominates the market; Avanti West Coast is the sole operator on its routes from Scotland, Wales, Manchester and Liverpool to London. As a monopolist, Avanti can set higher prices because there is no competition on these routes. Consumers have no alternative but to pay the prices set or choose a different mode of transport, such as driving or flying, which might not be as convenient or efficient, so consumer surplus is reduced.

Without competitive pressure, monopolies may not have enough incentive to improve service quality or efficiency. Extract D shows that only 46% of Avanti's services ran on time in 2022, compared with the national average of 70%, so consumers are likely to be experiencing unreliable services, a direct consequence of the lack of competition or of poor management. Despite this, its contract was renewed in 2023 for a further nine years, which might decrease the urgency to improve, as the threat of losing the franchise has gone.

Avanti's financial approach also suggests consumer interests might be secondary to shareholder returns. It distributed £13.5m to shareholders in 2022, an increase of 17%, even though pre-tax profits fell from £16.6m to £12.3m, about 26%. Money paid out as dividends is not reinvested in better trains or staff, potentially leading to higher fares and a worse service.

However, there may be benefits for consumers. A single operator provides a standardised service across its routes, ensuring a consistent and predictable travel experience. As a sole operator, Avanti can achieve economies of scale, lowering operating costs and improving efficiency, which could be reflected in better resource allocation and perhaps more affordable fares. Monopoly status also gives financial stability, allowing investment in long-term improvements and technology. Fares are



also partly regulated by the government, limiting abuse of power.

Overall, the evidence in Extract D suggests the impact on consumers has been largely negative, as poor punctuality and rising dividends show weak incentives to serve passengers. The size of the impact depends on how strongly the government regulates fares and performance during the nine-year contract.



- (g) Assess whether the investment into a new railway line between Birmingham and Manchester can reduce geographical immobility.

(12)

Geographical immobility refers to the barriers people face when moving from one area to another to find work, such as high housing costs, family ties and poor transport links. Extract E states that experts believe a new rail line is essential to address the missing link between Birmingham and Manchester, as the M6 and West Coast line cannot meet future demand.

Investment in the railway could improve worker mobility between Birmingham and Manchester by facilitating easier and faster commutes for employment opportunities across these major city regions. Workers would be able to take a job in the other city without having to move house, reducing the barrier of relocation costs. This can help to reduce geographical immobility, as workers have more flexibility to change jobs without relocating.

By linking two major economic hubs, the rail link can integrate labour markets, enabling employers to access a broader talent pool and workers to access more job opportunities, which reduces skills shortages and unemployment. The proposed line, following the original HS2 route to Manchester Airport, is also likely to stimulate investment in surrounding areas, creating jobs in construction, retail and other sectors, which further reduces geographical immobility by diversifying regional economies so that people can find work closer to home.

However, the cost is a major barrier. The cancellation of HS2's northern leg to save £36bn highlights the huge expenditure required for such infrastructure. The alternative depends on finance from both the private sector and government, which might strain public resources or increase borrowing, and if funding is not secured the line may never be built. There will also be a significant time lag in building a new line, so any reduction in immobility would only occur in the long run.



In addition, more people now work from home, which may mean geographical immobility is less of a problem than it was 10 to 15 years ago. A focus on just infrastructure may also overlook other crucial factors, such as the lack of affordable housing in the cities where jobs are created, or occupational immobility, where workers lack the skills for the vacancies, which a train line cannot solve. Fares may also be too expensive for lower-paid workers to commute daily.

In conclusion, the new line can reduce geographical immobility by cutting journey times and integrating the two labour markets, but only in the long run and only if it is fully funded. Its effect will be greatest if it is combined with policies on affordable housing and training, as transport alone does not remove every barrier to mobility.

UK train manufacturers have urged the government to buy more trains.

- (h) Assess the possible benefits to the UK economy if the UK Government buys more trains.

(12)

Buying new trains can be considered part of fiscal policy, as it is an increase in government spending, a component of aggregate demand. Extract F shows that more than 2,000 jobs are at risk at Alstom's Derby factory and Hitachi's Newton Aycliffe factory due to a lack of new orders.

Government orders would directly safeguard jobs at the Alstom and Hitachi factories and indirectly support the 5,000 to 7,000 supply chain jobs, many in small and medium enterprises across the Midlands. Maintaining these jobs is crucial for local economies and helps preserve specialised skills and knowledge in the rail manufacturing industry, so that the UK does not lose two centuries of rail heritage and the ability to build the HS2 trains due from 2025.

