Diversification '95

CONVERSION
ARMS
PROJECT

"An Arms Conversion Project publication issued to assist all those interested in UK defence diversification and arms conversion initiatives."

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Preface

Diversification '95 has been issued to assist all those interested in the issues surrounding defence diversification and arms conversion. The publication provides information on the size of the UK defence industry and the extent of MoD ownership and control of land throughout the UK. Also included is an analysis of the recent changes occurring in the defence dependency of Scotland, Wales, Northern Ireland and the Regions of England.

A history of European Funded Programmes to assist diversification initiatives is provided and the present 'eligible areas' for the UK KONVER II Programme are listed, as is a detailed breakdown of all UK KONVER I Projects.

It is our hope that this publication will play a key role in ensuring that those in local authorities, defence companies, trade unions, peace groups, churches, political parties and other organisations interested in the issues of diversification and conversion have up-to-date information on all relevant developments in diversification and conversion initiatives.

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Arms Conversion Project

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Introduction

Since the end of the Cold War most Western governments have announced reductions in defence requirements. UK defence spending is expected to fall by around 14% in real terms between 1990-91 and 1996-97.

UK Defence Employment

The number of UK Service Personnel is planned to fall from 306,000 in 1990-1991 to around 217,000 in 1996-1997 - a reduction of 29%. UK based Ministry of Defence civilian staff numbers are projected to fall from 129,000 in 1990- 1991 to 111,000 by 1996- 1997 - a 14% reduction - and ways of making further savings are being studied. On 14 July 1994 MoD announced the outcome of the "First Line First" review of defence administration and support. It proposes additional cuts of 7.5% in civilian staff and 5% in the Armed Forces between now and 1997-1998. A wide range of base and other military establishment closures are also proposed.

The MoD has estimated that in 1992-1993 some 425,000 jobs in the UK depended on MoD expenditure on equipment and other goods and services and on defence exports. A reduction of 150,000 since 1990. MoD Service and MoD Service and UK based civilian staff is currently about 400,000 compared to 487,000 in 1990.

237,000, or 25%, of UK direct defence dependent jobs have gone since 1990. However, around 825,000 remain.

The Government estimates that the World defence export market is currently worth around £29 billion but is expected to decline by around 20% over the next 5 years.

Whilst, many of the UK's high technology companies and local communities are easily identifiable as being defence dependent their are some 10,000 companies across the UK, and their suppliers and sub-contractors, at any one time working on MoD contracts.

Every community in the UK is dependent on defence spending.

UK Defence Estate

The MoD owns around 227,000 hectares (561,000 acres) and leases a further 16,000 hectares (39,500 acres) - 1% of the total land in the UK - making it the second largest estate in single ownership in the UK after the Forestry Commission.

In addition to the Defence Estate Proper, MoD holds rights of various sorts and for various terms over a further 270,000 hectares (667,000 acres) of land, principally for Army training, including 55,000 hectares (136,000 acres) in Northumberland and 45,000 hectares in Tayside: a further 1% of the land area of the UK.

Many localities around the Country include MoD land or facilities.
This varies from 41,388 hectares (102,228 acres) in Wiltshire to 1 hectare (2.5 acres) in both the Borders Region in Scotland and in West Glamorgan.
Whilst the size of the estate has remained almost unchanged for the last two decades it is now in the throes of major change.

Many defence companies, trade unions and local authorities are left, almost unaided, to respond to the adverse effects of defence cuts.

Defence Dependence, Regional Analysis

England

Eastern Region (parts of Bedfordshire, Essex, Hertfordshire and Suffolk).

Defence-related industries have traditionally been a critical sector in the economies of the counties of Bedfordshire, Essex and Hertfordshire. In Hertfordshire, for example, they account for a third of the manufacturing employment in the county overall and significantly more in the Konver areas. In the Chelmsford area of Essex too, defence-related industries are of great importance.

Hertfordshire lost around 32,000 manufacturing jobs between 1984 and 1991 - the vast majority were in the defence and aerospace sectors.

Since January 1992, there have been substantial redundancies at British Aerospace Dynamics, Lucas Aerospace and Rolls Royce in Hertfordshire and at GEC Marconi Communications, GEC Marconi Radar & Control Systems and EEV Ltd in Essex, among others. Further contraction in the defence and aerospace sectors expected.

Suffolk has been severely affected by the recent departure of 5,000 USAF personnel from the twin bases of RAF Bentwaters and RAF Woodbridge. These bases provided civilian jobs and income for local services in a predominantly rural area with few other employment opportunities. Furthermore, the base closures have caused environmental problems. The bases straddle a designated Area of Outstanding Natural Beauty but large areas are covered by concrete runways and taxiways, and there are numerous structures designed to withstand nuclear blasts and therefore virtually indestructible.

East Midlands Region (Lincolnshire - North and South Kesteven)

In Lincolnshire approximately 4.9% of the county's workforce is dependent on the defence sector, predominantly on military basis. There are currently 8 defence bases operating in Lincolnshire. Of these, 5 are in either North of South Kesteven. RAF Scampton is scheduled to close and RAF Swinderby also closed recently. 431 jobs have been lost from the bases since 1990 and 741 from defence related industries in North and South Kesteven. A survey by Coopers & Lybrand in 1994 of defence related companies suggests that two thirds regard future defence work as vulnerable. Military base generated spending accounts for over £90 million p.a. of income in the county.

North East Region (Tyne & Wear)

The manufacture of defence equipment has traditionally been one of the regions major industrial sectors; and while there are few major military bases in the area the armed forces have found the North East to be one of its best recruiting grounds.

