



Trident Alternatives Review and the future of Barrow

Volume I • Final Report

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FOREWORD

The Nuclear Education Trust (NET), an independent registered charity whose purpose is “**to inform the public about nuclear weapons and related issues**”, is acutely aware that the Trident successor programme is receiving very little research or public scrutiny despite it being the single largest UK investment programme currently proposed. The successor programme to the current four Vanguard Trident submarines is estimated to cost £87 billion or more over the lifetime period of 2007 to 2062. In comparison High Speed 2 - with an estimated cost in the order of £37 billion - has been the subject of far more analysis, informed comment and public debate.

The Nuclear Education Trust therefore decided to commission research and a survey to examine in detail the alternatives proposed by the Trident Alternatives Review (TAR) and their implications for Barrow. The project sought to answer the key ‘what if’ question: **What if the UK proceeds with one of the options under consideration by the Trident Alternatives Review and not the full successor programme?**

NET is very aware that the issue of people’s future employment in Barrow is a very sensitive one - “**even whispers in the corridors of Whitehall reverberate loudly throughout the town**” (TUC). But sensitivity to – or concern about – what happens to people in areas dependent on military contracts is much more widely shared. Hence we hope that our report will resonate with many.

Our research and this report has resulted in a fascinating, extremely erudite, wide ranging and balanced snapshot of perspectives and we hope our findings will be seriously considered by government and policy makers in the short, medium and longer term, locally, regionally and nationally. NET also hopes that this report may help inform, and indeed generate, a wider more public debate.

We were told by many that in the current context – an era when defence priorities have shifted so massively since the end of the Cold War, of constrained budgets due to ongoing and worldwide austerity and also of conflicting demands within the Ministry of Defence – there does need to be a much wider discussion about any successor programme and its implications. This is especially important as it appears that the Government does not now plan to publish the findings of the cross Government Trident Alternatives Review.

We have published all the responses in their entirety in Part II of this report in order to let future researchers, trade unions, and those responsible for developing policy see the raw data.

The Nuclear Education Trust is extremely grateful to all those who took part and provided evidence by way of written submission or oral interview. In addition, I would like to record my thanks to Steve Barwick and Connect Communications for leading the project and taking it forward so professionally. The findings, conclusions and recommendations are however those of the Nuclear Education Trust alone.

I very much hope that our findings will be pored over by the Trident Alternatives Review itself, by BASIC’s multilateral Trident Commission, which NET also supports, and of course by policy makers and decision makers from all our political parties as well as the wider public.



Madeline Held MBE
Chair
Nuclear Education Trust

EXECUTIVE SUMMARY

1. Barrow is a unique town of considerable contrasts and a great many positive attributes. Those in work earn above the national average but there is also above average unemployment and worklessness. As local MP John Woodcock says the “stereotypical image as a one industry town does a grave disservice to other important industries that are succeeding here.” However it is equally true that with 5,046 people employed by BAE Systems, within the UK Barrow is now, as Professor Fothergill says, “a unique example of an economy dependent on one employer.”
2. The vast majority of BAE employees are working on the production of 7 Astute – “hunter killer” – nuclear powered (but not nuclear armed) submarines but 1,000 are already employed on designing the replacements to the current Vanguard (Trident) submarines. If the “Maignate” decision, which is to be taken by Parliament in 2016, is to commission all four like for like replacements then the workforce will transfer from one project to the other over the period 2016 to 2023 (when Astute ends). Employment will increase to 6,045 in 2017 and would then decline to 5,000 from 2023 with a projected end in 2037 (or 2034 if only 3 commissioned).
3. The implications for Barrow of each of the three options being considered by the Coalition’s Trident Alternatives Review will be different. However NET was struck by two important statements that inform the context both of the Coalition’s Review and NET’s survey and research. First Admiral Lord West said: “as a naval man I am clear that as a maritime nation the UK benefits massively from having submarine capability” and, second, Lord Browne of Ladyton made clear “as long as the UK needs submarines it will need Barrow.”
4. NET’s analysis of each of the three options and their implications:

OPTIONS AND IMPLICATIONS SUMMARY	
Option 1: Astute with Cruise	Likely step down in employment (to 4,000 or under) not step up in workforce (to 6,000) production continues until late 2020s not 2030s.
Option 2a: Non Continuous at Sea Deterrence (NCASD) With two or three successors	Likely step up (to 6,000) but commission could end as early as 2031 not 2034 or 2037.
Option 2b: NCASD with two or three Astute Submarines	Step down (to 4,000 or under) and commission ends late 2020s not 2030s.
Option 3: Non-submarine deterrent	Step down (to 4,000 or under) and commission (for additional Astutes) ends late 2020s not 2030s.

5. It is clear that neither Barrow nor BAE Systems face a “binary” future – one in which they either build the replacement for the Vanguards (Trident) and employ 6,000 or all are laid off; between continuity towards the successor and complete catastrophe.
6. It is equally clear that making good any loss of employment – and certainly one at the level of 1,000 or more - is not at all easy or straightforward. Simply switching production from one local economic focus to another is not easy. As Professor Hartley told us “Without orders for submarines BAE Systems could not instead make dishwashers.” Others, however, contrasted the Government’s commitment, financial and otherwise, to military production with that given to stimulating other economic sectors including advanced manufacturing, civilian shipbuilding and other maritime industries, including environmental and renewables.
7. There are a range of diversification and regeneration options for Barrow. The shipyard could build either other military or conventional shipping. This would, as many remarked, fit with the skills, expectations and ethos of the Barrow workforce. There may even be a **Scottish ‘windfall’** in 2014 - if there is a vote for independence – as this could lead to more military shipbuilding in the remainder of the UK. This might even include consideration of Barrow as a site for the existing Trident submarines. Advanced manufacturing, maritime, environmental and renewable technologies – where it was suggested it could develop a niche role in the tidal and wave energy market - are also areas where there is a natural synergy with the expertise and experience in the Barrow workforce.

8. Diversification and regeneration are not new concepts within Barrow. Furness Enterprises has helped create 10,000 jobs since 1992. The creation of around 750-900 jobs in Siemens, Rovtech, Handmark, Diamond James Fisher and similar firms is also evidence of the diversification taking place. Others explored with some success include:
 - The low carbon lighting cluster in both Barrow and Ulverston
 - Offshore gas support
 - Off shore windfarms
 - Electronics and systems integration
 - Attraction of modest scale service sector financial services employment
 - Formation of new mainly lifestyle businesses.
9. The Government has a special responsibility towards those areas that are dependent on military contracts. The buck stops with the Government: their commitment needs to be guaranteed, sustained and immediate. That commitment will also require analysis, strategic planning, funding and leadership. But considerable evidence was also given about the wide range of partners who would also need to work together to make good any loss of employment.
10. BAE Systems are often shielded from market forces but most private sector companies constantly innovate in order to develop new products and revenue streams. In other words the company should be committing itself to diversification – its dependence on one product and one purchaser leaves employees very vulnerable. NET also heard of lessons that can be learnt from overseas: evidence was given of the success of the Base Realignment and Closure (BRAC) programme in USA which with statutory backing ensures support to vulnerable military communities.

Conclusions and recommendations

11. It appears that it is not “all or nothing” for Barrow. There are a range of options with some leading to a “step down” rather than a “step up” in employment. However, there can be no illusion regards the severity of the challenge in making good any loss of employment and there is clearly a great deal of, understandable, uncertainty and insecurity amongst people for their livelihoods. There is therefore a need for a guarantee of support in the event that Governments change their defence procurement needs.

Recommendation one: The Government should make a clear and binding statement of its responsibility to Barrow (as well as any other towns exceptionally dependent on military contracts) in the event that military procurement decisions are changed.

12. If the “Maingate” decision in Parliament 2016 is not to proceed to the full like for like replacement, the impact on Barrow would be devastating. Diversification and regeneration would be essential – they would also be possible with sufficient political, financial and community commitment and advance planning.

Recommendation two: In the event of a decision to proceed with an option other than a like for like replacement and which means a step down in employment, the Government must provide immediate, sustained and considerable support, which should include for instance regeneration funding at the level of £100 million for every 1,000 jobs lost to the local economy.

