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**To: Economic Development Cabinet Committee - 5 July 2012**

**Subject: ECONOMIC OPPORTUNITIES FOR ROMNEY MARSH:  
DISCUSSION PAPER**

**Classification: Unrestricted**

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**Summary:**

Nuclear power has been a key driver of the Romney Marsh economy since the 1960s. However, in 2006, Dungeness A site entered decommissioning, with the adjacent Dungeness B site scheduled to start decommissioning in 2018 or 2023.

Work is underway to press for continued nuclear power generation through the development of Dungeness C. However, the prospects of this remain uncertain. In the meantime, work has been taken forward to identify other potential actions that could be taken to support the local economy.

This report presents:

- The anticipated economic impact of the decommissioning of the existing sites at Dungeness;
- Potential alternative sources of employment; and
- KCC's potential approach

This report is intended as a basis for discussion. The Cabinet Committee is recommended to consider its contents and the role that the County Council could play in support of a new economic future for Romney Marsh.

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**1. Introduction: Decommissioning nuclear power generation at Dungeness**

- 1.1. Dungeness nuclear power station consists of two sites. Dungeness A site began power generation in the 1960s, reached the end of its power generation lifetime in 2006 and is now in the early stages of the decommissioning process. Dungeness B site began power generation in the 1980s and is scheduled to enter decommissioning in 2018 or (if its operating licence is extended) 2023.
- 1.2. Nuclear power generation makes a significant contribution to the Romney Marsh economy. Dungeness A and B combined directly employ over 700 people, with additional employment generated by sub-contractors. The two sites account for around 45% of the jobs in Lydd ward, and around 20% of the

jobs in Romney Marsh as a whole<sup>1</sup>. A high proportion of employees also live within the immediate local area, especially in Lydd and New Romney. Typically, jobs supported by the power generation and decommissioning industries are full-time and relatively secure. Current jobs offer employment for a range of skill levels, including a number of technical engineering roles.

- 1.3. The employment impacts of the decommissioning process are relatively long term. The headcount at Dungeness A is anticipated to fall from the current level of around 405 to around 30 by 2027, with most losses taking place in 2017-19. Detailed plans for the decommissioning of Dungeness B have yet to be developed, but it is likely that the process will follow a similar pattern, with job losses throughout the 2020s and 2030s. This means that in the medium term, there will still be employment demand from Dungeness, as many jobs will need to be replaced due to retirement and natural turnover. However, this demand will progressively decline.
- 1.4. This will present a significant challenge to the future of the Romney Marsh economy. The local economy is heavily dominated by jobs in power generation and related sectors. The area also experiences unemployment rates higher than the national and Kent averages and relatively high concentrations of deprivation, and is in a peripheral location, illustrating its vulnerability to a long-term loss of employment.

## **2. Economic futures after decommissioning**

- 2.1. What economic opportunities could be explored to support alternative employment on Romney Marsh? Broadly, potential opportunities fall into three categories:
  - Securing further employment in the nuclear sector;
  - Generating alternative employment locally within other parts of the economy; and
  - Making best use of the employment prospects in the wider travel to work area.
- 2.2. The following paragraphs consider these opportunity groups in more detail.

### Securing further employment in the nuclear sector

- 2.3. Clearly, alternative sources of employment in the nuclear sector would help to retain the skills base and wider supply network that the area has built up over the past four decades.
- 2.4. An opportunity for new employment in the sector exists with the potential for the development of Dungeness C as a new nuclear power station. This was proposed by EDF Energy (the current operators of Dungeness B) in an initial

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<sup>1</sup> Regeneris Consulting/ Shepway District Council (February 2012), Romney Marsh Socio-Economic Impact Assessment. The Romney Marsh area is defined for the purposes of this report as the five wards of Dymchurch & St Mary's Bay, Lydd, New Romney Coast, New Romney Town and Romney Marsh,

list of potential sites published in 2009. However, Dungeness C has not so far been taken forward on the Government's list of preferred sites within the National Policy Statement due to environmental constraints. Nevertheless, evidence of local support for Dungeness C, proximity to electricity demand and the presence of existing local infrastructure may mean that the potential for a new power station could be revisited. Kent County Council has commissioned further work to explore the potential case and a public meeting to discuss the opportunity was held on 21 June.