Defence dependent companies are spread through the region, but it is in Tyne & Wear that the industry is centred and which has suffered most from the sectors decline. A 1993 report by the Northern Development Company identified over 100 companies as direct suppliers to MoD, with many more acting as sub-contractors.

The report estimated that throughout the region 14,000 jobs were directly supported by MoD expenditure on defence equipment, with a further 5,000 jobs dependent on MoD spending on supplies. These figures do not take into account non-MoD defence related expenditure.

The last 3 years have seen an acceleration of the problems faced by the sector, and Tyne & Wear has suffered significant job losses. The Royal Ordnance factory at Birtley has lost 840 jobs; the closure of Marconi Defence Systems and Crompton Eternacell brought another 400 redundancies, and Swan Hunter Shipbuilders have lost 3,250 jobs and closure of the yard seems likely. The announced of the closure of the MoD depot at Eaglescliffe will result in the loss of a further 670 jobs. In total, Tyne & Wear has lost at lease 5,000 defence jobs since 1990, with the true figure likely to be significantly more.

North West Region (Cumbria and parts of Lancashire)

The North West is a highly defence-dependent region within the European Union, Cumbria being the most dependent with Lancashire the sixth most dependent. Defence related activities are concentrated in Furness, Central and North East Lancashire. Local estimates suggest there are 600 companies in the region with between 10% and 95% of their turnover coming from defence work. Major employers are British Aerospace, VSEL, Royal Ordnance and Ferranti.

In 1989, it was estimated that there were 100,000 defence related jobs in the region, 40,000 of these were with major contractors. In Lancashire alone, the aerospace industry produced an output of £1.7bn, 36% of the county's net manufacturing production. The Industry provided 60% of all high-tech jobs in Lancashire. MoD equipment expenditure was £1.4bn in 1990-1991 in the North West.

The British Aerospace closure of their plant in Preston and their Warton facility resulted in 3500 job losses. Royal Ordnance at Buxton have cut 410 jobs out of 550. VSEL at Barrow have reduced the workforce from 14700 in 1990 to 6000 in 1994. The VSEL owned Cammell Laird shipyard closed in 1993 when no buyer was found.

South East Region (Hampshire, Isle of Wight, and parts of East and West Sussex, Berkshire, Kent and Oxfordshire)

40% of the Ministry of Defence's defence equipment budget is spent within the South East region. Half of the MoD's procurement expenditure is related to the aerospace and electronic industries which are well represented in the South East, as is the software and systems sector. Hampshire and the Isle of Wight have a very high defence dependency, while Berkshire, Oxfordshire and Kent are well above regional averages. There are strong defence Research and Development links with research establishments and hi-tech companies in the region.

The MoD is a significant local employer of both military and civilian personnel in Hampshire, Berkshire and Oxfordshire. In the Isle of Wight, high defence dependency is due to the dominance of defence related industrial jobs rather than the presence of armed forces or civilian MoD jobs. The vulnerability of the Isle of Wight is compounded by the closed nature of the island economy. In Kent, MoD sites are concentrated around Ashford, Dover and the Medway towns. These areas are already severely depressed and any job losses will have a correspondingly severe effect.

A significant number of industrial companies based in the South East rely on defence related orders for their business. This includes a large number of orders placed directly by MoD with firms who, in turn, sub-contract locally. In consequence, there is also a large dependence amongst SMEs on defence spending.

London (Parts of Greater London: Ealing, Greenwich, Hounslow, Hillingdon and Enfield)

The effect of reduction in defence spending at a national level has had a major impact on the London economy. KONVER I grants were awarded to three of the London Boroughs last year. Many companies, particularly computer and software companies have suffered staffing reductions due to cuts in defence spending. Local sub-contractors suffer also suffer from the effects of these manufacturing losses. There is a large number of military bases in London. The closure of Hounslow's Cavalry Barracks in Feltham was announced in July 1994.

The Royal Small Arms Factory in Enfield closed with the loss of over 1,000 jobs in direct employment of the factory and others employed by supplier companies.

In Hillingdon three important RAF bases have announced redundancies since 1990 contributing to a decline in employment. Further losses in the Thorn Group have affected defence activity.

Merseyside (Wirral)

In Merseyside shipbuilding has been the main defence related activity. Most notable is the Cammell Laird shipyard which was based in the Wirral. The shipyard had a long history of building naval vessels and in recent years specialised in the production of diesel submarines. Employment in the shipyard declined from a peak of over 20,000 in the 1950s to 2,300 in 1990. Cammell Laird closed in July 1993 with the total loss of the remaining jobs. The redundancies, which included all grades of staff resulted in an important draining of skilled staff away from the area. The closure of Cammell Laird also had adverse employment effects on the 600 regionally based suppliers of the shipyard.

In addition to Cammell Laird the last four years saw the closure of Marconi Underwater Systems at Neston with the loss of 400 jobs. Statistics provided by Marconi showed that the majority of employees lived in Merseyside.

As a result of a long history of shipbuilding on Merseyside a number of related businesses have grown up. These include propeller manufacture, survival and safety equipment communications systems and precision sheet metal work. In addition there is a broad sub-stratum of individual sub-contractors.

South West Region (Devon, Wiltshire, Avon, Cornwall and parts of Gloucestershire, Somerset and Dorset)

Defence has long been crucial to the South West economy, which, per capita, is the most defence-dependent in the UK. The region accounts for 23% of total MoD land holdings, 23% of MoD UK civilian staff and 22% of UK services personnel. 17% of UK defence expenditure on equipment occurs in the region and this in turn generates 16% of the associated UK direct employment. More than 200,000 jobs in the region (out of 2 million) are directly or indirectly related to defence; in 1991 it was estimated (by Bristol Polytechnic in a report "The Impact of Reduced Military

Expenditure on the Economy of SW England") that at least 40,000 defence-dependent jobs would be lost across the region by the year 2000, together with a further 12,000 jobs lost because of the resulting reduced purchasing power.