13. Irrespective of the “Maingate” decision in 2016, the Government, and others, could and should take a number of steps now to support a fragile economy. As the TUC said: “Whatever the decision on the Trident replacement the considerations and recommendations in this paper must support improved economic development outcomes for Barrow and the wider Furness area as part of a Defence Industrial Strategy.”

Recommendation three: The Government should take early action now and:

- commission a joint BIS/MoD/DfT study regards economic options for Barrow and its supply chain including transport infrastructure improvements;
- remove the arbitrary boundary regarding the Energy Coast Initiative so that Barrow is included and is therefore eligible for Nuclear Decommissioning Agency funding;
- consider Enterprise Zone for Barrow to encourage inward investment and relocation;
- support proposals that would provide Cumbria with transitional funding from European Structural Funds
- encourage BAE Systems to look to diversification.

14. If the “Maingate” decision is to be taken rationally by Parliamentarians in 2016 there is a need for greater scrutiny, and a wider public debate, about all the implications of Trident replacement.

Recommendation four: The Trident Alternatives Review should be made public by the Coalition with the least number of redactions possible and if it is not made public then it must be made public before the “Maingate” decision is taken in 2016, or a new review should be commissioned.

INTRODUCTION

BARROW-IN-FURNESS

Barrow is a unique town of considerable contrasts and a great many positive attributes

Situated 33 miles from Junction 36 on the M6 and 9 miles to the Lake District National Park, the population of Barrow – now 69,100 - enjoys an independent peninsula culture, low levels of crime and very high levels of social cohesion, including its own evening newspaper. The town has a strong sense of identity and a strong Lancashire association (including postcode) although now part of Cumbria.

Barrow also has a very proud reputation for shipbuilding and advanced engineering. Manufacturing accounts for 6,400 - 23.2% - of all employment, i.e. more than twice the regional and national average (11.6% and 10.2% respectively). 7,900 are employed in public administration, education and health, and 6,200 are employed in distribution, hotels and restaurants.

“Barrow is an extreme and, within the UK, unique example of an economy dependent on one employer.”

Professor Steven Fothergill, National Director of Industrial Communities Alliance

Those in full time work in Barrow earn on average £507 per week which is slightly more than the national average (£503 per week) or the regional average (£460)¹. For those employed by BAE Systems, the 603 Executives earn on average £52,820 per annum, the 2,664 professional grades earn £32,450 and for those 1,797 employees who are employed in manual work the average salary is £23,585². Skill levels are at, or just below, average levels with 49.1% qualified to NVQ level 3 and above (2 or more A levels) compared to 50% in the North West and 52.7% in Great Britain as a whole.

¹ Figures derived from Local authority profile for Barrow-in-Furness via www.Nomisweb.co.uk 31/10/12 NB some of those employed in Barrow will live elsewhere so the average pay of people living in Barrow is £15 per less at £492 - just below the national average.

² Figures provided by BAE Systems Maritime by email on 9/10/12

Barrow also has some negative features

Barrow has high levels of unemployment, worklessness and poverty. There are 1,815 Job Seeker Allowance (JSA) claimants – 4.1% - less than the North West average. The number of JSA claimants per unfilled jobcentre vacancy is 12 – three times higher than the national average (3.9)³. Barrow also has a high rate of numbers on Employment Support Allowance and incapacity benefits - 9.9%. The “real” unemployment rate for Barrow is 13.2%, ranking it 30th highest in Britain.

Its road and rail connections make Barrow somewhat peripheral geographically and disconnected: the M6 is accessed by the A590 which is only “dualled” in part and there remain significant “pinch points” causing delay. The train services to Manchester and its airport are currently under threat. Barrow-in-Furness has had the highest population decline in England and Wales over the last ten years. Between 2001 and 2011, the population fell by 2,901 - or 4% to 69,100.

Barrow’s history is both varied and proud

In 1851 the population of Barrow was 450. By 1881 it had massively expanded to 47,000 earning it the nickname “England’s Chicago.”⁴ By that time it was home to the world’s largest iron and steel works. Barrow’s natural resources include haematite – iron ore – which monks at Furness Abbey in the Medieval times had been the first to exploit, helping them to become the second wealthiest Abbey in the land.

As the Iron and Steel Works went into decline – the steel works only finally closed in 1962 and is now the site of Furness College – shipbuilding took over as the primary industry. Barrow has a natural deep water dock which is sheltered by Walney Island. Conditions for workers were poor but in the early twentieth century Vickerstown was built as a model, sanitary, village by Vickers who had bought the shipyard in 1897.

In 1990 Vickers – which at that time still owned the shipyard – employed 14,250 people. This was at the time they were producing the Vanguard (Trident) submarines in the dry dock known as Devonshire Hall⁵. As this commission ended numbers employed declined and reached their lowest point - 2,800 - in 2003.

³ Nomis op cit

⁴ Information from Barrow Dock Museum

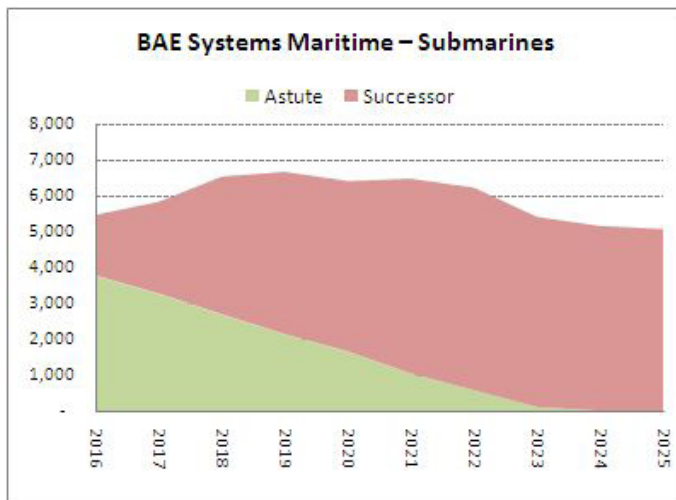
⁵ According to Bryan Trescaheric writing in “the Book of Barrow” these were known locally as “Maggie’s sheds”.

Barrow remains dependent on nuclear submarine production

Although Barrow, and its economy, has reduced its dependence on the dockyards over the years it remains the largest, single employer. Currently there are 5,064 employed by BAE Systems, the present owner.

The vast majority are employed on the production of seven Astute – “hunter killer” – nuclear powered (but not nuclear armed) submarines. Two submarines have been built and launched so far with a third submarine due to be launched in August next year and the remainder scheduled for completion in 2015, 2017, 2019 and 2021.⁶

Already 1,052 members of staff are employed on the design of the successor to the Vanguard (Trident) submarines which have been earmarked for obsolescence from the 2020s. If the decision to commission the four replacement submarines is taken by Parliament in 2016 then the transfer of the workforce from one project to another will continue over the period 2016 to 2023 with employment projected to increase to 6,045 in 2017. It would then decline to 5,000 again from 2023⁷ as the table below, supplied by BAE Systems, shows:



The dependency of the local community on the shipyard is not just through direct employment. First there is “induced” employment that derives from those in work – in other words the demand for services, everything from haircuts to mortgages, which is often estimated to be anywhere between 10 and 20%. Second there are the supply chain jobs. The latter is estimated to be 4,000 in total from nuclear submarine production – of these approximately 555 jobs are estimated to be in Barrow-in-Furness.

⁶ Figures provided by BAE Systems by email on 29/10/12

⁷ Information provided by BAE Systems in email 29/10/12

TRIDENT ALTERNATIVES REVIEW

The Trident Alternatives Review (TAR) was promised in the Coalition Agreement and got under way in 2011. Its completion is expected in early 2013. Until the reshuffle in September, Sir Nick Harvey MP the former Liberal Democrat Minister at the Ministry of Defence (MoD), was taking forward the Trident Alternatives Review in collaboration with the Cabinet Office.

