



# Sustainable Regional Economies

Workshop Report  
Spring 2021

Cross-  
Industry  
Learning



**iED** Institute of  
Economic  
Development

Inspiring people - Improving places

# Introduction





**Some sub-regional economies of the UK have historically become overly reliant on a primary industry sector for employment and its contribution to the local economy which sustains both direct and indirect jobs.**

When these communities are remote and poorly connected to larger areas of employment, there is often the requirement to pay higher than average salaries in order to attract and retain a relatively sizable workforce over a sustained period, particularly if the industry has complex and unique skills not readily found in the area and requiring significant skills investment.

This over reliance on a single industry in remote communities can also have a stifling effect on local business diversification, whereas more urban populations can see the benefits of economic agglomeration on job roles at similarly remunerated levels across different industries.

For example, nuclear power stations and their development sites were mainly coastal and necessarily remote from major conurbations and had a significant impact on remote coastal communities in their time. The story continues today with the NDA led decommissioning programme and environmental remediation of these sites being the major employment in the area.

This high value economic activity will diminish over time, but the nuclear sector experience is not unique. Many examples in other industries exist where decline wasn't planned for and little or no investment made to help build a more resilient future economy relevant to the area. Mining, specialist manufacturing, steel, shipbuilding are all such examples and the historic effects of coordination inertia and lack of agency are still seen in our highest areas of social deprivation across the UK.

The Oil & Gas industry is now also undergoing a radical change exacerbated by the triple-whammy of declining continental shelf production moving towards decommissioning, a global shift towards renewable energy and transport electrification, and the effects of the pandemic on world economies. The effects of this decline will be seen mostly around coastal communities in Scotland, the east coast of England and perhaps South Wales too.

Both nuclear and oil & gas sector primary sites of activity are working towards end-states, and some consideration is now being given to what these assets including localised human capital could contribute towards creating a more resilient and sustainable local economy.

In some of these examples, economies diversified to the point where the location prospered even after the original industry had long since declined. How did this happen and what were the drivers of that success? What lessons can we learn from the past failures? What would good look like?

The energy transition and accelerated move towards a zero-carbon future will undoubtedly offer opportunities, but how do we ensure that remote coastal communities benefit from this new industrial revolution and geographic synergies between offshore wind electricity, hydrogen production and CCS with North Sea assets?

Outside of these sectors are there international examples of excellence that we could learn from? What does a coordinated multi-agency interventionist approach look like and what part could/should the public and private sectors play?

# Contents

<b>Introduction</b>	<b>2</b>	Diversification needs to start before the twilight years of an industry	14
<b>1. Cross-Industry Learning: Sharing Good Practice Across Industrial Sectors</b>	<b>5</b>	Coastal communities seem to be well placed to benefit from opportunities of the new 'green economy'	14
<b>2. Agenda, Approach and Participants</b>	<b>6</b>	Economic development strategies need to have clarity and outline what is expected from each stakeholder from government down and communities up	15
<b>3. Presentation Overviews</b>	<b>8</b>	Government led investment programmes sometimes don't manage to deliver to communities in most need; GVA can be a blunt tool	15
The experience of mining communities, Coalfields Regeneration Trust (CRT)	8	The measures we use must focus on the outcomes we are trying to achieve and less driven by the outputs sometimes imposed by grant funding measures	16
Social Value, NDA	8	We need to consider the lessons learned from unintended consequences and keep in mind that societal change is about its people	16
The NDA approach to socio-economics, NDA	9	The public sector alone cannot deliver wealth creation, but can create the right environment for the business community to invest and thrive	17
The changing face of oil & gas communities, Opportunity North East (ONE)	10	<b>5. What Next</b>	<b>18</b>
A steel industry story, Tees Valley Combined Authority (TVCA)	10	<b>6. Cross-Industry Learning: Continuing to Share Good Practice Across Industrial Sectors</b>	<b>19</b>
Cumbria's Energy Transition for growth, Cumbria Local Enterprise Partnership (CLEP)	11		
<b>4. Key Learning Highlights</b>	<b>12</b>		
Regeneration initiatives need to recognise a sense of place and be scaled appropriately	12		
There are new opportunities to be embraced, so align where possible and invest to develop infrastructure where needed	13		

# 1 Cross-Industry Learning: Sharing Good Practice Across Industrial Sectors

**At the NDA, we've been working with the Oil & Gas Authority, the Environment Agency, the National Nuclear Laboratory, Defence and Renewables, to organise a series of workshops and seminars to stimulate cross-industry learning.**

This collaborative working was initiated in early 2018 when the nuclear decommissioning industry recognised that it was too inwardly focused on its own mission and lacked an outward leaning posture from a learning perspective.

