

By: Mark Dance, Cabinet Member for Economic Development and Regeneration  
Barbara Cooper, Director for Economic and Spatial Development

To: Economic Development Cabinet Committee, 6<sup>th</sup> March

Subject: Economic Growth on Romney Marsh

Classification: Unrestricted

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## Summary

Last year, the Economic Development Cabinet Committee considered the threats to the Romney Marsh economy presented by the decommissioning of Dungeness nuclear power station, and requested an update on progress. Six months on, this report updates the Regeneration Board on the development of a strategic approach to regeneration and economic growth on Romney Marsh. In particular, it highlights work currently underway to secure additional economic development investment from the Nuclear Decommissioning Authority and a planned business event in March.

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### **1. Introduction: The Romney Marsh economy and the impact of nuclear decommissioning**

- 1.1. Nuclear power has been a key driver of the Romney Marsh economy since the 1960s. However, Dungeness A site reached the end of its power generation lifetime in 2006 and is currently in the process of decommissioning. Dungeness B site continues to be operated by EDF Energy 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.

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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,

- 1.3. The employment impacts of the decommissioning process are relatively long term: although Dungeness A has now been defueled, 269 people are still employed on the site, with losses anticipated to be gradual until about 2018. 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 which, given its dependence on power generation and related sectors and given its relatively peripheral location, is likely to be vulnerable to a loss of employment.

## **2. The potential for future nuclear investment**

- 2.1. Securing alternative sources of employment in the nuclear sector would help to retain the skills base and wider supply network in the area. There is also substantial community support for the retention of nuclear power generation as well as existing local infrastructure and proximity to electricity demand. As a result of this, EDF Energy proposed the development of Dungeness C as a new nuclear power station in an initial list of potential sites published in 2009.
- 2.2. The prospect of Dungeness C has received local support, including from KCC. However, the Government has not supported the inclusion of the site on its list of preferred locations within the National Policy Statement due to environmental constraints. This position has been recently reinforced by DEFRA's Major Infrastructure and Environment Unit, which has concluded that development of a new nuclear power station could only proceed if all alternative location options had been exhausted. The likelihood of future nuclear power generation at Dungeness therefore at present appears slim.
- 2.3. Last year, consultation also took place to determine whether Shepway District Council should submit an expression of interest in the location of a nuclear research and disposal facility in Romney Marsh. This was strongly opposed by KCC, due to the impacts such a facility would have on the environment and the local economy, and was also opposed by 63% of residents in a local referendum.

## **3. Identifying alternative sources of employment**

- 3.1. In 2011, Shepway District Council, with support from KCC and the Nuclear Decommissioning Authority, commissioned a 'socio-economic plan' for Romney Marsh, focused on alternative employment opportunities for the area. This focused on the potential for local business growth, including actions to support new and growing businesses, develop business start-up space and promote access to training. Since the publication of the plan, a **Romney Marsh Partnership** has been established to develop and consider new project opportunities. The Partnership is chaired by Shepway District Council,

with KCC represented by Carole Waters, and with additional representation by Magnox (the operators of Dungeness A) and a number of business and community interests.

- 3.2. In addition, the development of **Lydd Airport** could create 180-400 new jobs on the Marsh. The proposals are subject to Government determination, and a decision by the Secretary of State has been awaited since 2010. Paul Carter and Damian Collins MP have recently written to ministers urging progress in reaching a decision.
- 3.3. However, 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.
- 3.4. To consider the range of opportunities for the Marsh's economic future and to engage with the wider business community, a **breakfast event** is being arranged for 15 March at Lydd Airport. Work is currently underway to plan for the event.

#### **4. Maximising funding for the Marsh**

- 4.1. Associated with the decommissioning process, Magnox operates a Socio-Economic Fund on behalf of the Nuclear Decommissioning Authority. This invests in projects to support local economic development in areas formerly dependent on the nuclear power industry.
- 4.2. Historically, most of this funding has gone to Wales, Scotland and Cumbria, but with the decommissioning of Dungeness A and the future decommissioning of Dungeness B, the Romney Marsh area has become a higher priority. However, good projects from the Marsh have been slow to come forward, partly because of a lack of match funding, and partly because of limited promotion of the fund. There is a risk that unless additional efforts are made to capture the potential Magnox investment and focus it on local priorities, it could be lost to other parts of the country.
- 4.3. Recent discussions with Magnox have raised the prospect of creating a 'co-financed fund' which could be locally managed and run as a time-limited challenge fund to which businesses and other partners could apply. Magnox have suggested that they could potentially make around £500k available, with KCC providing £466k. Shepway District Council has also expressed an interest in contributing, potentially creating a fund worth around £1 million to support local businesses.

4.4. This fund could operate as part of a wider package of measures, including funding for new workspace, apprenticeship provision and jobs brokerage, all of which could be brought together locally in a more coherent way. Specifically, a KCC/ Magnox fund could offer:

- Direct small scale loan support to business. This could be focused on projects that would ordinarily be too small to seek Expansion East Kent funding, perhaps with a maximum allocation per business of £10,000.
- Local business advisory services, linked with the loan fund;
- Training, either provided direct to business, targeted towards young people entering the labour market or aimed at those exiting the nuclear industry (where this is additional to other training already provided through mainstream provision)

4.5. Work is currently underway to develop the proposed fund further. KCC's Regeneration Fund has committed £466k (in Principle) and a proposal for funding is going to the Magnox Executive Board on 11 March. If successful, the fund could help to provide a focus to local economic development on Romney Marsh, and – subject to the timetable for agreement by the Magnox Executive Board – could be launched at the business breakfast event on 15 March.

## **5. Recommendations**

**5.1** Members of Economic Development Committee are asked NOTE the contents of this report. In particular, it is recommended to note the efforts underway to identify alternative sources of employment on Romney Marsh, including the business event proposed for 15 March

### **Report author:**

Name: Ross Gill  
Directorate; Business, Strategy and Support

Email: [ross.gill@kent.gov.uk](mailto:ross.gill@kent.gov.uk)

Tel: 01622 221312 / 07837 872705

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