The goal of the review is to inform the “Maingate” decision to be taken by Parliament in 2016 regarding whether to proceed, or not, with the successor to Trident. However little detail is known about the TAR apart from its overall remit, namely to consider deterrent options “*other than a like for like replacement*” for the current Trident programme. Admiral Lord West of Spithead shed some light on its rationale:

“This one (Review) is based on a different – reduced – criterion namely that in future all we need to be able to do is reach sizeable targets but not necessarily Moscow.”⁸

In addition, it is in the public domain that the Review will determine specifically whether there are:

- submarine-based alternatives to the current proposal, e.g. modified Astute using cruise missiles?
- alternative nuclear postures, i.e. non-CASD (continuous at-sea deterrence), which could maintain credibility?
- credible alternatives to a submarine-based deterrent?

A number of those giving evidence stated very clearly that they hoped the TAR would herald a far greater public debate, for example Lord Browne of Ladyton said:

“Hopefully the Trident Alternatives Review will help a conscious, deliberate and well informed policy making process by examining all the options and perspectives – costs, defence capability, long term infrastructure requirements as well as industrial aspects.”

⁸ This criteria makes options other than like for like replacement possible including Astute with Cruise missiles which have a 1,500 mile range (rather than 7,500 miles for a Trident missile.)

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There have been Ministerial statements to the effect that the TAR will not be published. For example, on 30 October 2012, in reply to a Parliamentary Question tabled by Jeremy Corbyn MP, the Chief Secretary to the Treasury, Danny Alexander MP, said: "I have been asked to reply as the Minister responsible for the Trident Alternatives Review. The Government's position remains, as previously announced, that there are no plans to publish either the report itself or the information it draws upon due to its highly classified nature."

Other "threats" to like for like replacement of Trident

It is not for this report – which made itself very clear in its Terms of Reference that it would not be judging the merits or otherwise of the replacement for Trident argument – to detail the military or ethical rights and wrongs of the options.

However it is appropriate to note that a number of those giving evidence referenced other "threats" to like for like replacement but which originate not from the Trident Alternatives Review but from other national and global developments:

- Post Barack Obama's re-election, a further round of disarmament diplomacy between USA and Russia as well as potentially China and France with the UK obliged to join any such multi-lateral negotiations due to its Non Proliferation Treaty commitments.
- Further moves at the UN, as well as by some countries and groups of countries, to create nuclear free zones – as already in New Zealand and Antarctic – and/or nuclear weapon free zones – as already in Africa and South America. In addition there are moves by non-nuclear weapons states such as the New Agenda Coalition towards more stringent international treaties banning nuclear weapons.
- The proposition that advances in satellite and other tracking systems could render the "invulnerable" platform of deep sea submarines obsolete in the way unmanned drones are rendering some planes obsolete.
- The cost pressures for the Government in general, and MoD in particular, may increase along with the possibility of the costs of the project inflating at a time public expenditure is increasingly being constrained.

- The probability that at most three successor submarines would be commissioned meaning that the contract would be more likely to end in 2034 than 2037 was suggested by a number of contributors. The TUC acknowledged that in light of "recent developments of the nuclear propulsion units at Rolls Royce.... the requirement for constant 'at sea' presence being fulfilled by three boats instead of the current four vessels is more likely."⁹

Many contributors were also concerned about what might happen to the workforce in 2034 or 2037, even if the like for like replacements are commissioned. Although it is expected there will be another generation of submarines after Astute it would seem unlikely that employment will continue at the level of 5,000 or above unless some diversification at the dockyard itself takes place.



An Astute class submarine, photo courtesy of BAE Systems

⁹ As detailed in the submission of Furness Enterprises and Keep our Future Afloat the expectation regarding the actual production of a like for like replacement is that construction would begin in 2016 and by "2028 the first boat delivered. Remaining boats delivered at one every three years. Either 2034 final boat (for three boats) or 2037 (4 boats)."

FINDINGS

Question 1

What are the economic and industrial implications resulting from options other than a like for like replacement of Trident?

Many respondents stated that the implications, especially for Barrow, depended on which option was taken forward. It is therefore necessary to look at each of these in detail and in turn.

Option 1: Astute with Cruise

All those who discussed this option were clear that it would require additional submarines to be commissioned above and beyond the seven Astute submarines that have already been ordered and are currently planned to be completed by 2022. Sir Nick Harvey MP said that another three would be the minimum. Therefore under this option the continuation of further nuclear submarine production would be required and would continue into the period 2022 to 2032 when construction of the successor to the Vanguards (Trident) is currently planned.

There are currently 4,000 people employed on the Astute “Hunter Killer” class submarines with a further 1,000 on preparation for the Vanguard successor mostly it is understood on design work. An “Astute with Cruise” option would inevitably still involve some design work although it is equally clear that some of those currently employed on the preparation for the successor, which is a different order of boat for example triple in tonnage, would not be required. The uplift in workforce to 6,000 in 2019 could not be expected to occur.

In this option BAE Systems would continue to operate and, although no figures have been provided by BAE Systems, it seems plausible to consider that it would continue to employ a workforce in the order of 4,000.¹⁰ It is however important to note that if such an option were to be taken in 2016 – when Parliament is to decide on the “Maingate” decision – the reduction in numbers of employees currently employed on the Trident successor would begin immediately.

Option 2: Non Continuous At Sea Deterrence (NCASD)

This option provides the potential for the UK to deploy independent nuclear deterrence at a time when it has an enemy commensurate with that response – the so called “weapons in the cupboard” option. There would appear to be two ways NCASD could be implemented – by commissioning two or possibly three of the successor

submarines to Vanguard (Trident) or by commissioning two (or possibly three) of the Astute submarines.

This study cannot determine which is more likely or feasible but clearly the current four boat deterrent requirement – one at sea, one ready to go to sea, one in maintenance or refit and one for all other eventualities – would no longer be necessary. One submarine would be required to be able to put at sea at any time – or be on exercise – so depending on expectations regarding the maintenance requirements of the new submarines clearly only three and quite possibly two would be required.

Sir Nick Harvey MP was clear: “In the event of adoption of non continuous at sea deterrence then this could be done with just two replacement submarines – that was the view of Sir Michael Quinlan the ‘godfather’ of nuclear strategy in the 1980s.”

Option 2a:

The direct implications for Barrow of Option 2a – NCASD with Trident – would appear to be more to do with the end of the commission which currently is envisaged at 2034 (3 boats) or 2037 (4 boats) but might be considered to be brought forward to 2031 or 2034.

Option 2b:

NCASD with Astute – would mean the same step down in employment from 5,000 as in Option 1 above. It would also mean that the Astute drumbeat might end in the late 2020s.

Option 3: Credible alternatives to submarine based deterrence

Whilst few contributors considered a deterrent provided by land (missile) or air (from plane) to be at all viable, no-one questioned whether conventional submarines should continue to be part of the Navy’s arsenal nor UK’s historic procurement position, which has been to produce its own strategic defence products rather than buy from foreign countries.

Even with this option it might therefore be expected that the Astute programme would be extended from the current commission of seven (given eleven were originally planned). As Admiral Lord West reports “As a naval man I am clear that as a maritime nation the UK benefits massively from having submarine capability so some future role for the BAE Systems shipyard is required – whether conventional or nuclear weapons submarines.”

¹⁰ Keep Our Future Afloat quoting figures from a 2003 PA Consulting report suggest it could be as low as 2-300:BAE Systems in an email of 6/11 said “we are not able to comment” on the disparity in numbers quoted.

OPTIONS AND IMPLICATIONS SUMMARY	
Option 1: Astute with Cruise	Likely step down in employment (to 4,000 or under) not step up in workforce (to 6,000) production continues until late 2020s not 2030s.
Option 2a: Non Continuous at Sea Deterrence (NCASD) With two or three successors	Likely step up (to 6,000) but commission could end as early as 2031 not 2034 or 2037.
Option 2b: NCASD with two or three Astute Submarines	Step down (to 4,000 or under) and commission ends late 2020s not 2030s.
Option 3: Non-submarine deterrent	Step down (to 4,000 or under) and commission (for additional Astutes) ends late 2020s not 2030s.

“as long as the UK needs submarines it will need Barrow.”

Lord Browne

Professor Trevor Taylor of RUSI raised the issue of maintaining an independent submarine building capacity in the UK: “an important consideration for the MoD is maintaining a “drumbeat” in terms of submarine production. This can be, and is, managed i.e. slightly slowed down - and potentially could be speeded up - as orders dictate. The crucial goal is to maintain an industrial workload to maintain the full set of industrial capabilities to design, develop, build and support submarines at an acceptable cost.”