Initially, a number of shared common themes were identified between the NDA and the Oil and Gas Authority which were the topic of some early round table events and workshops. Over time, several themes of common interest have been identified from a wider decommissioning industry perspective. This report is one of a series of reports that shares learnings from one of these themes of common interest.

The organised cross-industry engagements have been designed to bring together not just different industries, but also a cross-section of organisations from within each industry. Workshops and seminars have comprised relatively small, hand-picked, invited-only participation, strongly facilitated and conducted under the Chatham House rule to encourage openness. Throughout these events we have witnessed a continued drive and determination to share decommissioning lessons learned and good practice.

*Going forward we will continue to aid the discussion and identification of cross-industry themes of common interest, as well as encouraging collaborative projects.*

We believe that different industries have much in common when it comes to decommissioning, and that we all stand to benefit from cross-industry sharing of expertise and learning.

# 2

## Agenda, Approach and Participants

**The agenda was split into a retrospective look back at the lessons learned from other industries having gone through decline, and then a forward look at some of the new opportunities being considered and how local agencies are preparing to ensure local and sustainable benefit.**

Economic Development is normally a subject driven through a combination of government strategy, their grant funding agencies, local authorities, businesses and stakeholder groups. However, there is an increasing focus on the Social Value derived from ensuring that public sector contracts can be redrawn to provide a bigger local and longer lasting impact on the communities in which they operate.

This workshop was a jointly hosted event, with the Institute of Economic Development (IED) providing the facilitation and inviting subject matter experts from their own membership.

### Day One

---

- Context and Introduction, IED
- The experience of mining communities, Coalfields Regeneration Trust
- Social Value, NDA
- The NDA approach to socio-economics, NDA
- Breakout Groups

### Day Two

---

- The changing face of oil & gas communities, Opportunity North East (ONE)
- A Steel industry story, Tees Valley Local Enterprise Partnership (TVLEP)
- Cumbria's Energy Transition for growth, Cumbria Local Enterprise Partnership (CLEP)
- Breakout Groups
- Workshop feedback

## About the IED

**The IED is a professional body solely involved in working to support the individuals and organisations involved in economic development.**

The body was established more than 40 years ago and is non-political and not for profit. Its remit is to create learning opportunities for members, share best practice, keep the membership base up to date and influence economic development policy.

The organisation has an independent Board and the former Secretary of State, Greg Clark is its Patron. Further detail about the IED and the work that it completes can be found at [www.ied.co.uk](http://www.ied.co.uk).

## Participant Organisations

Cambridge Shared Planning Services

Civil Eng. Contractors Assoc. NW

Coalfields Regeneration Trust

Cumbria Local Enterprise Partnership

Decom North Sea

EDF

Institute of Economic Development

Magnox Ltd

National Nuclear Laboratory

Nuclear Decommissioning Authority

Opportunity North East

Sellafield Ltd

Tees Valley Combined Authority

Tetra Tech

TotalDECOM

WSP

# 3 Presentation overviews

## The experience of mining communities, Coalfields Regeneration Trust (CRT)

This presentation covered an historic perspective of coal field communities, how, where and why they developed and what happened following the coal field closure plan in mid-1980s. There are some key lessons about how government eventually set about providing hypothecated funds working with a dedicated task force to deliver appropriately scaled interventions.

Most coal field communities are semi-rural with poor connectivity to towns and cities and therefore suffered greatly when the principal (and sometimes only) industry shut so abruptly. Even today nearly half of former 'pit villages' are in the 30% most deprived areas of the UK. The CRT is now working on a more sustainable footing using its assets to develop and deliver economic, social and environmental benefits to ex-coal field communities.

## Social Value, NDA

Hazel Blears is a nationally recognised expert in this field and is Chair of the Social Investment Business and a Trustee of the Social Mobility Foundation. She is a former cabinet minister and, during her time as an MP, was one of the authors of the Social Value Act. Hazel has joined the NDA as a Social Value Advisor to provide advice to the whole of the NDA group on how to increase the social value of its work to decommission and clean up the UK's oldest nuclear sites.