Manufacturing activity from train orders injects money into the economy, creating a multiplier effect. Workers who keep their jobs continue to spend their incomes, benefiting not just the railway sector but related industries, from parts suppliers to local shops and service providers, so the final increase in GDP is larger than the initial spending. The government also saves on unemployment benefits and receives more tax revenue.

Purchasing additional trains could also significantly improve the UK's public transport infrastructure. Newer, more modern trains can enhance the passenger experience through better reliability, increased capacity and improved comfort. This supports the government's broader transport and environmental objectives, such as reducing road congestion and lowering carbon emissions by encouraging a shift from car to rail travel, and it raises the productive capacity of the economy in the long run.

However, government resources are limited, so there is an opportunity cost: spending



on new trains must be balanced against other priorities such as healthcare, education and social services. The capital outlay might result in a larger fiscal deficit or require higher taxation. Bulk government purchases could distort the market, stifling competition and innovation, and create dependency on government contracts, making manufacturers less responsive to market signals. The post-global health crisis shift to remote working also raises questions about whether additional trains are needed.

Overall, buying more trains would bring clear short-run benefits by protecting thousands of skilled jobs in the Midlands and north-east, with multiplier effects on regional economies. The long-run benefit depends on whether there is genuine demand for the extra trains and whether the spending is affordable compared with other uses of public funds.

(Total for Question 1 = 60 marks)

TOTAL FOR SECTION A = 60 MARKS

SECTION B

Read Extract G in the Source Booklet before answering Question 2.

Write your answer in the space provided.

- 2 Evaluate the extent to which the removal of the cap on bankers' bonuses will be beneficial to the UK banking industry.

(20)

A bonus is a payment made to employees on top of their base pay, usually linked to individual or company performance. In October 2023 regulators removed the cap, which had restricted bonuses to twice base pay. The cap was introduced after the 2008 to 2009 Global Financial Crisis to reduce excessive risk-taking in the financial sector.

One benefit to the UK banking industry is greater international competitiveness. The UK Government claims removing the cap will increase the post-Brexit competitiveness of the City by making London a more attractive place for banks to base their staff. Matching the pay packages offered by international competitors in financial centres outside the EU, such as New York, Hong Kong and Singapore, which do not impose similar caps, may attract top talent to London. This would enhance productivity and innovation within the UK financial sector, helping UK banks win more business.

Secondly, competitive pay can motivate bank employees to maximise personal performance and corporate profits. Unlimited bonuses could drive performance in areas where reward is closely linked to company success, such as investment banking and trading. Higher productivity and profits allow banks to pay higher dividends to shareholders and to reinvest, strengthening the industry.

Thirdly, flexibility in pay structures allows banks to respond to economic fluctuations and manage labour costs dynamically. Because the cap limited bonuses, banks raised base salaries instead, which are a fixed cost. With the cap removed, banks can pay

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



a lower base salary and a larger variable bonus, so the FCA argues firms have greater flexibility to cut pay in cases of poor performance or misconduct. In a downturn, labour costs fall automatically, improving financial stability.

The benefits may extend to the wider economy, which in turn helps banks. In 2023 financial services employed over 2.5 million people, produced £278bn of output, 12% of UK GDP, and contributed £100bn in tax revenue. Higher incomes from bonuses could lead to increased consumption and investment by high earners, contributing to economic growth through the multiplier effect, and if removing the cap increases the sector's share of GDP, the government gains extra tax revenue.

However, unlimited bonuses may encourage high-risk behaviour, which can lead to greater financial instability. Excessive risk-taking was a key factor in the 2008 financial crisis, when several banks failed or needed government bailouts. If employees are rewarded for high-risk decisions that are not matched by long-term company performance, it can lead to moral hazard: bankers receive the rewards while the bank, its shareholders or taxpayers bear the losses. Removing the cap might therefore incentivise behaviour that is profitable in the short term but detrimental in the long term, harming the industry itself.

There could also be public outrage. Paul Nowak of the TUC called the decision obscene at a time when millions are struggling to make ends meet. During a cost-of-living crisis, higher bonuses could intensify social tensions about wealth distribution and taxation, damaging the reputation of banks, causing customers to switch providers and possibly leading to higher taxes on banks in future.

