

Socio-Economic

Gretna-Lockerbie-Annan Corridor Priority Area Plan

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Main purpose of this document

1.0 Introduction

This document includes the Socio-Economic Priority Area Plan for the Gretna-Lockerbie-Annan Corridor area. The plan has been developed from information supplied by the Site Licence Company (SLC), the local community and the senior NDA managers located in the region.

The NDA Socio-Economic Policy identifies four geographical priority areas. These are areas which are identified with the potential of being most significantly impacted by the decommissioning and clean up activities of the NDA. The priority areas will be reviewed periodically but are currently identified as:

- West Cumbria
- Caithness and North Sutherland
- Anglesey and Meirionnydd; and
- The Gretna-Lockerbie-Annan corridor in Dumfries and Galloway

As work in the area of socio economics has progressed in the NDA, it has become clear that the requirements stated in the Policy need to be interpreted into more specific plans for each of the Priority Areas, because NDA needs, and local conditions, in each area are different. The Priority Area Plans therefore provide an increased level of specific detail which is relevant to the requirements of each Priority Area.

Area Plans will be developed for other NDA sites, as appropriate, in the future.

Each Priority Area Plan contains a section which defines actions to be taken going forward. These actions will be assembled into an overall project plan which will drive the delivery and co-ordination of the overall NDA socio-economic activities. This will include developing reporting regimes that will provide increased visibility of project performance and an approach in planning and reporting which is co-ordinated with the SLCs.

Priority Area Plans are dynamic documents. They will be updated and maintained to reflect any changes in approaches or arrangements made in the areas concerned.



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2.0 Summary of NDA Socio-Economic Policy

Socio Economic Vision

The Socio Economic vision of the NDA, as set out in the Policy, is:

To support the creation of dynamic, sustainable local economies for communities living near our sites, in Partnership with regional development agencies and organisations.

Socio Economic Objective

The Socio Economic Objective of the NDA, as set out in the Policy, is:

To support the relevant agencies for economic development, through partnership where appropriate, in minimising the impact (and maximising the opportunity) of decommissioning and clean-up through:

- *enhancing the opportunity for local people to be involved in decommissioning work and related activities through education, retraining and skills development*
- *supporting the diversification of local economies into other sectors – reducing the reliance of communities on nuclear sites for employment by increasing the number, variety and vibrancy of local businesses, promoting entrepreneurship and attracting new enterprises*
- *increasing the attractiveness of areas near NDA sites as places to live, work and invest, with particular emphasis on achieving environmental, social, cultural and infrastructure improvements*

Thematic Priorities

To help the NDA to achieve its socio-economic objectives, support is focussed on projects that help deliver the following benefits:

- Employment – with a preference for higher value job creation
- Education/skills – to support both decommissioning and clean-up and diversification into other economic sectors
- Economic and social infrastructure – including environmental remediation and improvements to cultural and natural heritage
- Economic diversification – diversification into other industries and sectors, including support for the local supply chain

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3.0 The Socio-Economic Priority Area Plan for Gretna-Lockerbie-Annan Corridor

The Gretna-Lockerbie-Annan Corridor in Dumfries and Galloway is one of the four priority areas identified in the NDA's Socio-Economic Policy and the location of Chapelcross nuclear licensed site.

Dumfries and Galloway is the third largest area in Scotland, forming the south-west corner of the country. Densely rural, the region is one of the most sparsely populated areas in Europe, with agriculture and forestry dominating land use. The population in 2002 was 147,310 and is projected to decline slightly over the next 10 to 15 years, due in part to continued out-migration of young people in search of education and employment. In-migration has resulted in a high proportion of people over retirement age and a declining proportion of the population of working age.

Of the 7,000 businesses operating in the region, more than one third specialise in land-based activities, with a similar proportion based in distribution (including retail, wholesale and transport) and hospitality. Of these firms, 87% are micro-businesses employing fewer than 10 people, reflecting the rural nature of the economy. In 2006/07, the largest single employment sector in the region was the health and social services, accounting for 19.3% of total employment. Whilst the region accounts for only 1.9% of Scotland's knowledge-based jobs, a relatively large proportion of public sector jobs in the region are knowledge-based. By contrast, the proportion of private sector jobs in knowledge-based sectors is far lower than the national average, resulting from an under-representation of employment in knowledge-intensive sectors such as the financial and business services and engineering sectors.