Defence related industrial job losses in Avon since 1990 number nearly 7,000, with a further 2,000 MoD job losses in the same period. And additional 900+ jobs are at risk at RAF Locking. Avon is the home of large defence contractors such as Rolls Royce and British Aerospace, each of which has shed over 2,500 defence-related jobs since January 1990. A further 1,000 losses have been announced or are at risk.

Gloucestershire has lost 4,400 industrial defence jobs since 1990, the majority from Smiths Industries, Bishop Cleeve (1,200), Dowty Aerospace, Staverton (1,000) and Dowty Fuel Systems, Cheltenham (500). Most of the job losses at military establishments have occurred at RAF Fairfield (1,300) and the Army Apprentice Training College, Beachley.

Wiltshire has nearly 50 military establishments. Since 1990 they have suffered 3,100 job losses and a further 1,700 have been announced. Another 7 establishments are expected to suffer further job losses as a result of "Front Line First". The country has also lost an estimated 3,000 industrial defence jobs since 1990.

Somerset has lost 2,600 jobs from the defence industry since 1990, principally from the Yeovil area. From 1990 to 1993 Somerset military bases lost nearly 700 jobs.

Parts of Dorset have suffered heavily from defence cuts, especially in south Devon where there are high levels of defence dependency (41% of the workforce in Weymouth and Portland Borough). The total estimated loss in the area in the period 1992 to 1999 is nearly 5,000 and the defence presence will be effectively eliminated. In "Front Line First" the closure of SBS Poole was announced which, with other changes will take the number of defence-related job losses around Poole since 1990 to 1,200.

In 1991, about 36,000 were directly employed in the defence sector in Devon and Cornwall, defence contributed about 7% of GDP and employment in the 2 counties was respectively 10.1% and 7.8% defence dependent ("Impact of Defence Cuts on the Economy of Devon and Cornwall", Plymouth Business School, 2nd Edition, June 1994). The 2 counties have between them nearly 40 defence establishments, major concentrations being around Plymouth and Exeter and to Helston. Between 1990 and 1993 industrial defence-related employment is estimated to have reduced by 3,900 in Devon and 1,900 in Cornwall. In the same period MoD employment is estimated to have reduced by 1,800 in Cornwall, whilst remaining broadly constant in Devon. Over the last year, however, there have been some important closures in Devon leading to the loss of 1,900 jobs. Under "Front Line First" closures in Devon will mean the loss of a further 290 jobs. Further job losses are expected at Devonport Dockyard (which in 1992 was estimated to generate about 5% of the total income of the 2 counties).

West Midlands Region (Parts of Shropshire, Warwickshire (Rugby) and West Midlands MC (Coventry)

Historically, the West Midlands has been involved with defence both directly in maintenance and training, and through related industry. Many West Midlands firms, approx. 1,900, either supply components or sub-contract to the defence industry. The 1991 statement on Defence Estimates shows 23,300 West Midlands jobs are dependent on MoD expenditure. This includes service personnel, MoD civilians and jobs in equipment and associated employment.

Figures from the 1991 census show that employment in those industries producing equipment with potential or actual defence related applications accounted for 25.3% of total manufacturing employment in Bridgnorth (3574 jobs) 51% in Rugby (13911 jobs), and 61.5% in Coventry (42021 jobs). In Coventry almost one in four of the City's manufacturing employees work in the companies with current defence contracts.

Since 1990 over 7,000 redundancies have occurred in this sector. The major losses were in Coventry (in excess of 4,500) and Rugby and Bridgnorth).

Yorkshire & Humberside Region (Humberside, North Yorkshire, South Yorkshire and West Yorkshire)

The defence industry is a major employer throughout Yorkshire and Humberside. In North Yorkshire there is a proliferation of military bases; in West Yorkshire and Humberside there is a dependency on defence activity within the manufacturing sector; and in South Yorkshire there is a dual dependency on military bases and defence-related manufacturing.

Employment at defence establishments totals about 18,000 (5.7% of the UK total). Most of this employment is in North Yorkshire which has 4.9% of the UK total. Employment in defence-related industries is more difficult to estimate. Annual expenditure on defence equipment in the region is about £200m, providing direct employment for about 4,000 people.

At the NUTS II level, North Yorkshire is the 11th most military dependent region in the EU and the 13th most dependent based on total defence related employment. There have been a number of defence establishment closures in North Yorkshire since 1992, including Church Fenton RAF base in Selby and Burniston Barracks at Scarborough. These closures have resulted in the loss of 1,700 jobs. Most recently, the closures of the Army Apprentice College and the MoD Procurement Offices in Harrogate have resulted in the loss of 2,700 jobs. Within the York TTWA, there have been over 1,000 job losses (a total of 350 military and 760 civilian personnel) including, for example, the REME depot at Strensall which has lost 200 jobs. The Queen Elizabeth Barracks at Strensall is also due to close in 1995 with the loss of 647 jobs in 1995 and the Record and Payroll Office at York will close with 278 job losses. Other potential closures have been indicated although not yet formally proposed, for example RAF Linton-on-Ouse is under review.