The size of the benefit is also uncertain. Many factors determine where banks locate staff, such as access to EU markets, which has been reduced by Brexit, regulation, tax rates and the cost of living in London, so bonuses alone may not attract many staff. Banks could also simply pay higher bonuses on top of existing

salaries, raising their costs without improving performance. In addition, the impact differs by type of bank: investment banks gain most, while retail banks and building societies, whose staff rarely receive large bonuses, may gain little.

In conclusion, removing the cap is likely to be beneficial to the UK banking industry in the short run, by improving London's ability to attract talent and giving banks flexibility over labour costs. However, the extent of the benefit depends largely on the banking sector's ability to manage the risks effectively and on the government's and regulators' capacity to regulate the sector to protect the broader public interest. If bonuses are linked to long-term performance, for example through deferred payments that can be clawed back, the benefits are likely to outweigh the costs; if not, the industry risks repeating the instability of 2008.

(Total for Question 2 = 20 marks)

TOTAL FOR SECTION B = 20 MARKS



DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

BLANK PAGE

QUESTION 3 BEGINS ON THE NEXT PAGE



SECTION C

Read Extracts H–I in the Source Booklet before answering Question 3.

Write your answer in the space provided.

- 3 Evaluate whether the social benefits of building nuclear power stations outweigh the social costs.

(20)

Social benefits are the private benefits plus the external benefits of an activity, and social costs are the private costs plus the external costs. The UK Government plans to raise nuclear capacity from about 6 gigawatts today, which will fall to just over 1 gigawatt by 2028, to 24 gigawatts by 2050, with Hinkley Point C under construction and Sizewell C approved.

Large infrastructure projects such as Hinkley Point C create significant social benefits for the local and national economy through job creation during the construction and operation phases. These jobs are often well paid and can significantly boost local economies in areas such as Somerset and Suffolk, as workers spend their incomes in local businesses, creating a multiplier effect.

Nuclear power also provides a stable, reliable source of low-carbon energy, unlike renewable sources such as solar and wind, which depend on the weather. This is crucial for meeting climate targets and for reducing dependence on fossil fuels, giving external benefits to society through lower carbon emissions and less air pollution. Once operational, Hinkley Point C will generate enough electricity to power 6 million homes and provide 7% of the UK's electricity, directly supporting energy security and reducing exposure to volatile imported gas prices.

In addition, nuclear power stations are extremely efficient in terms of the amount of energy produced relative to their size, compared with wind or solar farms that need large areas of land. There are also strict regulations in the nuclear industry, reducing the risk of accidents and enhancing public trust over time.

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA

DO NOT WRITE IN THIS AREA



However, there can be significant social costs. Large amounts of land, labour, building materials and heavy machinery are needed to construct Hinkley Point C and Sizewell C, which have an opportunity cost. Extract 1 shows that the estimated cost of Hinkley Point C has risen from £26bn in 2022 to £46bn, an increase of about 77%, reflecting the high capital requirements that are a direct financial burden to EDF and may be passed on to consumers through higher electricity prices. Opening has been delayed from June 2027 to 2029 at the earliest, due to inflation, labour and material shortages, the global health crisis and Brexit. Once open, there are ongoing costs of maintenance, management and obtaining nuclear fuel, plus the long-term cost of storing radioactive waste.

The construction and operation of nuclear facilities also create external costs. The Stop Hinkley Campaign argues the project is noisy and damaging the environment, including potential wildlife loss and habitat changes. Nuclear power stations may involve relocating local communities and can deter other investment in the area due to perceived risks, harming local economies, as shown by the local pressure group.

Although the risk of an accident is small, its cost would be extremely high.

Evaluating these, the balance depends on the time period. In the short run, the social costs dominate: tens of billions are spent and the area suffers noise and disruption with no electricity produced until 2029. In the long run, however, the plant could run for around 60 years, so the benefits of low-carbon, reliable

electricity are spread over a long period. It also depends on the alternatives: Roy Pumfrey argues for 100% renewables, which are cheaper and quicker to build, but they are intermittent, so nuclear may still be needed to provide a stable base load.

Measurement is also difficult. External costs and benefits, such as damage to wildlife or the value of energy security and lower emissions, are hard to value in money terms, so cost-benefit analysis may be inaccurate, and further cost overruns

would change the result.

In conclusion, the social benefits of nuclear power, low-carbon and reliable electricity, energy security and well-paid jobs, are likely to outweigh the social costs in the long run, given the UK's climate targets and the fall in existing capacity.