The emergence of social value, i.e. maximising the positive social, economic and environmental impact achieved as a result of procurement, employment and investment activity, has begun to transform the way businesses in the UK and globally operate. Participants heard the very latest thinking of developing these ideas further to drive even more value by aligning government policy outcomes through its procurement.



## **The NDA approach to socio-economics, NDA**

Since the NDA was created through the Energy Act 2004, it has always had a remit to give "... encouragement and other support to activities that benefit the social or economic life of communities living near designated installations...". The NDA has therefore always worked with local stakeholder groups within its communities of interest to support socio-economic activity which helps deliver more sustainable outcomes in terms of economic, social and environmental measures.

The presentation covered the latest plans and highlighted some successful case studies which gave participants a more thorough understanding of how a major primary industry can, and should, play an active part in supporting initiatives to strengthen a rural community. NDA levers include land reuse, skills, procurement, sustainability, property, R&D capability.



## The changing face of oil & gas communities, Opportunity North East (ONE)

Aberdeen is strategically and physically at the heart of the UK oil & gas sector. While oil and gas will continue to play an important role in the energy transition there are new opportunities emerging that will help maintain and develop a world-class all-energy supply chain, drive exports and secure further green job and investment opportunities in the region.

ONE is a private sector catalyst for economic diversification and renewal across north east Scotland, this includes supporting transformation energy transition activity in the region. The Energy Transition Zone (ETZ) is a flagship project to drive forward the vision of transforming the region to become a globally recognised and integrated energy cluster focused on accelerating net-zero. ETZ will be the catalyst for innovation and high value manufacturing and a centre of excellence for offshore renewables, large scale production of hydrogen and CO<sub>2</sub> storage making a massive contribution to the net zero objective.

ONE also delivers transformational projects in the key sectors of food, drink, agriculture and fishing; life sciences; tourism and digital – helping businesses to grow in the region and internationally.

## A Steel industry story, Tees Valley Combined Authority (TVCA)

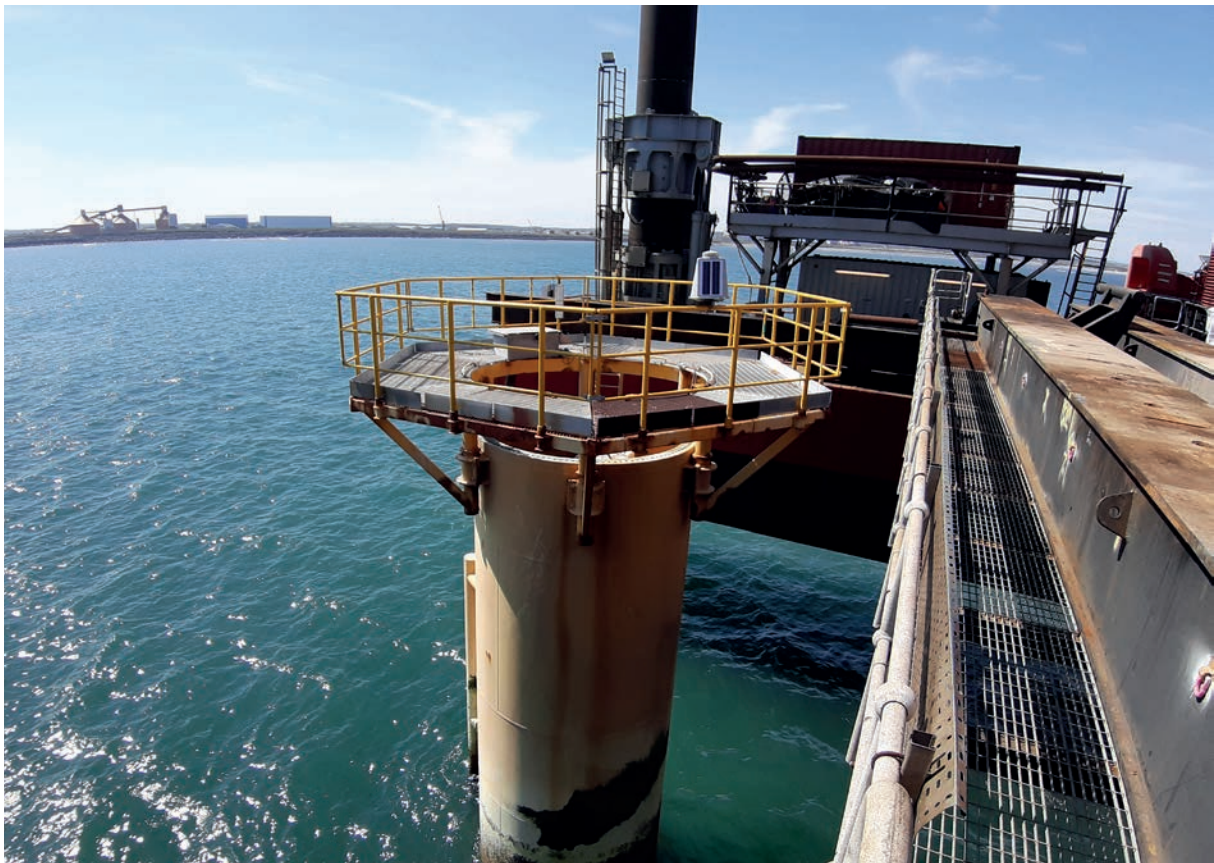
Over the years and across the UK, our steel industry has borne the brunt of the rise and fall subject to global market conditions. In common with other heavy engineering and manufacturing based industries, its workers often come from close-knit communities with an economic interdependence on the single largest employer in the area. The Redcar works story provides a current example of how a community is being helped to ‘forge’ a new future for a new age.