West Yorkshire has had a strong and important association with the defence industry based largely in Kirklees, Leeds and Wakefield. Vickers, for example, employs 880 at its site in Leeds. Kirklees Council estimated 43 companies provide 12,326 jobs in the defence sector, which represents 25% of the manufacturing base. There has already been a serious decline in employment in the sector with total job losses in West Yorkshire of 4,174 for the period 1990-94.

Humberside has already experienced the loss of 700 jobs at British Aerospace in Brough and 286 at a Hessle company, with further losses threatened at both the major manufacturers and within the supply chain.

In South Yorkshire, the RAF Finningley closure scheduled to occur over the period 1994-96 will involve the loss of 2000 jobs. In addition, there are also a large number of companies with regular defence contracts, such as Sheffield Forgemasters, UES and William Cook.

Scotland

The reliance of Central Scotland on the defence industry has become increasingly apparent as the decline in defence-related activities has accelerated since the start of the decade. The substantial number of jobs lost indicates how important the defence industry has been and continues to be to the Central Belt.

Over 5,000 jobs have gone in Fife since 1990, with losses spread throughout the defence industry among military, civilian and industrial workers. The particularly high concentration of military bases within the region has resulted in a large number of workers requiring retraining in order to benefit from new opportunities which are being created. Recent independent research shows that the total contribution of defence spending is 15% of Fife's GDP.

The decline in defence-related industrial employment has also been noticeable in Lothian and the Objective 2 part of Strathclyde. Strathclyde alone has seen a 22% drop in defence-related employment over the last five years, leaving a large section of the workforce outside their chosen professions. Lothian has suffered even more, proportionally, losing 40% of its defence-related industrial workforce in the same time.

In the Objective 1 part of Strathclyde, the closure of the American military base at the Holy Loch has been a major loss to the local economy both in terms of money generated and the local jobs created by the base which have already gone or are under threat. Diversification measures are particularly important to the area's economic recovery where alternative economic activities are limited.

Wales

In Wales the NUTS III county of Gwent and the district of Preseli Pembrokeshire and South Pembrokeshire meet the eligibility criteria for the Konver II Initiative.

In South West Wales the district of Preseli Pembrokeshire and South Pembrokeshire (which will be combined as one Unitary Authority in 1996) rely heavily on defence establishments as a primary source of employment and income, particularly in rural areas of the County where job opportunities are limited and the industrial structure is weak. In 1991 the Royal Navy Armaments Depot (RNAD) at Milford Haven closed with the loss of 285 jobs, whilst in January 1992 it was confirmed that the Royal Naval Armaments Depot at Trecwn would be run-down and closed by 1996 with the loss of 473 jobs. Flying training ceased at RAF Brawdy in August 1992 with the transfer of around 700 servicemen and the loss of 80 civilian posts.

Since August 1992 there has been a loss of some £19 million per annum from RAF Brawdy, whilst the closure of RNAD Milford Haven and the projected closure of RNAD Trecwn by 1996 will lead to an eventual loss of income of around £13 million per annum from West Wales. In addition to the RAF, the Brawdy base had been and is currently occupied by the US Naval facility which is due to close in September 1995.

The MoD have announced that P&EE Pendine in the adjacent district of Carmarthen is proposed for closure. The effect of this proposal is that some 341 jobs and £9 million income will be lost from the area. This will have an impact on South Pembrokeshire District as well as Carmarthen.

Gwent has suffered a total of 2,435 direct job losses within the defence industry and from the run down of military establishments for the period 1990-1993. RAF Caerwent, near Chepstow, was used by the US army, but within their evacuation from the base in 1993, the area experienced 140 job losses. The same year the Army Apprentice College in the Monmouth Borough area closed in 1993 with a loss of 150 jobs. There are several major employers which have significant element of defence based work as part of their operations, principally: British Aerospace (ROF Glascoed), Sanders Valve Limited, and Ferranti Computer Systems. Over the period 1990-1993 the workforce at ROF Glascoed has been reduced by 884; Marconi PLC's rationalisation programme with the closure of one of its plants and Marconi Underwater Systems, has resulted in 500 job losses.

Northern Ireland

Northern Ireland, companies supplying the defence industry employ about 1,700 people and have a combined turnover of approximately £95m in defence work. There are also a number of companies in the textile and clothing sector which have the Ministry of Defence as an important customer.

Shorts, as the largest supplier in Northern Ireland, is expected to have to adapt to the more varied and unpredictable requirements of the future defence market. The short range air defence market which is Shorts' prime interest is still projected to grow, but at a lower rate than before.

The companies in the textiles and clothing sector supply a range of products from shirts through fabric for combat clothing to webbing for military kit. Up to 500 people with a turnover of approximately £10 million would be representative of the importance of the defence market to the sector.

There were 2,200 defence related job losses in Northern Ireland between 1990 and 1993, mainly in Shorts and Langford Lodge Engineering, the other most notable defence industry supplier in Northern Ireland, but also spread over sub-contractors and textile and clothing companies. Further decline is regarded as inevitable in the medium to long term. *(Information obtained from the DTI, KONVER 2 Programme)*

European Funding

PERIFRA

In 1991 the European Union introduced a programme targeted at defence dependent areas. The programme entitled PERIFRA was introduced, as a result of the European Parliament's intervention, in the 1991 Community budget under the heading 'other regional measures'. Credits worth 40 million ECU were made available to 'finance limited actions to help peripheral regions and activities in those regions destabilised as a result of the international events in 1990. Although the programme budget line referred to "the conversion of military installations in connection with disarmament agreements and the new energy crisis" the Commission accepted an interpretation covering the "possible negative consequences for some regions of the new trading patterns, for example the textile sector". The Commission accepted seven UK PERIFRA bids.