This concern is informed by the experience in 2003 when the “drumbeat” got out of step after Trident finished and the number of employees went down to 2,800. Getting back on track with Astute production was then problematic including additional delays and expense.



Naval shipbuilding facility - Devonshire Dock Hall, Barrow in Furness
(photo courtesy of Furness Enterprises)

However others believe this is a surmountable problem.

“In fact, if we build ten Astutes at a “drumbeat” of thirty months then in total the commission takes twenty five years which is about the time by which a new version needs to be commissioned – in other words if we were to commit to a programme of ten non Ballistic submarines, BAE Systems would maintain a perpetuity of business employing numbers at 4,000 or so.”

Sir Nick Harvey MP

The Furness Enterprises, Keep our Future Afloat Campaign (FE/KOFAC) submission to the Nuclear Education Trust suggests this timetable might be feasible: “it is assumed that there will be follow-on work for a new SSN [nuclear powered submarine] fleet, defined as ‘Maritime Underwater Future Capability’ by MoD and DSTL (Defence, Science and Technology Laboratory.) This would replace the Astute class. Initial design work is expected to start around 2025.”

FE/KOFAC pointed out that if the replacement for Trident is cancelled there could be a “design gap” between 2016 and 2025. This supposes no design capability would be required for the additional modified Astutes beyond the current seven and that the designers could not be retained to work on other BAE projects (given that all shipbuilding design work is based in Barrow). Others suggested their high level of skills could be maintained through employment on additional nuclear decommissioning, environmental and/or maritime technology projects.

No “binary” future but no illusions either of the severity of the impact of any reduction in jobs

Upon analysis none of the options would lead one to conclude that Barrow or BAE Systems face a “binary” future – which was suggested by some contributors. In other words it is not the case that Barrow either builds the replacement for the Vanguards (Trident) and employs 6,000 or all are laid off; between continuity towards the successor and complete catastrophe. Even in the worst case scenario from Barrow’s perspective – if a non submarine deterrent (or even no deterrent option) were to be adopted - an indigenous submarine building capacity will be required and employment in the thousands would continue.

“I don’t agree that if we don’t proceed with the replacement of the Trident (Vanguard) submarines that it is the death of UK’s capacity to build submarines.”

Toby Fenwick, Centre Forum

However no-one should be under any illusion that the loss of more than 1,000 jobs – which taken with the “knock on” effects in the local economy and local supply chain might add up to 1,500 - would be anything other than “extremely challenging” (TUC). According to Professor Fothergill 1,500 more people out of work would make Barrow rank number one for “real unemployment”¹¹ in Great Britain.

There are, of course, a set of wider implications – for the estimated 4,000 numbers employed in the supply chain 83% of which are concentrated in four centres: Derby, Edinburgh, Bristol and Rugby. It is beyond the capability of this study to map the impacts on this wider group if the options under consideration by the Trident Alternatives Review were taken forward. However, it is clear that the biggest impact if the like for like successor to Trident were not adopted would be on Rolls Royce in Derby where 1,000 are currently employed.

Certainly the rather remote and fragile economy of Barrow would be the most adversely affected although as many contributors stated the real losers would be the town and the community left behind given that many of those who might be laid off have transferrable high level skills which would be in demand potentially elsewhere in West Cumbria or beyond.

¹¹ As Professor Fothergill points out in an email of 30/10 “About another 1,500 or so unemployed would be sufficient to push Barrow into the top spot. But bear in mind that there isn’t a simple mechanical link between job loss and local unemployment – i.e. you can’t simply assume that 1,500 jobs lost raises local unemployment by 1,500. There are other labour market adjustment mechanisms at work as well (commuting, retirement, migration, economic inactivity, etc).”

Question 2

What are the economic and industrial considerations in taking forward an active policy of diversification both for Barrow and its supply chain?

Diversification and regeneration are not easy but they are possible and both are already under way

It is quite clear from the evidence received that making good any loss of employment – and certainly one at the level of the 1,000 or more that might be envisaged if options 1, 2b or 3 were taken forward by the Government - is not at all easy or straightforward. There is also the loss of the envisaged “step up” in employment to 6,000 in the years 2019 to 2023. Making good that net loss – potentially in the order of 2,500 - is a formidable task.

As Professor Peter Strike, Cumbria University, observed “in an era of land based economies Barrow is not well sited.” Moreover switching production from one local economic focus to another is not straightforward.

“I do not subscribe to the “magic wand” type of economics - in other words BAE Systems without orders for submarines could not instead make dishwashers.”

Professor Keith Hartley

In addition, Barrow MP, John Woodcock, and a number of other contributors, said that “a drive to diversify the Furness economy is an economic imperative, but it should happen on the foundation of building the successor deterrent, not instead of it.”

Others were, however, at pains to contrast the Government’s commitment, financial and otherwise, provided for military production with that given to other industries. Dr Paul Schofield for example commented that alternative renewable energy programmes have in comparison been “starved” of funds and that if it they had had similar resources behind them the UK “could have stimulated an indigenous manufacturing base generating far more employment, more evenly distributed across the north of England.”

Shipbuilding is the first and natural choice

There were numerous recommendations made stating that the shipyard could become again exactly that, a shipyard building either military or conventional shipping. This would, as many remarked, fit with the skills, expectations and ethos of the Barrow workforce. Professor Dorman was not alone in saying that such diversification is important in

the long term whatever is decided regards replacing Trident: “to sustain the current workforce requires additional work to pass through the shipyard.”

There are however a number of impediments. First, military naval spending is extremely limited with the Type 26 programme¹² being the only major future one but this is already earmarked for construction on the Clyde (although the design work is taking place in Barrow). Secondly, the market for civilian ship production has in general been cornered by the Koreans although a number of niche markets – luxury liners currently made in Italy and Finland – were suggested by some to be worthy of consideration despite the fact that start up costs and new market entry are by no means easy.

A number of contributors discussed the possibility of BAE Systems selling submarines to countries that lack any indigenous production capacity. Canada and Australia were cited as potential opportunities. It is impossible for this report to comment any further on the likelihood of this alternative source of orders.

“Abandoning the UK’s current plan to renew the current Vanguard class submarines with successor submarines capable of carrying the Trident D5 missile would have a severe impact on the economy of Barrow and Furness”

John Woodcock MP for Barrow

A Scottish ‘windfall’?

Professor Dorman was one of a number of contributors who stated: “a Scottish vote for independence [in 2014] is likely to result in a significant economic windfall for the Barrow yard.” On the basis that when it comes to defence procurement, indigenous production is essential – in other words you cannot be vulnerable to a foreign manufacturer who may then decide to withdraw their products – shipbuilding could well move from the Clyde and Rosyth yards to those in England.

But as Professor Dorman also points out: “there are currently too many shipyards chasing too few orders”. One of these is Portsmouth owned by BAE Systems and currently facing some uncertainty as to its own future. He went on to suggest that a vote for repeal of the Act of Union might lead to Barrow becoming “the permanent

¹² According to Wikipedia the first Type 26 Global Combat Ship is expected to enter service starting in 2021 to replace the thirteen Type 23 frigates of the Royal Navy. The programme has been in development since 1998 and in March 2010 BAE Systems Surface Ships was awarded a four year contract to develop the Type 26 Global Combat Ship.

base of the Trident force, its successor and infrastructure.” In the past other commentators most notably John Ainslie in ‘Nowhere to Go’ has claimed Barrow could not be such a site due to the fact that “the Walney Channel is too shallow for a submarine base”. When it was asked of BAE Systems whether this was a viable option they said “Please refer to MoD on this question”.¹³ Unfortunately the MoD declined to take part in NET’s survey and research.

Given the potential Scottish windfall, it is probably worth recalling that, as Lord Browne pointed out, no opinion poll so far has suggested that it will be a yes vote and he therefore concluded: “That those who believed this could be a lifeline and who put their hopes in this may be very disappointed.”