This coastal region is again reshaping itself taking the best from the past and projecting them into a new integrated green economy by using its assets, capability, experience and skilled workforce. As a postscript to the workshop we have subsequently learned that the port has now been chosen by GE to be the base for turbine blade manufacturing for the Dogger Bank development.



## Cumbria's Energy Transition for growth, Cumbria Local Enterprise Partnership (CLEP)

Cumbria has been looking at its own position with regards to the possibilities of combining the opportunities of the Energy Transition, historical context and natural resources to create a better, future-proofed economy. We heard that the CLEP has taken a slightly different approach in that it has mapped the government's 10-point plan and energy white paper onto what the region could offer if it had the agency to do so, for example new nuclear, Spherical Tokamak for Energy Production (STEP) reactor, offshore wind, hydrogen, Carbon Capture & Storage (CCS) could all feature and the CLEP is working to try and establish links with external partners that are already progressing initiatives elsewhere to see if they could also benefit the Cumbria economy through additional job creation locally.





# 4 Key Learning Highlights

## Regeneration initiatives need to recognise a sense of place and be scaled appropriately

A community is defined by its people, all sharing, identifying and living within the locality whether they have experience of working directly for the major employer or not, a sense of place has been established because of it.

Regeneration projects don't always take a sufficiently long-term view or recognise that land remediation and redevelopment is not the only story. People need time with appropriately scaled and targeted schemes in order to change too.

## *“Focus on leading measures, not lagging”*

Successful regions are measured in terms of continued economic growth but do these always correlate to an effective and true valuation on the health and well-being of a place?

At what stage is growth in rural coastal locations considered enough and is economic growth ever finite? Does 'sustainable' sometimes means disinvesting after human activity has ceased, removing the human footprint of the residual community and returning the site back to nature?

## *“Sustain only that which is sustainable”*

Small and well targeted interventions accumulate to have a more rounded, appropriately scalable and better rooted outcome. Post COVID economy may offer opportunity if we concentrate investment on connectivity in its widest sense, bringing a community logically (rather than physically) closer to market and resource.

It was noted that in the Redcar experience, initiatives such as wage subsidies for smaller employers were successful but very expensive. Longer term and more effective measures included grants or co-investments with larger businesses in the area looking to expand.



## **There are new opportunities to be embraced, so align where possible and invest to develop infrastructure where needed**

The single biggest benefit for developing and diversifying a community and its businesses is to invest in the best connectivity in its widest sense, logistically and data – e.g. 5G and fibre for all homes and businesses...

Successful businesses are either close to resource (as was the case of both coal and steel industries) or with easy access to markets such as with towns or cities typically having the benefit of economic agglomeration. Invest in infrastructure which helps 'bridge the gap'.

## ***“From little acorns, oak trees grow”***

When a community of people and supply chain businesses have grown and developed around a single primary industry which is soon to be in decline, further investment cannot be about propping up more of the same, but should recognise the strengths of a place in terms of human, economic and environmental capital which is authentic to the community and its heritage.