In 2006, Gross Value Added (GVA) in the region was £1.826 billion. Although per capita GVA has increased since 1999, the rate of increase has not kept pace with the Scottish average. Consequently, the prosperity gap between the two has widened; in 2006, GVA per capita in Dumfries and Galloway was £12,335, 25% below the Scottish average of £16,370. However, GVA per capita in the region is affected by the absence of cities, which tend to dominate the performance of national benchmarks, and by the high proportion of people over retirement age, which results in proportionately fewer economically active people.

Personal income per capita, which is only 7% below the Scottish average, suggests a smaller prosperity gap between residents living in the region and the Scottish average. However, the average income of people working in Dumfries and Galloway workplaces is 18% below the Scottish average, indicating that a significant minority of income in the region is earned in workplaces outside the region. Thus, despite generally low levels of daily commuting compared with neighbouring regions, average per capita income in the region is boosted by a relatively small number of high earning commuters.

Average gross earnings per resident are £480 per week, or 95% of the Scottish average. Gross wages for workplaces remain slightly lower than those for residents as a whole but have increased at a more rapid rate since 2002, suggesting that a larger number of better paid jobs has been created locally. The employment rate in the region also increased rapidly from 70% to 79.6% between 1999 and 2006 and is now higher than both the Scottish and UK averages.



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Productivity in the region grew more rapidly between 1999 and 2006 than the rest of Scotland, although productivity per worker at £33,095 remains below the Scottish average of £38,110 in 2006. In part, the narrowing productivity gap reflects the loss of highly productive sectors, which have had a bigger impact at a national level, and a slight shift towards more productive sectors in the region.

However, aggregate statistics conceal a number of structural weaknesses in the local economy, which are characterized by dependency on public sector employment and the fact that proportion of people at working age in the area is the lowest of any Scottish region. Future falls in the number of economically active people will make economic sustainability even harder to achieve.

The Gretna-Lockerbie-Annan Corridor suffers from many of the challenges affecting the wider Dumfries and Galloway region, including its relative geographic isolation from the main centres of growth and relatively poor infrastructure. However, the biggest challenge for the economic sustainability of the Corridor area is the decommissioning of the Chapelcross site. Currently, there are currently 420 direct full-time equivalent employees at the site and 50 contracted staff. This number is expected to decline to around 300 following the completion of defuelling operations, declining progressively thereafter to only a handful of people by 2028 as the site enters care and maintenance.

4.0 Strategic context

The following documents encapsulate the relevant national, regional, sub-regional and local economic development plans for Anglesey and Meirionnydd:

4.1 *Scottish Government Economic Strategy (2007)*

At the heart of national regeneration strategy is the Scottish Government Economic Strategy, which was published by the Scottish Government in November 2007. Its purpose is to *'focus the Government and public services on creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable growth.'*

4.2 *Five Year Economic Strategy for Dumfries and Galloway (2003-2008)*

Published in 2003, the document set out the following vision for economic development in Dumfries and Galloway for the period covering 2003 to 2008:

- A drive towards a more modern, wealth creation economy, yet still appreciating the importance of traditional industries
- Civic vibrancy that will be centred on regeneration of Dumfries and Stranraer Waterfront but will also encompass initiatives in towns throughout the region
- A private sector that is dynamic, more innovative and outward looking

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- The Crichton Campus, an academic resource that attracts funding and expertise specialisms with a modern academic relevance
- A lifestyle portfolio that will attract and retain people of calibre reflecting a wide diversity of talent

The three key challenges identified in the strategy are:

- Demographic change
- Lack of diversity, critical mass and capacity
- Low levels of productivity

Six interventions, encompassing 21 projects, were identified to address these challenges:

