

## Socio-Economic

# West Cumbria Priority Area Plan

June 2009





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# Main purpose of this document

## 1.0 Introduction

This document includes the Socio-Economic Priority Area Plan for the West Cumbria 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 West Cumbria

In economic development terms, West Cumbria represents a unique challenge, not least because it remains largely disconnected from vibrant regional economies (found elsewhere in the North West of England) both in geographical and in business terms.

Historically, the local economy has been developed around the shipping, coal mining, steel and chemical manufacturing and, for the last 50 years, around the nuclear industry. Apart from the nuclear industry, all the other major industrial activities have wound down to very low levels. Whilst employment in the nuclear industry has brought relative prosperity to many it has also introduced some fundamental weaknesses in to the economy. Dependence on the nuclear industry has resulted in reduced economic diversification. There are real opportunities to learn from the past in order to find a sustainable future for the area.

Consequentially, despite low unemployment, in economic productivity terms the area performs significantly behind virtually all other UK sub-regional economies. The local economy is further characterised by relatively low:

- commercial and domestic infrastructure development
- skills and knowledge infrastructure
- entrepreneurial behavior and private sector financial investment
- business representation in the activities of a “knowledge economy” and in finance sectors
- retention of young people
- capacity for economic-renewal

Areas of localised deprivation co-exist alongside areas of relative affluence, essentially creating a two tier economy. Efforts by public sector agencies to regenerate these areas and tackle the underlying causes have had little effect, largely due to capacity constraints within local government.

The challenge is compounded by the difficulties in retaining young people, who are moving away to more attractive areas which they perceive provide more opportunity.

In terms of the impact of decommissioning and clean-up activities, Sellafield Ltd has a contractual commitment to review the Life Time Plan and provide their revised plan early in 2010. This will provide an accurate forecast of the resource requirement for Sellafield. However, existing Life Time Plans provide an indication. Currently available data shows that Full Time Employment (FTE) at Sellafield will decrease by around 47% from current levels of around 9,600 over the next 15 years. Current data shows a period of gradual reduction in FTE over the next 6 years, with an increasing decline over the following 9 years. These figures will be impacted by any additional time which Thorp is kept operating in order to fulfil existing contracts. Other factors which will impact these figures will be Sellafield Ltd’s approach to “projectisation” and the future of the Sellafield Mixed Oxide Plant.

These declines in FTE take into account the need for retraining to focus away from production operation to decommissioning and clean-up. They do not include the impact of Agency Supplied Workers (currently 1480) or the impact on the local Supply Chain.

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### 4.0 Strategic context

There are four key documents that define the strategic context for economic development in West Cumbria and which provide the framework for NDA engagement with lead organisations. The documents are:

#### 4.1 *West Cumbria Strategic Forum*

A Memorandum of Understanding (which includes Government and NDA as signatories) recognises the important strategic role of West Cumbria and the commitment to the future of the area.

#### 4.2 *Regional Economic Strategy (2006)*

Published by the Northwest Regional Development Agency (NWDA), the Regional Economic Strategy (RES) provides the blueprint for the economic development of the northwest region as a whole. It sets out the agency's vision for the region's economy and identifies specific priority actions to meet the economic challenges and opportunities of the next 10 years in order to close the economic gap with the rest of England.

#### 4.3 *Cumbria Economic Action Plan (2008)*

Cumbria's Economic Action Plan provides the cornerstone for prioritising economic development in the county and is underpinned by a suite of Strategy Action Plans.

The main priorities in the Energy and Environmental Technologies Plan include:

- supply chain development in support of nuclear / biomass / biogas / micro-generation / renewable technologies / energy efficiency
- advise and assistance to green tourism firms and promotions
- transport, electricity grid and business park infrastructure development
- investment in development of public spaces

#### 4.4 *Energy Coast Master Plan (2008)*

Launched in July 2008, the plan represents the blueprint for economic development in West Cumbria and aims to deliver the critical elements of national energy strategy that meet the imperatives both of combating climate change and of securing national energy supply. It is the key local economic strategy on which NDA needs to focus resource.

The plan envisages a West Cumbria that, by 2027, will:

- be globally recognised as a leading nuclear, energy, environment and related technology cluster, building on its nuclear assets and its technology and research strengths

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- be a strong, diversified and well-connected economy, with a growing, highly skilled population with high employment
- project a positive image to the world and be recognised as an area of scientific excellence, outstanding natural beauty and vibrant lifestyle that attracts a diverse population and visitor profile
- provide opportunities for all its communities, where geography is not a barrier to achievement and where deprivation, inequality and social immobility is reduced

### 5.0 Working in partnership

Effective partnership working with the lead agencies for economic regeneration in West Cumbria is crucial to the delivery of socio-economic objectives in the area. NDA have made good progress in this area, significantly contributing to the shaping of the Energy Coast Masterplan, contributing to the development of West Cumbria Vision and providing funding and leadership to the development of the Skills Strategy. We have developed effective working relationships with the key organisations and agencies which provide leadership in economic regeneration and development.