Other opportunities: advanced manufacturing, maritime, environmental and renewable technologies

John Woodcock MP, provided evidence of a recent strategy document entitled ‘A National Cradle for Advance Manufacturing – Towards an Economic Vision for Furness’ which “sets out a range of actions necessary to produce a diversification of the local economy and to provide for high-skilled jobs in the Furness area.” In particular he says “Barrow’s stereotypical image as a one industry town does a grave disservice to other important industries that are succeeding here. Continued investment in shipbuilding brings the opportunity to make Furness a national cradle for advanced manufacturing, alongside exciting developments for Furness as part of Cumbria’s Energy Coast, the new bio-pharmaceutical plant planned by GlaxoSmithKline in Ulverston, and other skilled manufacturing areas such as the cluster of advanced LED lighting companies in the area.”¹⁴

Many commentators made the point that maritime, environmental and renewable technologies were areas where there is a natural synergy with the expertise and experience in the Barrow workforce. Neil McInroy pointed out: “Any coastal area in UK is looking at regeneration so the key question is what is Barrow’s competitive advantage? The green alternative has become the regeneration mantra – previously knowledge economy was all the fashion – but need to be aware Newcastle, Tyne and Wear, Tees Valley, Aberdeen, Dundee, and more are all in this market place.”

Barrow has not so far secured large employment from wind technology which is owned and operated by a Danish company. The photograph on the next page shows the three wind farm support bases and construction activity in Barrow. A fourth will develop soon to the right of the three shown - together they will only employ around 200 people over 25 years.

¹³ Email from Ms Jackie Arnold of 9/10/12

¹⁴ This was produced in conjunction with local employers, local authorities, trade unions and other interested bodies and is available at this address: <http://www.scribd.com/doc/101748948/Towards-a-New-Economic-Vision-for-Furness>.

“Offshore wind and renewable energy may provide significant opportunities, [but] to date that has proved elusive and Barrow faces tough competition from many other parts of the UK.”

TUC



Wind turbine bases, photo courtesy of Furness Enterprises

As a growing economic sector – variously estimated to be potentially worth up to £100 billion – a number of contributors suggested Barrow may however be able to develop a niche part of the renewable market. Professor Foster and Dr Mackinnon said: “Tidal and wave energy generation is running a decade behind wind technology and remains significantly underdeveloped. Britain also possesses a coastline that makes it one of the world’s top four locations for such generation.”

One benefit that the existing shipyard has is the fact that Barrow is currently the site of all design work on naval orders. That intellectual capacity must make it well placed to consider maritime diversification options. However, R&D in marine energy technologies is according to Foster and Mackinnon “currently being massively reduced” but Barrow would be very well placed not just “to develop marine energy technologies but also to build the installations and the submarine vessels required to service them.”

Professor Barnham, who co-founded a 3rd generation solar cell company which struggled to get investment and support at a critical time said: “the Government’s commitment to renewable companies and Barrow should be as big as its commitment to military hardware companies.” He also pointed out that the market leader – Spectrolab in the USA – is a spin off from Boeing, highlighting that transferable intellectual and design skills are possible from within a large company.

There is some evidence in Barrow of spin off companies with Anne Attwood of Furness College telling us that “there are other strengths in the Furness local economy, for example Oxley’s who have used optoelectronic technology to become world leaders in night vision, which has further given rise to an increasing number of companies specializing in LED technology.” But Britain in general does not have a good track record in this – as a couple of contributors remarked the Fraunhofer¹⁵ model from Germany could have enormous benefit in the UK.

A range of other suggestions were made as to developing the economy of the future

As Professor Broomhead amongst others pointed out there are also opportunities in the estimated £90billion nuclear decommissioning market: “Skills and resources in Barrow could be used in relation to nuclear and its decommissioning.” Professor Broomhead also said: “There would also be wider options including call centres, developing the airport on Walney Island and attracting public sector relocation.”

Many contributors pointed out the need to build on indigenous strengths and to expand existing businesses. Furness College said “There are other opportunities that are perhaps not widely understood – entrepreneurship in the creative industries especially where technology related such as digital media; land mine detection technologies.”

“There is another point to consider: Barrow and the Lake District seem to inhabit different cultures not just different areas. The Lake District is touchy feely, alternative even. The question is, can some of the Lake’s economy come to Barrow? It would be preferable for Barrow to have greater connectedness to its hinterland.”

Neil McInroy, Director for Centre for Local Economic Studies (CLES)

¹⁵ The Fraunhofer Society works for the advancement of applied research and has 60 institutes spread throughout Germany, each focusing on different fields of applied science. It employs around 18,000 people, mainly scientist and engineers with an annual research budget of about €1.65 billion. Some basic funding for the Fraunhofer Society is provided by the state (including through regional Länder) but more than 70% of the funding is earned through contract work, either for government sponsored projects or from industry.

Question 3

What can be learnt from previous initiatives to diversify and/or regenerate the Furness peninsula?

Diversification and regeneration are not new concepts within Barrow

Dr Maggie Mort makes clear in her detailed submission that “BAE (formerly Vickers) was once a highly diverse company with a broad range of profitable engineering interests.....[But] In the early 1970s Vickers abandoned some of its biggest commercial operations”. These included pumping systems, power generation plant manufacture and world leading cement making plant and machinery as well as circulating water pumps for irrigation and sewage and mining equipment.

Professor John Foster and Dr Alan Mackinnon in their contribution highlight that a “most significant diversification proposal was put forward by trade union representatives [at Vickers] in 1989-90....These proposals called for R&D expenditure on wind and marine technologies to create a centre of excellence in industrial fabrication. Had these proposals been implemented they would have been initiated ahead of similar programmes by the Danish and German governments which have now given these countries a world lead in wind related technologies.”

Cumbria County Council reported that: “Post Trident considerable effort was made by the shipyard to explore opportunities to diversify. None were sustainable, being financially unviable.” Dr Paul Schofield pointed out, however, that the highly specialized nature of military production has in the past “provided insurmountable industrial, technological and cultural barriers for a successful transition to civil manufacturing.”

However, as the Keep our Future Afloat Campaign make clear in their evidence, this non-diversification approach has been deliberate: “The turnover at the shipyard is generated 99% from MoD revenue, almost entirely from the submarine programme. This dependency has been consciously driven by both BAE Systems and the MoD to enable the shipyard to focus on the submarine programme without the distraction of diversification options.”

This “monoculture” of defence dependence clearly leaves employees vulnerable. However, BAE Systems did make a grant of £830,000 to Furness Enterprises in the period up to 1992 to 2006. This regeneration initiative started in 1992 and in its recent twenty year review reported that it had created more than 10,000 jobs and protected some 3,500 others.

With the advent of the North West Development Agency in 1999 a Barrow Task Force was established as employment numbers approached their lowest point – 2,800 in 2003.

Overall some £100 million was allocated over a ten year period on a variety of regeneration projects. As Professor Broomhead, former Chief Executive of the NWDA, told the inquiry the goal was to “make the town more resilient to economic shocks. This focused largely on higher value manufacturing and engineering rather than adopting a scatter gun approach. Building on indigenous strengths was seen as the right approach.”

Professor Broomhead said “The NWDA also tried to promote transformational change in the period up to 2011 including big regeneration projects – the development of a Waterfront and Marina Village, Ramsden Business Park and the construction of a new FE College on the site of the old steel and iron works. It also recognized the importance of supporting indigenous enterprise with grants to support Furness Enterprises and that the town centre leisure/retail/culture offer is very important to a place’s future particularly as they will affect young people’s attitudes.”

Some initiatives have worked well, others not so well

A number of these initiatives have worked very well. For example former steel works land was remediated and is now host to a business park including the new Furness College and a call centre which is in use. The Nuclear Free Local Authorities pointed out that the Dockland regeneration project including marina, houses, restaurants, shops and hotel was a welcome initiative although it has not progressed as far as envisaged due to the credit crunch and the demise of the NWDA.

Furness Enterprises and the Keep Our Future Afloat Campaign reported that diversification opportunities which have had some success include:

- The low carbon lighting cluster in both Barrow and Ulverston
- Offshore gas support
- Off shore windfarms
- Electronics and systems integration
- Attraction of modest scale service sector financial services employment
- Formation of new mainly lifestyle businesses

“Perhaps the largest diversification was the emergence of subsea electronics firms spawned from new business creation over the past 25 years. This has led to the creation of around 750-900 jobs in Siemens, Rovtech, Handmark, Diamond James Fisher and similar firms.”