- **Enterprise Enablers**
 - Provision of a wide range of services to support local businesses
 - Key account management – one-to-one services by the local enterprise company to key local businesses
 - Creation of a trade development centre
- **Strategic Regeneration**
 - Dumfries as regional capital
 - Wigtownshire regeneration
 - Stranraer Waterfront
 - Chapelcross, Gretna, Lockerbie, Annan Corridor
 - Capital construction projects – schools public private partnerships and transfer of housing stock
- **Added Value**
 - Development of forestry, food chain, tourism and energy sectors
- **Inward Investment**
 - Projects that attract new companies to the area
- **Infrastructure**
 - M74/Ireland gateway
 - Broadband connectivity
 - Property physical development
- **Human Capital**
 - Modern apprenticeships and vocational skills
 - Academia
 - Workforce development
 - Ageing population added value
 - Attracting new people to the area

4.3 *Dumfries and Galloway: Regional Economic Strategy 2008-13 (2008)*

Published in 2008, the most recent Regional Economic Strategy covers the period from 2008 to 2013. Reflecting changes to the way that economic development is

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delivered in Scotland, the strategy learns a number of key lessons from the preceding Five Year Economic Development Strategy, namely:

- Stronger ownership of the strategy is essential across the whole region, and targets set that people understand and will work towards jointly
- Creating a shared agenda that everyone contributes towards achieving, rather than creating a framework for pursuing individual organisational priorities
- Short-term, tactical interventions are only appropriate in specific instances. It is essential to keep focussed on the long-term goals and choose ways of measuring progress that encourage people to maintain effort

The vision of the Regional Economic Strategy is to create *“an innovative and sustainable rural economy that rewards residents with an outstanding quality of life and investors with a stimulating business environment.”*

Objectives for delivering the strategy are grouped around four key themes:

- **Business Infrastructure**
 - Develop the Chricton Campus
 - Lobby for improved transport and communications infrastructure
 - Deliver area strategic investments
 - Planning regime to support economic growth
- **Growing Businesses**
 - Targeted support for growth sectors
 - Increase research and development in businesses
 - Capacity building through networking
 - Trade development and supply chain improvements
- **Quality of Life**
 - Affordable housing
 - Strengthening the ‘natural place’ assets
 - Promoting the ‘natural place’
 - Quality of life indicators
 - Opportunities for the whole region
- **Developing a Competitive Workforce**
 - Productivity through skills
 - Developing skills of employees
 - Managing transitions
 - Employability

The strategy defines a number of indicators and expected outcomes against which progress will be measured. Important elements of the strategy to improve business infrastructure include the provision of a stock of appropriate business premises, which the NDA is supporting through the development of the industry park and business incubation centre at Chapelcross.

4.4 *Gretna-Lockerbie-Annan Economic Regeneration Strategy (2004)*

Subtitled 'A catalyst for economic regeneration,' the strategy was developed by the Corridor Regeneration Strategy (CoReS) Steering Group in response to the announcement that electricity generation at Chapelcross would end in 2005. The four objectives set by the CoReS Steering Group are:

- WEALTH – to raise the income and living standards of residents in the corridor area
- DIVERSITY – to provide new and different economic opportunities for sustainable growth in the area
- INSPIRATION – to offer a vision for the area that everyone can aspire to and be part of
- INCLUSION – to ensure that residents are included in and benefit from regeneration

The strategy identifies 30 market-led opportunities for driving economic change in the area under the following six themes:

- Diversifying the existing Chapelcross base – finding alternative employment opportunities for the existing labour force and new uses for the site
- Gretna and Gretna Green – building on a recognised international profile to create additional economic impact through new commerce and tourism
- Connectivity – enhancing transport and communications to support trade, tourism and relocation by businesses or individuals
- Greater value business and resources – maximising the return on natural resources and the impact of existing local businesses on the local economy by developing their products and services or by encouraging partnerships
- New sector opportunities – developing appropriate conditions for attracting investment from within and outwith Scotland
- Image – emphasising what the area offers and what gives it a competitive advantage over other parts of Scotland and the rest of the UK



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5.0 Working in partnership

Effective partnership working with the lead agencies for economic regeneration in the Gretna-Lockerbie-Annan corridor is crucial to the delivery of socio-economic objectives in the area.

The following section describes the key agencies with which the NDA will engage in carrying out its socio-economic responsibilities.