## Diversification needs to start before the twilight years of an industry

An area dependent on a limited range of sectors should be encouraged to develop innovations from existing industry and capitalise on synergies with supply chain businesses and/or customers to widen the economic base.

Taking existing differentiators, and trading internationally can also extend a sector in a location long after the local need has diminished. The wealth, vibrancy and workforce of a thriving single industry economy can help to deliver a wider range of activities especially if these are stimulated by opportunities for network building; access to finance; accessible business space and intelligence on sector developments.

### *“Diversify, don’t stultify”*

Leaving initiatives until the twilight years may mean that the energy, confidence and scale of the workforce is in decline before the new foundations are in place.



## Coastal communities seem to be well placed to benefit from opportunities of the new ‘green economy’

Coastal communities now seem to be well placed to capitalise on the possibilities of the Energy Transition, leveraging port development to bridge the link between offshore and onshore investments in renewable generation, hydrogen production, carbon capture and storage.

### *“To know where you are going, you need to recognise where you have come from”*

Post pandemic learning has shown that many businesses have had to adapt to its staff working from remote locations such as their homes and have realised the benefits of reduced travel and associated office costs. It has been reported that housing sales have grown more in rural locations with better access to healthier and greener environments, which could also be considered a threat in terms of leading to higher than local housing market pricing.

In a post COVID world, a rural lifestyle, health and wellbeing etc. may be sought by a greater number of people. Remote coastal communities have also become hubs for a new type of economic activity as the power of offshore wind is harnessed and used on-shore to generate further energy resource.

## **Economic development strategies need to have clarity and outline what is expected from each stakeholder from government down and communities up**

Mayoral authorities deliver more pronounced economic benefits than areas where two-tier governance could lead to appeasement on localised ‘vanity projects’, dissipating resource and reducing impact for all.

Successful developing economies can demonstrate alignment of all stakeholders and the recognition of where responsibility lies for delivery and accountability. They coalesce capacity, capability and resource.

A role of government funding and public sector agencies is to address market failure and therefore could help create the environment in which the private sector feels able and secure to invest, creating sustainable and meaningful jobs.

## ***“Successful regional economies have an agency with agency”***

We heard of examples whereby the eventual creation of a single focused task force with the mandate and resource to coalesce and catalyse delivers faster, more effective and longer lasting results.

## **Government led investment programmes sometimes don’t manage to deliver to communities in most need; GVA can be a blunt tool**

Government funding programmes typically concentrate on the delivery of capital projects which are based on departmental short-term funding cycles with end dates that don’t always reflect local needs or capacity to make meaningful and sustainable change: one size does not always fit all.

Other successful schemes highlighted in the workshop such as the Harwell Innovation Centre in the Oxford Science Enterprise Zone and Kishta Science City near Stockholm have more obvious and prosaic reasons for success; location, location and location.

Measures such as commercial space, jobs created and sustained do not necessarily lead towards a happier community as they don’t always take account of the quality of jobs, nor the quality of the environment in which we live. To date, very little emphasis has been given towards green space, air quality, nor the effect of carbon emissions on the developments which receive grant funding.

‘Build and they shall come’ only works if there is a reason for them to come. The question is will they stay when the reason fades?

## **The measures we use must focus on the outcomes we are trying to achieve and less driven by the outputs sometimes imposed by grant funding measures**

This is about understanding that 'long-term' is where measures will be seen, but how do you balance with need to show 'results'?

Regeneration of an area, its economy and people which has been subject to market failure is not immediate. Sustainable development is difficult in the medium term and takes vision together with a series of integrated and co-ordinated initiatives. It therefore takes vision and long-term measures which may include brownfield remediation preparation and development, training and re-skilling of the existing and future workforce aligned to the jobs appropriate to the area.

## ***“Boost the power of public procurement”***

There has historically been a focus on measuring outputs, probably exacerbated by the constraints of some EU funding mechanisms designed to deliver apparent 'value for money', but in reality, missing the emphasis on resultant outcomes.

Leading measures would be the indicators of success aligned with a strategic vision for the region and these would include the continued health and well-being of a community.

## **We need to consider the lessons learned from unintended consequences and keep in mind that societal change is about its people**

Where an industry is over dominant in a resource-strapped and geographically remote area, and where there is a requirement to attract and retain a skilled workforce, significantly higher than average wages and better working conditions will often have a knock-on effect which stultifies business diversification away from the primary industry. In a declining market, this exposes the structural fragility of a local market.