1. *Metropolitan Borough of Wirral* - to retrain redundant workers from Cammell Lairds Shipbuilders;

2. *Lancashire Enterprises* - Technology Development Centre, Preston (plant closures at British Aerospace);

3. *Strathclyde Regional Council/Cowal Peninsula* - "Cowal Initiative"- strategic development programme and Cowal Enterprise Centre (closure of Holy Loch nuclear submarine base);

4. *Kirklees Metropolitan Council* a) Kirklees Textile Forum - support for local textile industry; b) Kirklees Host Project - integrated computer information and communications service especially aimed at SMEs;

5. *Barrow-in Furness Borough Council* - a) Bridgegate Business Centre - conversion of former textile mill; b) Project Furness Business Units - creation of business units within former steelworks (redundancies in local defence/shipbuilding industry).

PERIFRA II

The second PERIFRA programme was announced in early 1992 and the Commission budget included a sum of 50 million ECU. However, the second phase of the programme was challenged on a legal basis. The UK government supported the challenge. Despite this dispute twenty-five applications for funding under the PERIFRA programme were received from UK local authorities and the DTI submitted twelve of these to the Commission. Of these twelve projects eight were accepted, five defence related and three textile related. The UK received a total of 5.7 million ECU for defence related projects.

1. *Chorley Borough Council* - Technology centre for redeployment of defence jobs;

2. *Fife Regional Council* - Product development;

3. *Royal British Legion* - Training Centre;

4. *Hertfordshire TEC/County Council* - Support and promotion of development of alternative employment;

5. *Dyfed* - Employment/training initiative.

KONVER

In 1993 the European Union announced a programme, entitled KONVER, to be used:

"exclusively for conversion to civilian activities and the production of goods useful to society with a view to sustainable development".

The Initiative is aimed at promoting the diversification of economic activities in the regions most heavily dependent on the defence sector or military bases by creating complementary activities including:

- Development of small to medium enterprises (SMEs);
- Vocational training and retraining;
- Presenting technological potential;
- Environmental regeneration of military sites and the reuse of infrastructure;
- Conversion of military activities to civilian purposes;
- Supporting measures likely to help economic conversion;

The initial UK Programme was intended to benefit small businesses in areas most vulnerable to the changing circumstances in the defence industry.

The UK Programme was limited to small and medium sized enterprises and did not include the major defence dependent companies such as B Ae, GEC, Rolls Royce.

The initiatives included business development, the promotion of innovation, know-how and technology transfer. They were intended to help boost the capacity of local economies to adapt to the changing circumstances, and to help diversification in areas where the decline in the defence industry had brought problems.

KONVER 1

The UK Programme for the first year of KONVER allocated 20.12 million ECU (£16 million) throughout the UK and Gibraltar and consisted of projects funded by grants awarded from the European Regional Development Fund, ERDF, totalling £10,193,396 ; and projects funded by grants awarded from the European Social Fund, ESF, totalling £5,413,389.

PROJECTS APPROVED FOR THE UK UNDER KONVER 1

KONVER ERDF APPLICATIONS

Total Grant (ECU) 3,080,000

SUMMARY TABLE OF PROJECTS BY REGION AS AT 30.11.93

£/ECU 1.29

SPONSOR	TITLE	ERDF
NORTHERN IRELAND		3.0%
1 NI Economic Research Centre	Skills, Innovation and Company Adaptability	157,502
2 European Satellite Info Services	NI KONVER	146,684
	TOTAL	304,186
SCOTLAND		10.5%
1 Edinburgh DC	Defence Diversification Project	211,200
2 Fife Enterprise	Small Business Centre	315,500
3 Fife Enterprise	Companies in Transition Prog	200,000
4 Fife Enterprise	Technology and Innovation Prog	150,000
5 Argyll/Island Ent	Enterprise Cell Net	50,000
6 Argyll/Island Ent	Integrated Business Dev	25,000
7 Enterprise Ayrshire	Business Start-Up	20,000
8 Enterprise Ayrshire	Aerospace Training Study	15,000
9 Dunbartonshire Enterprise	Business Review and Development	30,000
10 Dunbartonshire Enterprise	Export Development	7,820
11 Glasgow CC	Integrated Business Development	40,131
	TOTAL	1,064,651
WALES		5.5%
1 S Pembrokeshire DC	Tourism Marketing Plan	68,750
2 Monmouth BC	RAF Caerwent Redevelopment	52,000
3 Dyfe CC	SIMTRA Business Tech Training Units	55,800
4 Preseli Pembrokeshire DC	Fishguard Profile Raising	12,000
5 SPARC	Whitland Railway Station Study	10,000
6 Presili	Feasibility Study into PEACE Project Research and Development Base	5,000
7 Gwent Tertiary College	Pembrokeshire Business	53,500
8 West Wales TEC	Information	25,000
	SME Product Dev Incubator Centre	
9 CCTA	Sea Wall, Milford Haven	64,895
10 Preseli Pembrokeshire DC	Investment Marketing Programme	145,729
	Diversification Programme	
11 S Pembrokeshire		50,000