- 2.5. The Committee will also be aware of current proposals to develop a nuclear research and disposal facility. Consultation is currently underway to determine whether Shepway District Council will submit an expression of interest in such a facility to Government. This subject is due to be debated at County Council on 19 July.

#### Generating alternative employment locally in other sectors of the economy

- 2.6. In 2011, Shepway District Council, with support from KCC and the Nuclear Decommissioning Authority, commissioned a 'Socio-economic Plan' for Romney Marsh, focused on the opportunities for alternative employment generation. The final report of this study was published in February 2012. In addition to recommending that a continued case should be made for the development of Dungeness C, the report proposes the development of a coordinated community economic development plan, based around three themes:
- Supporting local employment, including actions to support current Dungeness employees in transferring skills to meet alternative employment demand and promoting access to apprenticeships and further education for young people;
  - Diversifying the business base, including actions to develop business start-up space, provide support to new and growing businesses and focus in particular on the Marsh's strengths in the tourism and quality food sectors;
  - Helping Romney Marsh remain a great place to live, including actions to support local community-based projects.
- 2.7. The Nuclear Decommissioning Authority operates a socio-economic fund, which provides support to areas affected by the closure of nuclear power stations. Historically, most of this funding has been allocated to Scotland, North Wales and Cumbria, with relatively little made available to the South. However, the NDA and Magnox (which operates Dungeness A in the decommissioning phase) have supported the development of the Socio-economic Plan, and have indicated that funding may be available for suitable projects with strong employment outcomes.
- 2.8. KCC already operates a number of projects and programmes which will help to deliver local economic growth on Romney Marsh. These include:

- The £35 million Expansion East Kent programme of interest-free loans to business with growth potential
- The Kent Downs and Marshes Leader programme, which has provided grant support to farm diversification, rural business and tourism development projects;
- The Kent Employment Programme, providing additional support for employers in employing apprentices and recent graduates;
- Rollout of the Make Kent Quicker campaign to provide superfast broadband to 90% of homes by 2015 (and universal access to at least 2mb per second);
- The emerging development of a county-wide programme to support flexible incubator space for small businesses, which could potentially support proposed developments on the Marsh.

2.9. Following the recommendations of the Plan, Shepway District Council is establishing a multi-agency Partnership Group to take forward the themes that have been identified, and has invited participation from KCC. Given the community-oriented focus of the Plan, it is appropriate that the Group is led by local partners. However, there is potentially a strategic role that KCC could play in securing a package of NDA/ Magnox funding for the Marsh, linked with local priorities and the programmes that we already operate in the area.

2.10. In addition, it should also be noted that the owners of Lydd Airport have submitted an application for expansion. This application has been through examination in public and has been called in by the Secretary of State for determination. The outcome of the Secretary of State's decision is awaited.

#### Making best use of the employment prospects in the wider travel-to-work area

2.11. It is unlikely that Romney Marsh's future employment needs will be satisfied entirely within the Marsh. At present, there is significant out-commuting from the Marsh, mainly to Folkestone and Ashford (and to a lesser extent, Dover, Maidstone and London). Ashford in particular offers capacity for significant employment growth (and road links are relatively good), and both Ashford and Folkestone are centres for skills and other provision which serves the Marsh. Future consideration of an economic development strategy for Romney Marsh will therefore need to consider how residents can best take advantage of opportunities in the wider area, alongside those emerging through indigenous local growth or the expansion of additional nuclear industry employment.

### **3. Issues for discussion and next steps**

3.1. A number of questions for discussion emerge from the brief overview of potential alternative employment options following decommissioning. In particular:

- Are there any other strategic options in addition to the choices set out in this report that should be considered?

- What should KCC's role be in making the case for Dungeness C?
- How should KCC participate in the development of a local economic development programme for Romney Marsh?
- How can we best use our existing programmes (Expansion East Kent, Leader, etc) to contribute to the development of the Marsh?

3.2. The Committee is recommended to consider these questions and to discuss the opportunities and challenges affecting Romney Marsh, and KCC's potential response.

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**Supporting documents:**

Romney Marsh Socio-Economic Impact Study (February 2012)

Romney Marsh Socio-Economic Action Plan (February 2012)