FE/KOFAC

Other projects were less successful: according to Professor Broomhead the idea that the dock could be used as a cruise liner terminal, for access to the Lake District and restocking purposes, proved logistically difficult due to the proximity to military production. The waterfront development is currently stalled due to problems with securing finance.

Meanwhile Furness Enterprises reported that efforts to tap the potential of the wind technology market have been disappointing with just 200 jobs generated in maintenance and fitting despite two of the world's largest windfarms being within view from the dock.

It has been difficult to secure “transformational projects”

Some other truly transformational projects were actively considered during the 2000s including the Bridge Across the Bay which would have linked Morecambe to Barrow via a combined road bridge and tidal energy generating barrage. This would have halved travel times to and from Lancaster and had wider benefits for Sellafield and West Cumbria but ultimately foundered on the issue of financing the huge capital costs.

Some large employers have been attracted to Barrow in the past but few more recently. Bowater Scott Barrow arrived in 1967 as a result of Government grant assisted area direction. The 72 acre site is now Kimberley Clark Worldwide's most northerly mill and now employs 400. Until 1993 it employed 1400.

The difficulty in securing regeneration and diversification at the scale required is underlined in the view of a number of contributors including Professor Peter Strike “by the fact that Barrow is the most rapidly de-populating area of Britain”. The recent very welcome decision by GSK to expand its Ulverston pharmaceutical centre will only generate 400 new jobs despite representing a financial investment of £350 million.



Question 4

What is the scale and type of investment and commitment that is required by Government to sustain and develop jobs and skills in Barrow?

The buck stops with the Government: commitment needs to be guaranteed, sustained and immediate

There was widespread endorsement of the principle that the Government has a special responsibility towards those areas that are dependent on military contracts. For example, Paul Ingram of BASIC said: “There is increasing acceptance of the military covenant...There should be consideration of a similar covenant with those towns that are exposed to changes in defence policy such that, if the need for production ceases there is acceptance of a moral obligation to provide temporary economic development support for transition.”

A number of contributors cast extreme doubt on whether any such Government commitment would be forthcoming. For example Barrow in Furness Borough Council's Executive Director said: “The private sector will not lead significant diversification unaided and there seems little prospect of any long term support from Central Government to achieve this.”

Others were adamant that this should be forthcoming with for example Professor Keith Hartley stating that “there would be a role for generous government policies for retraining and relocating.” There would also need to be support for an active inward investment policy, new start ups and growth from within indigenous businesses as well as transformational projects. Moreover that commitment – a guarantee to support - must be immediate.

“A decision to cancel Successor [in 2016] is not a question of future job losses beyond 2023 [when Astute commission due to end] but would have an immediate impact on 20% of the BAE workforce in Barrow.”

Phil Huck, Barrow in Furness Borough Council, Executive Director

Clearly in the first instance the Government should sit down with BAE Systems and look to their wider order book and future likely orders including from Government. It is clear that the most straightforward way of replacing any reduction in employment in the shipyard is through other shipbuilding orders.

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The TUC advocate that if the like for like replacement were not to go ahead there should be a revision of the Defence Industrial Strategy, published in 2005. Certainly a well-developed long term strategy of support and investment would be required as the Government's commitment – if Barrow were to see a reduction in numbers – should not only be immediate but considerable and sustained. Regeneration and diversification are, as already noted, not easy to deliver and always take time.

Furness Enterprises and Keep our Future Afloat Campaign said: "Adjustment and resource re-allocation would take considerable time...Adjustment depends on the transferability of skills and other resources...Government would need to assist change and resource reallocation through such manpower policies as:

- Labour retraining
- Mobility assistance
- Information on job opportunities
- Other policies to assist resource re-allocation".

Wider regeneration and diversification also takes analysis, funding and leadership

Although NET's survey has scoped a number of options, BIS should consider undertaking a feasibility survey to analyse skill levels, opportunities to grow existing companies and identify market opportunities for inward investment. As a number of contributors stated, including the TUC, such support for diversification in a local economy - that is still highly dependent on military production - is unlikely to be sustained in the longer term.

To generate genuinely sustainable employment, the Regional Growth Fund (RGF) guidance suggests that in some cases the cost of generating genuinely sustainable employment can be as high as £200,000 but the average is £33,000 per job. However, Professor Steve Fothergill, the National Director of the Industrial Communities Alliance estimated that £100,000 would be required for every job lost in Barrow given its circumstances. In other words for every 1,000 employees lost a regeneration fund of £100 million would be required.

This report is not able to determine precisely what if any savings would accrue from the adoption of any of the nonlike for like options. Professor Keith Hartley has said that despite the £3 billion already expended on a successor to Trident, if cancellation occurred in 2016 the savings would be £1.9bn every year from 2016 until 2062. He has also estimated that to maintain production of additional Astute submarines each would cost £1.4 billion. This has to be contrasted with the £20-£25 billion expenditure simply on submarine construction for the four Trident successors.

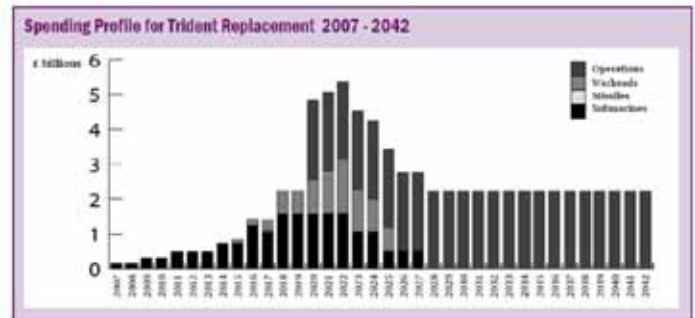


Table provided by NFLA, from a graphic originally produced by BASIC

As a number of contributors made clear some of any savings would be used within the MoD budget or on other Government priorities. However it seems a safe assumption that should four Astute submarines be built instead of four successors, £100-£250 million of the estimated savings could be allocated for the regeneration of Barrow.

“I am very clear the Government does have a moral responsibility to step in and make some kind of injection into the local economy including a considerable financial commitment.”

Sir Nick Harvey MP

Professor Steven Broomhead, who chaired the first Barrow Task Force, remarked that what would be needed is “a special body with significant powers and a crystal clear focus on the regeneration of the area. This body must be on the ground – we are not talking about tinkering from Whitehall! But it would require not just political support but ‘joined up’ policy support from Whitehall, including relocating some civil service functions and staff.”

European funding could be a critical component of governmental support

Other support that a Barrow Task Force Mark II would require are other Government initiatives such as an Enterprise Zone and remaining on the State Aid Map (of areas where subsidy for private sector is permitted). It might also be helpful if European “Transitional” Funding – a proposed subset of Structural Funds currently under consideration and which Cumbria would be eligible – were supported by the Government. As Professor Fothergill said: “European funding could clearly be of importance to Barrow..... Cumbria may be designated as a transition region in the new round of structural funds.....The Government needs to be encouraged.”

Question 5

What other actions might be taken – by wider partners and civil society – in response to the need for diversification?

BAE Systems has a responsibility to look to long term interest of employees

A number of contributors remarked on the fact that BAE Systems are shielded from market forces whereas most private sector companies constantly innovate in order to develop new products and revenue streams. Diversification is particularly important for a company that is dependent on one product and one purchaser as this leaves employees very vulnerable. As Toby Fenwick of Centre Forum said: “BAE itself could seek to win new orders rather than be dependent.”

“BAE Systems should not consider the workforce as expendable, or not their responsibility, if the replacement contract is not awarded in 2016.”

Mike Jeram, UNISON

Barrow to be a key player in the Energy Coast

Barrow has a gas fired power station, builds nuclear powered generators and has the world's second largest wind farm immediately offshore. However it is not part of the Britain's Energy Coast initiative. The project is, understandably, centred on Sellafield but the boundary is now tightly drawn around the borders of neighbouring West Cumbria Councils of Allerdale and Copeland only. This has a range of implications meaning that Furness College is currently unable to access Nuclear Decommissioning Agency funding.