12 Innovation Wales		15,000
	TOTAL	557,674

NORTH WEST

		16.0%
1 Furness Ent Ltd	Barrow TTWA KONVER bid	317.000
2 Lancs County Enterprise Ltd	Regional Spin Out Programme	120,000
3 Lancs County Enterprise Ltd	Technology Matching Programme	40,000
4 Lancs County Enterprise Ltd	Conversion Feasibility Studies	62,000
5 Lancs County Enterprise Ltd	Blackburn Tech Management Centre	85,000
6 Lancs County Enterprise Ltd	SME Technology Fund	50,000
7 Lancs County Enterprise Ltd	Video/seminar series	61,000
8 Lancs County Enterprise Ltd	Lancs business information scheme	105,000
9 Lancs County Enterprise Ltd	Innovation Audit Programme	25,000
10 Lancs County Enterprise Ltd	Technology Development Service	20,326
11 Lancs County Enterprise Ltd	European Defence Observatory	50,000
12 Lancs County Enterprise Ltd	Property Conversion Programme	210,000
13 Lancs. KONVER Consortium	KONVER admin. unit	60,000
14 Chorley Business & Tech Centre	1993 KONVER Project	466,400
	TOTAL	1,672,326

NORTH EAST

		9.0%
1 Tyneside TEC	Sub-sea Initiative	232,975
2 Newcastle CC	WOLF Initiative	123,000
3 Northern Dev Co	Assisting the Commercialisation of Defence suppliers (ACDS)	385,00
4 HESIN	Changing tack	175,100
	TOTAL	916,075

YORKSHIRE

		4.0%
1 Leeds CC	Regional Tourist & Travel Centre	30,000
2 Leeds CC	Information and Development Proj	2,450
3 North Yorks CC	Diversification Programme	111,688
4 Dewsbury College	Computer Network Tr'g Facility	55,500
5 N Yorks CC	Information Service to Business	90,000
	TOTAL	289,638

WEST MIDLANDS

		5.5%
1 Wyre Forest	Blast Resistant Waste Bins	100,000
2 Staffs University	Growing SMEs	56,754
3 Coventry CC	Coventry KONVER Partnership	253,400
4 Black Country Staffs P'ship	Diversification of SMEs	200,000
5 Shropshire KONVER P'ship	Business Support in Defence Ind	31,700
	TOTAL	641.700

EAST MIDLANDS

		6.5%
1 Linc/S Humberside Tourism	Improving the County's Tourism	78,900
2 Lincs CC	Community Office/Countryside Employment	75,793
3 Lincs TEC	Diversity from Defence	40,000
4 N Kesteven DC	Swinderby Action Plan	67,500
5 N Lincs College	Newtech	388,500
6 Lincs TEC	Exchange for Change	28,104
7 Lincs CC	Business Support Programme	46,500
	TOTAL	745,297

EAST

		7.0%
1 Essex CC	Technology/Manufacturing Centre	300,000
	Redundant Airbases	35,000
	Community/SME Support/Study	145,320
	Winning out of Defence	153,250
	TOTAL	633,570

SOUTH EAST

		14.5%
1 Cherwell DC	BUDDI	133,340
2 London Borough of Greenwich	Woolwich Revival	552,000
3 Kent CC	Strategy for Diversification	30,000
4 Portsmouth Naval Base Trust	Conversion of Dockyard buildings	500,000
5 Gosport BC	Feasibility Study	60,000
6 Hampshire TEC	Future Skill Needs	20,000
7 Hampshire TEC	Defence Transition Initiative	174,893
	TOTAL	1,470,233

SOUTH WEST

		16.5%
1 Avon/Glos. Wiltshire	Diversifying the Economy	858,023
2 South Dorset Economic P'ship	Diversification of Local Economy	240,000

3	Somerset CC/TEC	Promotion of Tech Development	75,000
4	Plymouth CC	Business Support	500,000
		TOTAL	1,673,023

GIBRALTAR

			2.0%
1	Gibraltar	Gib/KONVER	225,00
		TOTAL	225,00
		UK PLUS GIB TOTAL	£10,193,396

PROJECTS AWARDED ESF KONVER GRANT

APPLICANT	PROJECT TITLE	£ GRANT
REGION: N IRELAND		
University of Ulster	Small Business Managers' Development Programme	29,759
REGION: GIBRALTAR		
Employment and Training Board	GIB/KONVER - Wage Subsidy	81,502
REGION: SCOTLAND		
Fife Regional Council	Extending the Skill Base	197,089
Fife Regional Council	Training for Change	124,200
Fife Regional Council	Open Learning	65,250
Fife Regional Council	Training in Engineering and Advanced Manufacturing Tech.	151,200
Strathclyde Regional Council	ESF KONVER Project	117,084
REGION: WALES		
Extras for Information Tech	Vocational Training in Gwent	142,920
West Wales TEC Ltd	Sintra Outreach Training Unit	17,855
MADE and EDP	No title	89,100
Camarthenshire College of Technology and Art	Access to New Technology	11,560
Pembrokeshire College	Electronic Servicing	43,654

Pembrokeshire College	Marine Engineering	42,923
Pembrokeshire College	Electronic Assembly Skills	18,555
Pembrokeshire College	Modern Office Technology	49,673
Gwent Tertiary College	Training for Research and Development Workers in Gwent	3,150
(SEWBIC Ltd) Innovation Wales	Diversification Programme for Defence Dependent SMEs in Wales	18,004
REGION: NORTH EAST		
Durham University Business School	Working for Myself	38,635
N Tyneside City Challenge	Action for Shipbuilding Skills Employment on Tyneside	63,000
HESIN (Sunderland)	Guidance and Vocational Training for Redundant Defence Workers	64,260
Monkwearmouth College	Training for Re-integration into the Civilian Workforce	52,571
Tyneside TEC Ltd	Tyneside Sub-sea Conversion	214,088
REGION: NORTH WEST		
Wirral Metropolitan Borough Council	KONVER: Technical Retr'ng	76,445
Furness Enterprise Ltd	Barrow TTWA KONVER Bid	392,550
Edge Hill College of Higher Education	MCI Supervisory Mgn't	64,759
Lancashire Enterprises Plc	Tech'n & Designer Re-skilling.	27,000
Lancashire Enterprises Plc	Training Employed Personnel	45,000
Lancashire Enterprises Plc	Redundant Worker Re-training, Re-skilling Programme	108,000
Lancaster University	Consultancy Skills for Redundant Managers in Defence Related Industries	35,253
Lancashire Enterprises Plc	New Start SME Plus	45,000
REGION: YORKS AND HUMBERSIDE		
Leeds City Council	New Employment Training	81,000