Grant funded initiatives which support market diversification, innovation and new business creation needs to be driven on the understanding that short-term business failure will be higher than that expected from larger agglomerated economies as there is a lag in market development.

Successful strategies and action plans for economic development are based on more than just the redevelopment of a brownfield site – they need to recognise a starting point as the people within the community and work with them to bring them along the journey of opportunity diversification.

In the past there has been too much focus on driving for inward investment and less on organic growth through the existing workforce. For a business to invest in any given area it has been noted that there should be a sustainable reason for it to do so over and above short-term grants or temporary business rates holidays.



## The public sector alone cannot deliver wealth creation, but can create the right environment for the business community to invest and thrive

Over the last decade there has been an increasing interest in aligning the power of public sector procurement contract awards with national and regional policy outcomes. The Public Services (Social Value) Act 2012 called for all public sector commissioning to factor in (“have regard to”) economic, social and environmental well-being in connection with public services contracts.

### *“Culture eats strategy for breakfast”*

This has recently been strengthened through the Cabinet Office Procurement Policy Note 06/20 which now gives guidance that all public procurement contracts should “explicitly evaluate” what additional Social Value could be obtained from a contracting entity and that the contract award should have a minimum 10% weighting to the scoring criteria.

New thinking is now moving towards more formal social value contracting with businesses willing and able to align with the contracting authority to work in partnership, and help better enable sustainable policy outcomes for the area. Responsible commercial operators are already involved with providing such additionality.



# 5 What next?

**We hope this workshop report will help stakeholders involved with economic development and place-shaping avoid some of the pitfalls, and positively exploit some of the good news initiatives we discussed.**

The NDA will use the workshop to continue to evolve and challenge our thinking on how we best support and develop opportunities with our local communities to create long term sustainable economies.

The IED will use the information gained and continue to explore the issue of economic diversification in coming workshops and Continuous Professional Development sessions with its members. This is considered to be an extremely important aspect of regional economic development work.

# 6 Continuing to Share Good Practice Across Industrial Sectors

**The backdrop for collaborative working is fuelled by a desire to reduce decommissioning costs, and improve the schedule of risk reduction.**

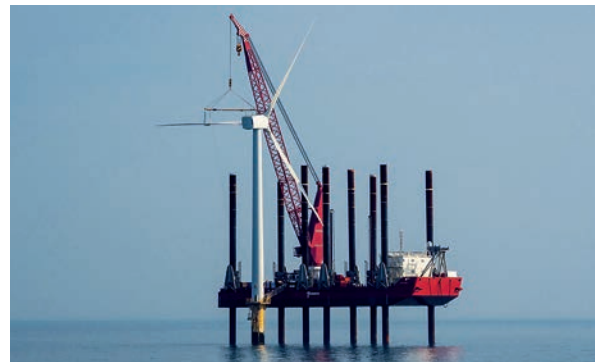
The UK government has challenged the nuclear sector to reduce the cost of decommissioning by 20% and the cost of oil and gas decommissioning by 35%.

*It is recognised that by working together we stand a better chance of delivering these savings.*

We will continue to facilitate cross-industry engagements and collaborative projects based on themes of common interest.

Shareable write-ups, post workshop webinars and other forms of dissemination have ensured the wider availability of learnings to those who could not be in the room, and this report adds to this body of material.

A back catalogue of reports can be found at [www.totaldecom.com/cross-industry-collaboration/](http://www.totaldecom.com/cross-industry-collaboration/)



## Useful contacts

**Karl Sanderson,**  
Head of Cross-Industry Learning,  
Nuclear Decommissioning Authority,  
[karl.sanderson@nda.gov.uk](mailto:karl.sanderson@nda.gov.uk)

**Heather Barton,**  
Cross-Industry Learning Manager,  
Nuclear Decommissioning Authority,  
[heather.barton@nda.gov.uk](mailto:heather.barton@nda.gov.uk)

**Simon Sjenitzer,**  
Cross-Industry Learning Project Manager,  
Nuclear Decommissioning Authority,  
[simon.sjenitzer@nda.gov.uk](mailto:simon.sjenitzer@nda.gov.uk)



**Cross-  
Industry  
Learning**