5.1 *Scottish Enterprise Dumfries and Galloway*

Scottish Enterprise is Scotland's main economic, enterprise, innovation and investment agency. Its ultimate goal is to stimulate the sustainable growth of Scotland's economy. Following changes to the way that economic development is delivered in Scotland in 2008, responsibility for local regeneration passed to the Local Authorities. Scottish Enterprise remains responsible for delivering economic development at the national and regional levels.

5.2 *Dumfries and Galloway Council*

Dumfries and Galloway Council is the Local Authority for Dumfries and Galloway. The authority is responsible for local economic development in Dumfries and Galloway following changes to the way that economic development is delivered in Scotland. The lead team responsible for local economic development within the authority is the Regeneration and Europe Team, whose strategic aim is to *'support, develop and deliver sustainable economic regeneration across the region in partnership with internal and external colleagues.'* Financial support for local regeneration in the Annandale and Eskdale council wards in the current financial year was £50,000.

5.3 *The Corridor Regeneration Strategy (CoRes) Steering Group*

The Corridor Regeneration Strategy (CoRes) Steering Group was formed in 2004 in response to the announcement that Chapelcross would cease generating electricity in 2005. The group's response both to the impact that decommissioning at Chapelcross will have on the local economy and to wider problems facing the Gretna-Lockerbie-Annan Corridor is set out in the Gretna-Lockerbie-Annan Economic Regeneration Strategy.

Adopting a partnership approach to the addressing problems facing the local area, the membership of the group is extensive and comprises David Mundell MP, Elaine Murray MSP and representatives from Scottish Enterprise, the Local Authority, Job Centre Plus and the SLC. The group also reviews NDA funding applications to ensure alignment with the relevant regional and sub-regional economic development plans.



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6.0 Summary of main NDA activities to date

The NDA is significantly involved in socio-economic activities in the Gretna-Lockerbie-Annan Corridor, having recently agreed to contribute £1.5 million towards the development of an industry park on 18 hectares of unlicensed land at Chapelcross and a further £1 million towards the development of a business incubation centre. Early discussions have also been held on the potential development of a marine energy barrage on the Solway Firth.

Against the thematic priorities identified in the Socio Economic Policy, the main activities of the NDA to date are:

- **Employment**
 - Creation of up to 300 jobs through development of an industry park and business incubation centre, in partnership with Scottish Enterprise and Katalyst Properties Ltd
- **Education/skills**
 - Supporting activities to strengthen the involvement of young people in local businesses and enterprises
- **Economic and social infrastructure**
 - Co-sponsoring work to identify the design for a visual landmark in the area to improve its image
- **Economic diversification**
 - Development of the industry park and business incubation centre



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7.0 Areas of focus going forward

NDA will continue to support ongoing activities in key areas, subject to preparation of business cases which demonstrate alignment with our Socio Economic Policy. Specific actions are referenced in Section 8 below.

8.0 NDA action plan

8.1 Agree the approach to the allocation of strategic and tactical funding with partner (delivery) organisations (including the Site Licence Company).

Action 8.1.1 The NDA will agree potential funding and resource inputs to transformational priorities identified in the Action Plan by the end of 2009. This will identify the desired outcomes for NDA and the community

Action 8.1.2 Magnox North funding (provided through NDA contract) will be focussed on smaller scale – tactical – funding requests. The exact amount of funding will be reviewed in Q3 2009

Action 8.1.3 By achieving an improved understanding around sources of funding for appropriate opportunities, we will drive a reduction in the number of unsuccessful applications: i.e. applications will be developed in ways which will ‘screen out’ those which do not adequately address NDA criteria

8.2 Identifying the agencies and organisations with which NDA will operate and define the most effective working relationships between NDA and its ‘partners’.

Action 8.2.1 NDA will focus its engagement with the agencies identified in this plan and with the Scottish Government, emphasising the importance of continued funding, enabling the agencies to deliver their plans which, in turn, will help enable the NDA to deliver its decommissioning mission.

Action 8.2.2 Direct the engagement with bodies of a more tactical nature primarily through the SLC and (following competition) the PBO.

Action 8.2.3 The NDA will agree most appropriate ways of working with the lead organisations by end of Q4 2009