Going forward, the following section describes the key agencies with which the NDA will continue to engage and deepen its partnership approach in carrying out our socio-economic responsibilities.

#### 5.1 *The County Councils and Local Authorities*

NDA will continue to develop its working relationship with the Local Authorities, Copeland Borough Council and Allerdale Borough Council and with the Cumbria County Council. Our key objective will be to ensure that the Socio Economic activities of the NDA are fully aligned with the Social and Economic priorities of these organisations.

#### 5.2 *Site Stakeholder Group and Socio Economic Sub-Committee*

The SSG (and its Socio Economic sub-committee the “West Cumbria Site Stakeholder Group Socio Economic Sub Committee”) are key stakeholders with which the NDA will continue to develop its partnership working.

#### 5.3 *Northwest Regional Development Agency (NWDA)*

The NWDA is the Regional Development Agency (RDA) responsible for stimulating economic growth and regeneration in England's northwest. As a business-led organisation accountable to Government, the agency provides a crucial link between the needs of business and Government policy and aims to create an environment in which businesses in the region can flourish. Its vision for the northwest regional economy is set out in its Regional Economic Strategy (2006).



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### **5.4 *Cumbria Vision***

Cumbria Vision is the agency funded by the NWDA to lead the economic development of the Cumbrian sub-region. The agency's strategy for the economic regeneration of the county is set out in the Cumbria Economic Plan, which incorporates all of the elements of economic development in Cumbria, including the Energy Cost Master Plan.

### **5.5 *West Lakes Renaissance Ltd and West Cumbria Vision***

West Lakes Renaissance (WLR) is the Urban Regeneration Company responsible for economic development in West Cumbria. The company is currently being restructured to better align the organisation with the relevant sub-regional priorities of each area, following which each area will report directly to Cumbria Vision.

NDA will work in partnership with West Cumbria Vision, the organisation that is currently being established to deliver the £2 billion of projects identified in the Energy Coast Masterplan.

### **5.6 *Nuclear Management Partners Ltd***

NDA will also work in partnership with NMP, ensuring that their (private sector) funding and resources are aligned with the priorities of West Cumbria.

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### 6.0 Summary of main NDA activities to date

NDA are significantly involved in the Socio Economic plans for West Cumbria, having been part funders of the Energy Coast Master Plan which, following its public launch by the Secretary of State in 2008, has become the focus of Socio Economic development activities for the area.

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

#### Employment

- Contracting with West Lake Research Institute for activities in Nuclear Medicine
- Granting funds to “Made in Cumbria”
- Funding the preparation of the Energy Coast Master Plan

#### Education/skills

- Playing a leading role in the development of new organisations and facilities, in partnership with the University of Manchester, establishing the Dalton Cumbria Facility at Westlakes Science and Technology Park
- University of Central Lancashire and Westlake Research Institute initiative
- Supporting the Steering Group and Project Board for development of the Lillyhall Campus of the University of Cumbria
- Leading in the establishment of Energus
- Sponsoring PhD, studentships and bursaries
- Working with Higher Education Institutions to develop new programmes where appropriate, including Eng Doc in Nuclear Engineering, MSc Decommissioning and Nuclear Technologies
- Participating in Young Enterprise mentorship and assessment

#### Economic and social infrastructure

- Establishing the Copeland Community Benefit Fund – which will receive some £25m from the NDA over the next 12 years
- Providing “business priming” funds to the Whitehaven Maritime Festival Company

#### Economic diversification

- Funding the Haverigg and Millom “Lighthouse” Project – providing integrated business incubation opportunities, young care facilities and tourist attraction
- Funding package for the Whitehaven Festival Company to deliver a sustainable business arrangement

NDA also makes £3.1m per annum available to Sellafield Ltd, via the annual site funding arrangement, to fund Socio Economic activities. £1.5m of this amount is allocated to the West Cumbria Development Fund. The balance is used to make grants in accordance with the NDA Socio Economic Policy. The contract requires Sellafield Ltd to prepare a Socio Economic Plan annually and report on the effectiveness of the funds granted.