Kirklees Metropolitan Council	Employment Subsidy Scheme	18,720
Beverley College	Training/Retraining Defence Related Employees/Ex Employees	25,830
N Yorkshire County Council	Integrated Defence Training	100,000
Hull College	Vocational Training/Upskilling for Defence Support Employees	25,471
REGION: EM		
Lincoln City Council	Defence Sector Skills Identification and Upgrading	54,000
Lincolnshire TEC	Outreach Training Lincolnshire	52,040
REGION: WM		
Birmingham Advanced Manufacturing Centre	Birmingham Konver Pr'grme	49,500
Shropshire County Council	Training to Convert	118,915
Black Country Co-operative Development Agency Ltd	Business Start-Up Training For Ex Defence Industry Workers	10,381
Black Country Metropolitan B'ghs	Redirecting Redundant Defence Related Workers	42,876
North Warwickshire College	Skills Conversion Programme	14,366
Coventry Konver Partnership	Redundancy Counselling and Upskilling Development Programme	100,000
REGION: SW		
Dorset TEC	Redundancy Training	126,400
Somerset TEC	Support Measures for the Unemployed	35,481
Wiltshire County Council	Defence Diversification Guidance and Assessment Project	459,891
Plymouth College of Further Education	Flexible Delivery of IT Core Skills	38,941
North Devon District Council	Closure of RAF Chivenor	6,525
Devon & Cornwall TEC	Training Programme	114,120
Plymouth City Council	Routeways Into Work	77,193

REGION: E

Middlesex University Business School	Vocational Training in Information and Business Communication Systems	143,813
Essex Training and Enterprise Council	The Upskilling of Essex	90,000
Essex TEC	BTEC National Certificate in Engineering	36,830
Suffolk County Council	Konver - Suffolk	50,590
Hertfordshire TEC	Winning out of Unemployment	90,690
Hotel and Catering Training Company	Vocational Training in Supervisory Management in Hospitality and Tourism	10,329
Hotel and Catering Training Company	Vocational Training in Food & Beverage Management Skills in the Hotel and Catering SMEs	10,329
Hotel and Catering Training Company	Vocational Training in Mktg and Sales Management in Tourism related SMEs	7,024
Hotel and Catering Training Company	Vocational Training in Trainer Skills Development for Managers in Tourism SMEs	11,793
Norwich City College	Guidance, Counselling and Vocational(Re)Training for Unemployed People affected by the rundown in Military Installations.	156,222

REGION: SE

Isle of Wight Development Board	Isle of Wight Diversification Retraining Scheme	27,000
Hampshire Training and Enterprise Council Ltd	Company Training Scheme	74,700
Kingston College	Women Into Information Technology for Business	23,040
Kingston College	Managing and Maintaining Information Technology Systems	23,040
London Borough of Richmond Upon Thames	Energy Management for Industry: A Retraining Programme	40,500

London Borough of Richmond Upon Thames	Development of Innovate Ideas with Environmental Training	47,430
London Borough of Richmond Upon Thames	Computer Aided Design	58,030
London Borough of Greenwich	Woolwich Revival	54,000
Westminster College	Management and Enterprise Tr'g Programme for Displaced Military Personnel	50,641
Basingstoke College of Technology	Upgrading the Skills of Unemployed Engineers including those made Redundant in Defence Related Industries	108,212
Canterbury College of Higher Education	European Qualification Project	70,762
Cricklade College, Andover	Vocational Training,Hampshire	142,920
University of North London	Vocational Training for Re-Employment	125,000
Portsmouth City Council	Action Programme for Unemployed Defence Workers	14,535
Isle of Wight Development Board	I of W Job Subsidy Scheme	31,500

KONVER II

Because of the extent of the current decline in military activities, which is sudden and quite rapid, and the need to preserve a technological and high-level R&D potential to ensure the future competitiveness of the regions concerned, it has been agreed that the KONVER measure established in 1993 as an annual programme should be developed as a multi-annual Community Initiative lasting to the end of 1997.

It is estimated that 500 million ECU will be available from the European Union for KONVER up to the end of 1997. Loans from the European Investment Bank's resources may also be made available.

At its meeting on 21 December 1994, the European Commission adopted the lists of priority areas eligible for the KONVER Community initiative (1994-97), as well as the funding allocation between the Member States.

The amount adopted under KONVER II for the UK Programme is 95.7 Million ECU.

Funding has been allocated on the basis of the number of job losses between 1990 and 1997, either as redundancies already made, as publicly announced job losses, or as future job losses justified by the Member State and accepted by the Commission. The various categories of employment were weighted differently in order to take account of the higher regional impact of job losses in the defence industry itself. Conscripts and foreign military forces were attributed a lower weighting.