As Anne Attwood, the Principal of Furness College said: “This severely impacts on the College which is not able to access funding from Britain's Energy Coast which is frustrating. Barrow appeared to be included in initial documents but was excluded from the final version and now seems to have been excluded permanently.” Other contributors, including Professor Peter Strike of the University of Cumbria, found this exclusion arbitrary.

There is a key role for a wide range of partner organisations

In terms of developing and taking forward any alternative strategy for Barrow – one based on a reduction in the workforce from 2016 – all the local contributors to our report would have a critical and invaluable role to play:

Barrow and Cumbria Councils, Furness Enterprises and Cumbria LEP, Keep our Future Afloat and Northern TUC, Furness College and Cumbria University as well as the remainder of the private sector, from which growth will need to be generated.

“It will be important for the District and County Councils, the new Furness College, the University of Cumbria and indeed the local NHS (which is very significant) all line up behind a plan for Barrow – also partners a little further afield, for example Sellafield and the Nuclear Decommissioning Agency as well as Lancaster University would all need to be involved.”

Professor Steven Broomhead



The vital role of Furness Enterprises and local trade unions were also mentioned by contributors as was the Cumbria Local Enterprise Partnership whose Chair, George Beveridge, pointed out that “various bodies came together very well to secure that investment [GSK at Ulverston]” He also went on to state it is “clear that all parties – organisations – need to work together to ensure that Furness is a good place to invest, work and live.”

This point was also emphasized by Cumbria County Council who said: “Attracting inward investment to diversify employment would be essential. In order to do so, support to improve standards in education, healthcare, transport infrastructure and the social arts provision would be necessary.”

The TUC said “Inward investment programmes of the scale needed to secure the level of economic activity necessary to mitigate against the impact of severe reductions in BAE Systems employment are not unheard of. A little over 25 years ago Nissan invested in Sunderland, which has provided thousands of jobs directly and through supply chains, helping to sustain a community previously heavily dependent upon shipbuilding and engineering.”

The TUC go onto point out that for Barrow to benefit from any future comparable opportunities the community would have no problem delivering the high quality skilled labour required. However “transport links remain a major barrier not easily overcome”. John Woodcock MP and others pointed out that the crucial priority for all partners would be to focus on improving and investing in transport links, especially road and rail.

The community also need to be engaged

It is essential that the wider public is also engaged. If there were to be a shift in the focus of the town it is, as a number of contributors made clear, important to understand what local residents’ views are.

**“Should change occur, what is needed above all else is a holistic approach which draws together all aspects of the problem and long term commitment to regeneration and new types of growth in Furness and vast resources would need to be committed quickly to Barrow TTWA”
FE/KOFAC**



“Envisioning new possibilities is difficult but necessary – it’s about looking at strengths in new ways. For Barrow it is perhaps looking at the Lakes being on its doorstep and that it has plentiful affordable housing. Some would no doubt welcome an economy geared to socially useful production rather than weapons of mass destruction. There can be benefits of change, letting go. What do people in Barrow really want - presumably not to be a one industry town ultimately?”

Sarah Longlands, academic

Neil McInroy emphasized this point stating that there is “Lots of social capital in Barrow – social solidarity – and this needs to be utilized not squandered.”

Question 6

What are the lessons that can be learnt from comparable international programmes?

The Base Realignment and Closure (BRAC) programme is of the most relevance to Barrow

Over 100 bases of varying sizes have been closed since the initiation of the BRAC programme. Studies by the Congressional Budget Office identified the key to success being “long term prior planning and investment that is specifically geared to the needs of the civilian markets.”

As the Campaign for Nuclear Disarmament pointed out “A local Redevelopment Authority is formed which must include all major groups and communities affected. Central government has a clear role in facilitating this process. It can ensure fast track environmental clean-up, funds to provide transitional support to displaced workers and economic planning grants. It can ensure that property changes hands below market value if it is for job creating purposes.”

“The most direct comparison is with the Base Realignment and Closure programme undertaken by the US Federal Government under legislation which makes it mandatory for planning to take place five years prior to the closure of any military base to ensure full re-employment is provided.”

Professor Foster and Dr Mackinnon

There are some good examples such as Finland; Freiberg and Newcastle in New South Wales

James Meadway of New Economics Foundation told the survey: “A number of examples spring to mind but perhaps the most relevant – although on a larger scale – is that of Finland. In the early 1990s its economy – heavily dependent on wood and paper products – collapsed and the country faced recession. There was a conscious decision to transform the economy into a high technology exporter and to develop innovation particularly in telecommunications. Through co-production i.e. the Government working with the private sector, companies such as Nokia shifted entirely from what it used to do – paper and leather products – to become a worldwide commercial success and household name.”

Academic, Sarah Longlands suggested “Freiberg is an interesting case. It was to be the site of a new nuclear power station but protests led to renewables and it is now known for solar energy – in fact it produces more solar power than the whole of the UK. Neil McInroy said: “Newcastle in Australia used to be a steelport and now has a new identity – bohemian/quirky with fast train links to Sydney. They exploited the location to turn themselves into a good place to live and work and built on knowledge economy strengths.”

The UK record on regeneration and need for anticipation

There were many comments regarding the overall record on regeneration in the UK itself. Professor Steve Fothergill told the survey: “Corby, for example, is one area that has gone a long way to rebuilding its economy in the wake of job losses (from the local steel industry). But it has been one of the very few areas in the south that has been able to offer a wide range of incentives etc.”

Dr Rebecca Johnson from the Acronym Institute for Disarmament Diplomacy indicated the important and beneficial role of anticipation and forward planning: “There are certainly comparable examples where people saw the writing on the wall but ignored it. For political reasons they kept brazening it out, declaring 100% commitment to new weapons or aircraft carriers or whatever. The trouble with that attitude is that when the decisions are actually taken, there is much less time to manage the transition. If you deny the possibility of problems or changes until the last minute - that is what causes economic collapse and real suffering.”

“Regeneration could be quicker than the 25 years that it all too often takes - if for example there were more significant investment and political will - but let’s also recognize that many former coalfield communities benefitted from a background economy which grew for every quarter from 1993 to 2008. This makes sustaining growth and embedding regeneration much easier.”

Professor Steve Fothergill

Lord Browne made a similar point: “The key issue here is that people rarely want to contemplate very difficult decisions although no person can stop time. It is a very brave politician that will go to the electorate and say “this will not happen for ever” as understandably people want to campaign for the retention of what they know. But the problem with that approach is that ultimately you will hit a crisis ...”

“in Barrow’s situation what is crucial to grasp is that we can anticipate the need to shift production away from reliance on one employer and we can plan.”

Lord Browne

CONCLUSIONS AND RECOMMENDATIONS

The evidence we have received represents a wide range of perspectives and indeed opinions on the questions posed. Some disagreed on some matters, not least – no doubt – on the question that was not asked: do you support the like for like successor or an alternative? The Nuclear Education Trust believes that the study achieved consensus on a number of issues and that our conclusions and recommendations reflect the views of the many we heard from. We also believe that our report makes a valuable contribution to the debate and will be of interest to the wider community of decision makers and influencers, as well as the public at large.

CONCLUSIONS

If an option other than like for like replacement were adopted it would not necessarily follow that submarine production at Barrow would cease but it might necessitate a “step down” in numbers employed

We conclude that it is not “all or nothing” for Barrow. There are a range of options with some leading to a “step down” rather than a “step up” in employment but one – regarding Non Continuous at Sea Deterrence with two Trident replacements – would not affect employment at all until 2031.

The fact that the debate can be misrepresented as a “binary” choice – between 6,000 employed or none - is not helpful to public or policy debate about the issues involved and their implications.

However there is clearly a great deal of, understandable, uncertainty and insecurity amongst people in Barrow and amongst those dependent on BAE Systems, or the supply chain, for their livelihoods. There is therefore a need to secure guaranteed support in the event that Governments change their defence procurement needs.

Recommendation one

The Government should make a clear and binding statement of its responsibility to Barrow (as well as any other towns exceptionally dependent on military contracts) in the event that military procurement decisions are changed.