However, any method of energy production involves costs to some extent, and the outcome depends on how these are managed over time: if construction costs keep rising and delays continue, as at Hinkley Point C, the social costs could outweigh the benefits.

(Total for Question 3 = 20 marks)

TOTAL FOR SECTION C = 20 MARKS

TOTAL FOR PAPER = 100 MARKS



Pearson Edexcel Level 3 GCE

Monday 12 May 2025

Morning (Time: 2 hours)

Paper
reference

9EB0/01

Economics B

Advanced

PAPER 1: Markets and how they work

Source Booklet

Do not return this Booklet with the question paper.

Turn over ►

P84930A

©2025 Pearson Education Ltd.
Y:1/1/1/




Pearson

Sources for use with SECTION A

Read the following extracts (A–F) before answering Question 1.

Extract A

The UK rail industry

Following privatisation in 1993, British Rail was divided into three main parts:

- Network Rail that owns the rail infrastructure (track, signalling, bridges, tunnels, stations and depots)
- Train Operating Companies (TOCs) such as *Avanti West Coast* that operate the passenger and freight trains
- The rolling stock companies (ROSCOs) that own the trains and lease them to the TOCs.

5

ROSCOs have replaced many of the older trains that were being used before privatisation with modern trains. They are often responsible for the maintenance and rebuilding of the trains they lease to the TOCs. The ROSCOs received £3.3bn in leasing fees from the TOCs from April 2023 to March 2024.

10

(Source: adapted from <https://www.orr.gov.uk/about/who-we-work-with/industry/rolling-stock-companies>)

Extract B

UK rail industry operational income and expenditure between April 2023 and March 2024

Income	£bn	Expenditure	£bn
Passenger income	11.0	Train Operator's costs	12.5
Government subsidies	12.5	Network Rail	11.1
Other sources	1.9	Other costs	1.4
Total income	25.4	Total expenditure	25.0

(Source: adapted from <https://dataportal.orr.gov.uk/media/udsa42ql/rail-industry-finance-uk-statistical-release-202324.pdf>)

Extract C

Avanti West Coast train drivers to be paid £600 for overtime shifts

Avanti West Coast train drivers will receive an increased fee for working overtime shifts as part of an agreement between the Train Operating Company (TOC) and the ASLEF trade union, which represents over 21,000 members. The deal means train drivers will now be paid £600 to work an extra shift in addition to their standard four-day week.

5

The new deal will remain until 13 March 2025 and aims to improve the reliability of the train operator's services and avoid more industrial action which has disrupted rail passengers for 22 months.

Reports indicate that the pay increase could take some train drivers' average annual salary to around £100 000. *Avanti West Coast* states that a typical train driver salary, excluding overtime, reaches £70 000 within a few years of starting.

10

(Source: adapted from <https://www.independent.co.uk/travel/news-and-advice/avanti-train-drivers-pay-overtime-shifts-b2518207.html>)

Extract D

Avanti West Coast contract renewed despite poor performance

In 2023, *Avanti West Coast's* contract to operate train services was renewed for a further nine years.

It will continue to operate rail routes from Scotland, Wales, Manchester and Liverpool to London. The renewal came despite issues with trains arriving late or not at all. Only 46% of *Avanti West Coast* services ran on time compared to the national average of 70% in 2022.

5

These figures come after the firm distributed £13.5m to its shareholders in 2022, an increase of 17% from the year before. This was despite its pre-tax profits decreasing from £16.6m to £12.3m.

10

(Source: adapted from <https://news.sky.com/story/avanti-west-coast-and-crosscountry-rail-contracts-renewed-despite-disastrous-2022-for-avanti-12965074>)

Extract E

City mayors put forward alternative to the cancelled HS2 northern leg

In October 2023, Prime Minister Rishi Sunak cancelled HS2's northern leg, arguing the £36bn cost would be better spent on local transport. HS2 will now only connect London to the West Midlands.

In response, West Midlands Mayor, Andy Street and Greater Manchester Mayor, Andy Burnham, commissioned a review into alternatives funded by both the private sector and government.

5

Experts concluded that a new rail line is essential to address the "missing link" between the two major city regions, as the M6 motorway and West Coast rail network cannot meet future demand. The proposed rail link would follow the original HS2 route north of Birmingham to Manchester Airport but at a lower cost.