### 7.0 Areas of focus going forward

The key area of focus is rapidly becoming West Cumbria Vision, which is the delivery organisation for the Energy Coast Master Plan. This will provide the platform for focus of NDA socio economic activities going forward. The NDA's objective will be to provide support in activities needed to achieve the ambitions of the Master Plan. The requirement is for capacity building (which has been identified as one the critical areas of need) across the eight main items of the Master Plan:

- Transport
- Health
- Education
- Enterprise and Investment
- Energy Industries
- Skills and R & D
- Key Developments Programme
- Sustainable Communities Programme

NDA focus will be directed to align with the two priorities of the Master Plan, as identified by Cumbria Vision. These are believed to give the best opportunities of job and wealth creation in both the short and longer terms. These two strategic priorities are:

- The new opportunities of energy and the low carbon economy
- Raising the attractiveness of destination Cumbria as a place to live, invest, work and visit.

A further important focus will be the alignment between NDA, NMP and Sellafield Ltd on funding, resources and influencing priorities.

With respect to the Managing Radioactive Waste Safely (MRWS) programme, it is appropriate for the NDA to recognise that the Cumbria community have expressed an interest to Government in being a volunteer community. Should this expression develop into a more specific plan, then this will also provide an additional area of key focus going forward.

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### 8.0 NDA action plan

**8.1 Agree the NDA Plan to increasingly focus on how funding and resources will be applied to strategic activities, moving away from transactional funding.** In doing this, the NDA will take steps to ensure that routes for funding applications from all areas are properly considered and addressed under the terms of our Socio Economic Policy.

**Action 8.1.2** This work has commenced and the results are demonstrated through the higher quality of funding applications which are being received.

**Action 8.1.2** Ensure routes to Socio Economic funding are available, under the framework set out in the NDA Socio Economic Policy. This action is linked to actions arising from **C8.2** below.

**8.2 Agreeing which funding routes will apply to different funding requirements.**

The NDA will achieve agreement between NDA, SLC and PBO on which types of requirement will be supported by the different funding routes. This will support the different allocation of funding available; NDA funding and SLC funding (both public sector funds) and PBO funding (private sector funds).

**Action 8.2.1** With the new Sellafield Ltd management team and its Parent Body Organisation now in place, NDA will agree the funding priorities with each organisation. This work commenced in 2008 and the NDA Plan will be completed by mid 2009. This agreement will reflect the multiple element funding model described in **C8.3**.

**8.3 The multiple element funding model**

To achieve a holistic approach to Socio Economic funding, we will address funding requirements in three “levels”: These levels are:

**8.3.1 – Element 1** Transformational projects. Projects which directly deliver the elements of the Energy Coast Master Plan.

**8.3.2 – Element 2** Enabling socio-economic projects. Projects which contribute to the delivery of one or more of the key themes of the Energy Coast Master Plan.

**8.3.3 – Element 3** “Good neighbour” activities which support the needs of the community. Activities which support the community as a “good neighbour” company.

**8.3.4** It is important that the NDA Plan agrees this funding allocation structure for West Cumbria.

**8.4 The areas in which NDA will apply resources to leverage activities.**

The NDA Plan will identify areas in which it will use its influence to create and leverage changes (structural, organisational and cultural) which will contribute to the delivery of the Energy Coast Master Plan. For example, matching NDA site resource run-down

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with the objectives of re-skilling and the requirements of spin-off business and diversification.

**Action 8.4.1** This work is underway and will be ongoing through 2009 and beyond.

### **8.5 Identifying the organisations NDA will operate with and the nature of the working relationships.**

To create sustainable working relationships, it is appropriate for the NDA to focus its resources on those organisations that have prime responsibility for the delivery of the transformational projects and supporting activities identified in the Energy Coast Master Plan. To achieve this, the NDA will identify which organisations in West Cumbria it should focus its engagement with: i.e. the delivery organisation being created to deliver the Master Plan and the Local Authorities and County Council. The NDA Plan will also describe the most appropriate ways in which we will work with these organisations, i.e. as a supplier (of funds and resources), in partnership or as leader.

It is also important that the NDA continues to develop relationships with the NWDA to ensure that it has the appropriate degree of strategic influence at the level of regional economic development and to reinforce delivery of the Master Plan. This will be achieved through the Stakeholder Engagement planning activities.

**Action 8.5.1** As the information gathered demonstrates, during the initial years of operation the NDA have attempted to interface with a disproportionately high number of individual organisations. Going forward, this is not a sustainable position for the NDA and we will need to rationalise the number of interfaces we maintain in line with the funding priorities we agree. The NDA Plan for developing a sustainable list of organisations with which we will operate requires careful consideration, and can only be done once agreement is reached with other organisations on funding categories.

### **8.6 The Energy Coast Master Plan.**

NDA activities will integrate and support the activities of West Cumbria Vision, the delivery organisation that is being set up for the Energy Coast Master Plan.

**Action 8.6.1** The Energy Coast Delivery Organisation will be fully functioning from April 2009. The NDA Plan will identify where NDA funding and resources will be focussed to create greatest benefit and leverage.