If there were to be a step down in employment in Barrow, diversification and regeneration would be essential. Diversification and regeneration would also be possible with sufficient political, financial and community commitment and advance planning

The Nuclear Education Trust heard that diversification for BAE Systems and regeneration of the Barrow economy is extremely difficult. But we also heard that there is evidence of diversification that had been delivered over the past 20 years and that it would be possible in the future. In many respects Barrow, although still dependent on the shipyard, is already transformed from the town it was in the early 1990s.

For many the quality of life in Barrow is good but it already has too high levels of unemployment and worklessness. If the “Maingate” decision in 2016 were not to proceed to the full like for like successor, the impact would therefore be devastating. It is essential that there is an understanding now of that impact and of the commitment that would be required to address that eventuality.

Recommendation two

In the event of a decision to proceed with an option other than a like for like replacement and which means a step down in employment, the Government must provide immediate, sustained and considerable support, which should include for instance regeneration funding at the level of £100 million for every 1,000 jobs lost to the local economy.

Irrespective of the “Maingate” decision to be taken in 2016, the Government, and others, could and should take a number of steps now to support a fragile economy

NET concur with the TUC: “Whatever the decision on the Trident replacement the considerations and recommendations in this paper must support improved economic development outcomes for Barrow and the wider Furness area as part of a Defence Industrial Strategy. The current levels of unemployment and high rates of economic inactivity merit consideration of intervention by Government to improve participation and economic progress to alleviate some of the dependence on future defence spending to a single purpose contractor. There is a need to provide an opportunity to develop options for the current adult working population in Barrow, for potential transferability and sustainability of skills and to provide a source of ambition and aspiration for future generations of workers.”

Action should be taken now to significantly benefit the Barrow economy over the longer term. At this point – more than three years before any final decision can be taken and whilst a degree of uncertainty must inevitably remain – it would seem prudent to seriously consider progressing these sooner rather than later.

Recommendation three

The Government should take early action now and:

- ***commission a joint BIS/MoD/DfT study regards economic options for Barrow and its supply chain including transport infrastructure improvements;***
- ***remove the arbitrary boundary regarding the Energy Coast Initiative so that Barrow is included and is therefore eligible for Nuclear Decommissioning Agency funding;***
- ***consider creating an Enterprise Zone for Barrow to encourage inward investment and relocation;***
- ***support proposals that would provide Cumbria with transitional funding from European Structural Funds***
- ***encourage BAE Systems to look to diversification.***

If the “Maingate” decision is to be taken by Parliamentarians rationally in 2016 there is a need for greater scrutiny, and a wider public debate, about all the implications of Trident renewal

NET were delighted by the response it had to its survey and call for evidence. There is clearly considerable interest in the issues and appetite for discussion about the TAR. The complexity of the issues raised in our report also suggests that this is an issue where far greater levels of public scrutiny would be appropriate.

However Professor Dorman suggested “the Trident Alternatives Review has effectively ended ...Its conclusions no doubt will be to carry on with the existing policy. Thus alternative proposals... seem unlikely to succeed. In part this is due to a lack of a wider debate about the relative merits.” Lord Browne on the other hand stated: “Hopefully the Trident Alternatives Review will help a conscious, deliberate and well informed policy making process by examining all the options and perspectives.” NET conclude that there is a need for a wider and better informed public debate.

Recommendation four

The Trident Alternatives Review should be made public by the Coalition Government with the least number of redactions possible and, if it is not, then before the “Maingate” decision is taken in 2016. It should either be published by the Government at that time or a new review should be commissioned.

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APPENDIX I TERMS OF REFERENCE

The Nuclear Education Trust (NET) is a charity whose goal is to inform the public about nuclear weapons and related issues through commissioning research that includes an appropriately balanced range of viewpoints.

Barrow like some other local economies are highly dependent on nuclear weapon defence related industries. The “Maingate” decision due to be taken in Parliament in 2016 on the replacement of Trident highlights this fact. Meanwhile the Cabinet Office is currently taking forward a Trident Alternatives Review which is examining whether there are options other than a like for like replacement of Trident.

The review is being conducted in private – and will not report until late 2012 or early 2013. Its terms of reference are:

1. Are there credible submarine-based alternatives to the current proposal, e.g. modified Astute using cruise missiles?
2. Are there alternative nuclear postures, i.e. non-CASD [continuous at-sea deterrence], which could maintain credibility?
3. Are there credible alternatives to a submarine-based deterrent?

The purpose of NET’s survey and research would not be to advocate for - or against - replacing Trident. It will however take evidence and listen to a spectrum of views on the economic future for Barrow in the public knowledge that the current Trident Alternatives Review is currently considering options that potentially have implications for Barrow.

The independent survey and research, and its findings, will:

- provide a genuine independent attempt to look at the impact of the Trident Alternatives Review options on Barrow’s future economy and its communities and in particular provide a genuine independent attempt to look at the issue of diversification both at Barrow and within its supply chain; and make recommendations
- gather perspectives and views from a range of stakeholders and policy makers including; businesses, communities, trade unions, parliamentarians, local government, academics, economists and others
- provide a timely opportunity to inform the Trident Alternatives Review and future policy development.

The Inquiry would examine the following specific key questions

- the economic and industrial alternatives resulting from options other than a like for like replacement of Trident?
- the economic and industrial considerations in taking forward an active policy of diversification both for Barrow and its supply chain
- what can be learnt from previous initiatives to diversify and/or regenerate the Furness peninsula
- the scale and type of investment and commitment that is required by Government – and others - to sustain and develop jobs and skills in Barrow?
- the other actions that might be taken – by wider partners and civil society – in response to the need for diversification
- whether there are lessons that can be learnt from comparable international programmes.

APPENDIX II CONTRIBUTORS

Evidence was given by way of interview or written submission over the period 24 July to 24 October 2012.

Those who gave interviews agreed the write up and are indicated by italics in the list below.

Anne Attwood and Mark Nicholson, Furness College
Prof Keith Barnham, Imperial College
George Beveridge, Cumbria LEP
Prof Steven Broomhead, former Chief Executive, NWDA
Lord Browne, former Defence Secretary
Prof Andrew Dorman, Chatham House
Toby Fenwick, Centre Forum
Prof John Foster and Dr Alan Mackinnon, independent academics
Prof Steve Fothergill, Industrial Communities Alliance
Prof Keith Hartley, University of York
Sir Nick Harvey MP, former Defence Minister
Phil Huck, Barrow Council
Kate Hudson, CND
Paul Ingram, BASIC
Mike Jeram, UNISON
Dr Rebecca Johnson, Acronym Institute for Disarmament Diplomacy
Stuart Klosinski, Furness Enterprises
Sarah Longlands, independent academic
Cllr Eddie Martin, Cumbria County Council
Neil McInroy, Centre for Local Economic Studies
James Meadway, New Economics Foundation
Sean Morris, Nuclear Free Local Authorities
Dr Maggie Mort, academic
Kevin Rowan, TUC
Dr Steven Schofield, Less Net
Prof Peter Strike, Cumbria University
Prof Trevor Taylor, Royal United Services Institute
Terry Waiting, Keep Our Future Afloat Campaign
Admiral Lord West of Spithead, former First Sea Lord
John Woodcock MP for Barrow

Volume II – oral and written evidence is available at www.nucleareducationtrust.org

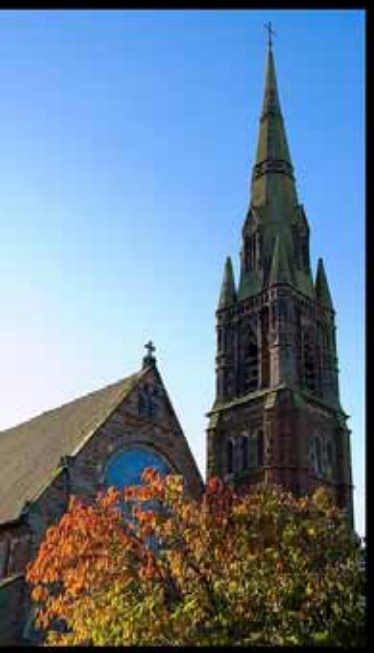


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