The Commission takes the view that the allocation of credits between areas in the UK should be made in relation to job losses. The following UK eligible 'priority areas' were originally declared:

Region	**NUTS 111 Eligible Zone**
	Objective 1
N. IRELAND	In total
STRATHCLYDE	Highlands and Islands
MERSEYSIDE	Wirral
	Objective 2 and 5b and non Objective areas.
GIBRALTAR	In total
FIFE	In total
LOTHIAN	Part of
TYNE & WEAR	In total
CUMBRIA	In total
LANCASHIRE	Preston, Flyde, Pendle, Burnley
SUFFOLK	Mid Suffolk
GREATER LONDON	Ealing, Greenwich, Enfield, Hounslow
GWENT	In total
CORNWALL	In total
DEVON	In total
SOMERSET	Part of
SHROPSHIRE	Bridgworth
STRATHCLYDE	Part of
DYFED	Preseli
KENT	Rochester, Dover, Gravesham, Ashford
LINCOLNSHIRE	N. Kesteven
HUMBERSIDE	Kingston-upon-Hull
WEST YORKSHIRE	Kirklees, Leeds
NORTH YORKSHIRE	Harrogate
ESSEX	Colchester, Harlow Chelmsford, Brentwood Uttersford, Basildon
HERTFORDSHIRE	Stevenage, Hatfield, Watford, Welwyn,
ISLE OF WIGHT	In total
HAMPSHIRE	In total
WILTSHIRE	In total
BERKSHIRE	Newbury, Slough, Bracknell Forest Wokingham
GLOUCESTERSHIRE	Cheltenham, Tewkesbury
AVON	In total
DORSET	Part of

A further twelve areas were added to the Commission's original list of UK eligible areas. These are:

Blackburn TTWA,
Coventry District,

Cherwell District,
Doncaster District.
Gloucester District,
Hilingdon District,
Hyndburn District,
Rugby District,
South Kesteven District,
South Pembrokeshire District,
Suffolk Coastal District, and
York TTWA

Whilst representing a large number of communities the UK 'eligible areas' are based primarily on those areas where large direct defence dependent job losses have been announced. Many other local communities have been affected by the loss of indirect defence dependent jobs, in sub-contract firms, suppliers and providers of services to defence companies and military bases.

Furthermore, the UK KONVER Programme has been criticised for being too regionally spread whilst lacking an overall UK diversification strategy. Further concern has been expressed that local economic diversification activities can result in defence dependent, highly skilled, high technology based, relatively highly paid, trade union organised labour forces being replaced with a lower skilled, lower waged, temporarily employed, non-unionised labour force, and the consequential loss of our high-tech manufacturing base.

The impact of defence cuts is already affecting many local communities. Our major defence contractors are in a state of crises and the future of much of our high-technological manufacturing base is now at risk.

Arms Conversion Project

The Arms Conversion Project was established by UK Nuclear Free Local Authorities in 1988 to help develop relevant and practical responses to the adverse effects on national and local economies resulting from these changing defence requirements. The Project has been fully operational since August 1993 and is funded entirely from local authority 'sponsorship', donations and subscribers to our publications.

Aims and Objectives

The Aim and Objective of the ACP is to pursue the issues of arms conversion and defence diversification by:

- helping set the political agenda for political parties, trade unions, peace groups and local authorities;
- undertaking lobbying to maintain and raise the profile of the issues;
- identifying and publicising case studies of initiatives being taken by defence dependent companies to move into non-defence related markets;

- providing a *think tank* for new ideas;
- providing advice and guidance to supporting organisations on the development of international, national and local conversion and diversification initiatives;
- identifying possible UK and EU funding sources for conversion and diversification initiatives;
- identifying specific and general strategies on the issues of conversion and diversification.

ACP Services

The ACP provides:
Advice; guidance; research; briefings; speakers; information and an enquiry service. The Project publishes a bi-monthly newsletter and hosts an E-mail 'Bulletin Board' providing sponsors with up to date information on all relevant developments on arms conversion and defence diversification initiatives. The ACP also issues updates on developments on KONVER and other appropriate funding sources and publishes a range of reports on local defence dependency throughout the UK. A separate leaflet is available in Welsh.

The ACP organises and participates in:
Diversification and conversion initiatives; local networks, exchange trips, research conferences, seminars, and workshops.

The ACP is:
A major voice in the issues of military base conversion and industrial and economic diversification, providing a positive and constructive input to local, national and international initiatives.

The ACP seeks to ensure:
The establishment of properly funded and resourced accountable Defence Diversification Agencies to assist in the development and implementation of diversification initiatives.

The ACP works with:
Local authorities, defence companies, trade unions, political parties, academics, peace groups, churches, and individuals from across the globe on the issue of diversification and conversion.

The ACP holds:
Fringe meetings at various trade union and political party conferences, highlighting the need for a positive response from politicians and a participate role for trade unions and local authorities in the diversification process.

ACP Support

The ACP has attracted cross party support for its activities. The Project holds regular meetings with Government Departments, opposition political parties, local authorities and trade unions. The Project is supported by Local Authorities, the TUC, the STUC and a wide range of national and local trade unions, peace groups and other organisations.

ACP Sponsors

The Arms Conversion Project is financed by contributing sponsors and subscribers to our publications. Financiers have a direct input into the ACP's work programme as well as direct access to the accumulated project expertise and information.

(The ACP is also willing to discuss requests for participation in specific initiatives.)

The major sponsors of the Arms Conversion Project are local authorities, who can become 'sponsors' for:

£500	(for populations under 500,000); and
£1,000	(populations over 500,000),

Trade unions, peace groups, church groups, political parties, NGOs and individuals are urged to become subscribers to the ACP publications gaining access to all studies undertaken and information collected for the following rates:

National Groups	£50
Local Groups	£25
Trades Councils	£10
Individuals	£10

ACP Information

Further information on all aspects of the Arms Conversion Project is available from Ian Goudie at the following address:

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