10

(Source: adapted from <https://www.ft.com/content/183e3afc-099a-4cee-9bed-6416a97d981a>)

Extract F

Jobs at risk as UK Government fails to bridge gaps in new train orders

More than 2,000 jobs are at risk at two major UK train factories due to a lack of new orders. *Alstom's* Derby factory has begun layoffs after halting production, while *Hitachi's* Newton Aycliffe factory in the north-east of England may run out of work within a year.

Both *Alstom* and *Hitachi* have lobbied the government to order more trains to plug their gaps in production until 2025. This is when work on new government-owned HS2 high-speed trains is scheduled. The government has failed to add extra orders on to existing contracts for the factories.

5

It is estimated the *Alstom* closure could put at risk between 5,000 and 7,000 jobs in the railway supply chain, many of them in small and medium enterprises across the Midlands.

10

The leader of Derby City Council said, "This will hit this great industry, our city, and the wider Midlands economy extremely hard. Without government support we will lose train making in the UK forever and put almost two centuries of local rail heritage at risk."

(Source: adapted from <https://www.ft.com/content/21bb0b5d-26b8-422f-99fb-8aff7119945e>)

Source for use with SECTION B

Read the following extract (G) before answering Question 2.

Extract G

Cap on bankers' bonuses removed

In October 2023, regulators removed the cap on bankers' bonuses. The cap had restricted bonuses to twice the base pay for employees of banks, building societies and investment firms within the EU.

The bonus cap, introduced after the 2008–09 Global Financial Crisis, was meant to reduce excessive risk-taking in the financial sector. Regulators, including the Financial Conduct Authority (FCA), argued the removal of the cap would give firms greater flexibility to cut pay in cases of poor performance or misconduct.

5

Since leaving the EU, the UK Government has claimed removing the cap will increase the post-Brexit competitiveness of the City by making London a more attractive place for banks to base their staff. This could further enhance the financial sector's contribution to the UK economy.

10

In 2023, there were over 2.5 million people employed across the UK in financial services, producing £278bn of economic output. This represented 12% of the entire UK's GDP and contributed £100bn in tax revenue.

15

Paul Nowak, General Secretary of the Trades Union Congress, criticised the decision to remove the cap as 'obscene'. "At a time when millions up and down the country are struggling to make ends meet — this is an insult to working people," he said.

(Source: adapted from <https://www.ft.com/content/cc419caf-213d-418e-b921-90e80c7a114b> and https://assets.publishing.service.gov.uk/media/64ad6d32fe36e0000d6fa6a9/State_of_the_sector_annual_review_of_UK_financial_services_2023.pdf)

Sources for use with SECTION C

Read the following extracts (H–I) before answering Question 3.

Extract H

Costs and benefits for nuclear power stations

There are five nuclear power stations in operation across Britain today. However, based on current plans, Sizewell B will be the only one still open by 2028. That means the country's existing nuclear capacity will fall from about 6 gigawatts today to just over 1 gigawatt. In response, the UK Government has set out ambitious plans to build new power stations to reach 24 gigawatts of capacity by 2050.

5

Progress has been slow so far, with just one new nuclear power station, Hinkley Point C in Somerset, under construction by French energy company EDF. The project, which began in 2017, has suffered repeated delays and is not expected to start producing electricity until 2029 at the earliest.

10

"Just like other infrastructure projects, we have found construction slower than we hoped and faced inflation, labour and material shortages — on top of the global health crisis and Brexit disruption," said Stuart Crooks, Managing Director of Hinkley Point C.

Hinkley Point C, once operational, will generate enough to power 6 million homes and provide 7% of the country's electricity, reducing dependency on fossil fuels. Meanwhile another plant, Sizewell C in Suffolk, has been approved but is yet to begin construction.

15

(Source: adapted from <https://www.telegraph.co.uk/business/2024/03/12/charts-show-why-sunak-forced-build-new-gas-plant/>)

Extract I

The Stop Hinkley Campaign

The Stop Hinkley Campaign has reacted to the news that the cost of Hinkley Point C has increased to £46bn and may now not be open until 2029. In 2022, the cost of building the nuclear plant was estimated to be £26bn and was expected to be completed by June 2027.

5

Spokesperson, Roy Pumfrey said, "Any sensible government would be urgently looking at the overwhelming case to provide our power from 100% renewables. And it's not just costs that are increasing, the whole project is noisy and is damaging the environment."

(Source: adapted from <http://stophinkley.org/press-releases/hinkley-point-c-cost-ballooning-amid-further-delays/>)

BLANK PAGE



BLANK PAGE

