

A northern English town looks to BAE Systems to help it ‘level up’

Barrow-in-Furness hopes the UK defence company’s bulging order book will serve to regenerate the area

Jennifer Williams and Sylvia Pfeifer in Barrow SEPTEMBER 10 2023

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For years, the key issue confronting many towns in northern England has been the sustained decline in their manufacturing bases.

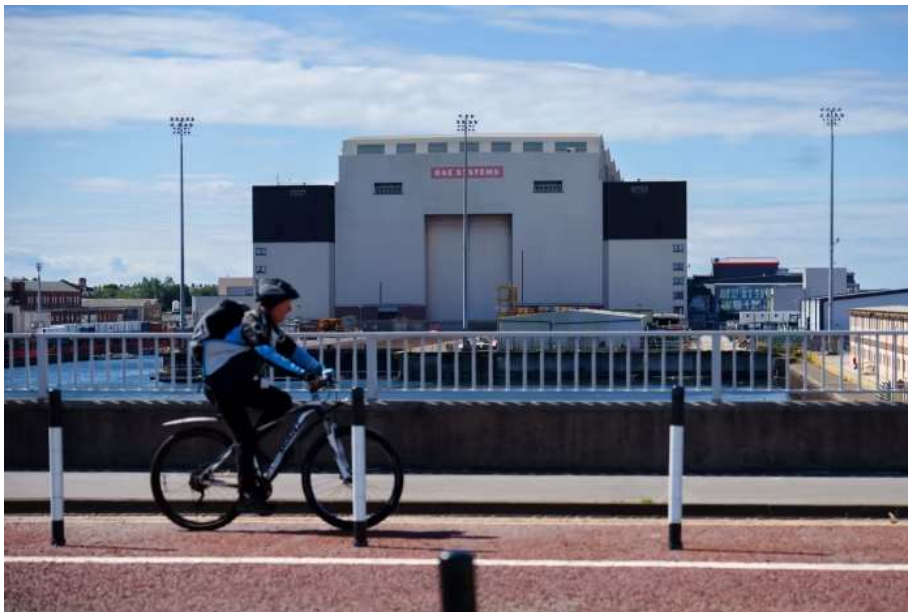
In Barrow-in-Furness, Cumbria, the conundrum is different. The port town’s biggest employer and Britain’s leading defence company, [BAE Systems](#), now has a full order book for the next 30 years, partly owing to the UK’s Aukus nuclear submarine deal with the US and Australia.

Instead the challenge for Barrow is attracting the new workers it needs — and then keeping them and the resulting wealth in the town. For despite BAE’s longstanding presence, building submarines for the Royal Navy, Barrow still suffers from acute health inequalities, poor housing and some of the most deprived neighbourhoods in the country.

In a fresh attempt at lasting regeneration of the area, central and local government have formed Team Barrow, a partnership aimed at understanding how BAE’s boom can boost the town’s fortunes.

In July, cabinet minister Michael Gove name-checked Barrow as part of his “levelling up” agenda to narrow regional economic inequalities, promising to make it “a new powerhouse for the north”.

In recent weeks cabinet secretary Simon Case has visited Barrow and Whitehall officials are now working out of the town hall to understand how the area can capitalise on BAE’s bulging order book.



BAE has provided land for a new Cumbria university campus next door to its Barrow site, with the aim partly of hiring graduates for the company’s workforce © Jon Super/FT

Sam Plum, chief executive of Westmorland and Furness council, which covers Barrow, said the central government focus felt “momentous”.

“The government is investing significant money in BAE,” she said of the billions of pounds’ worth of UK defence contracts due to flow into Barrow over the coming years. “If that money comes to Barrow and it doesn’t shift some of the societal problems that we’ve got . . . then we’ve all failed.”

A coastal community of 67,000 people on the fringes of the Lake District, Barrow has been a manufacturing town since the 19th century. BAE’s central riverside site dominates both the landscape and the economy, employing 12,000 people — pushing the town’s productivity levels well above both the regional and UK averages.

In the coming years, the company will become even more dominant. BAE will build a new generation of attack submarines for the Royal Navy, with deliveries starting in the 2030s. The design for these boats will be used by Australia under the Aukus deal.

By then, BAE expects to employ 17,000 people in Barrow, focused on the Aukus deal and a UK contract to supply Dreadnought submarines that will carry Britain's nuclear deterrent from the 2030s.

Yet although the BAE contracts have been on an upswing for a decade, there is a lag in that success feeding through to the local population. Barrow is still dealing with the legacy of job losses more than 20 years ago, when BAE work dropped off following the completion of the UK's Vanguard submarines.

"When I look at what we've got in front of us today, for both the town and the business, it's fantastic," said Janet Garner, BAE's future workforce director, who has worked at the company's Barrow base for 37 years. "But we shouldn't kid ourselves . . . the impact of that downturn hit the town hard."

Pointing to struggles with education and aspiration, she added: "I think it's fair to say that we have some third generation worklessness because of some of what happened. That is a real challenge."

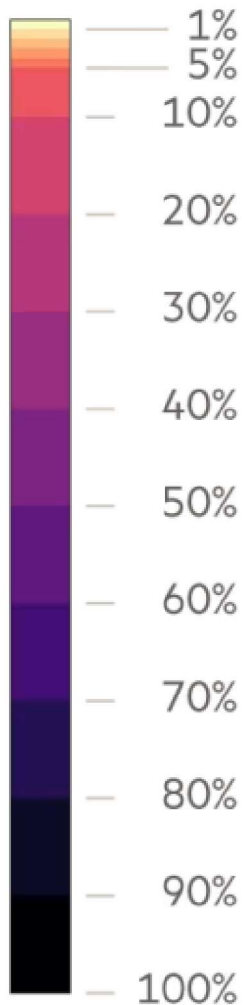
It is borne out in Barrow's statistics. The town is in the most deprived 10 per cent of 309 English local authorities, according to the government's index of multiple deprivation. Its suicide rates were nearly twice the national average between 2018 and 2020, and the council told a 2022 health inequalities review by the academic Sir Michael Marmot that it was "standard" for local people to not expect "to live beyond their late 50s".

Plum said that while "no new money" was coming from central government to Barrow in the current spending climate, there was hope that a concerted focus across Whitehall could mean existing funding was used better, in a less short-term way.

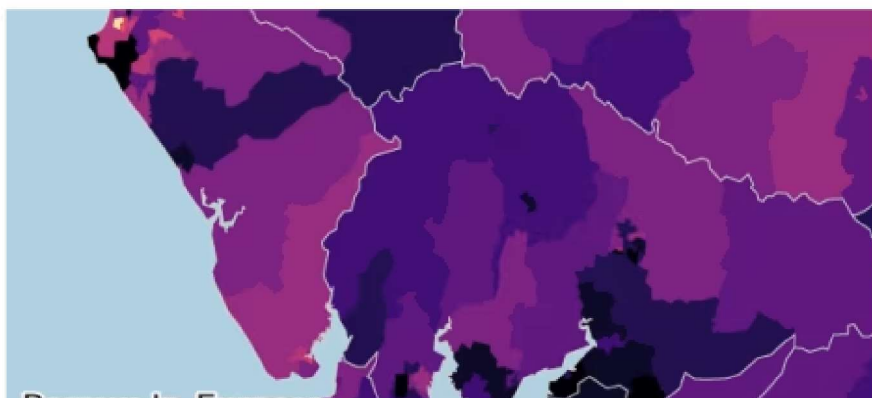
Barrow is among the most deprived towns in the north west, with some of its neighbourhoods among the most deprived in England

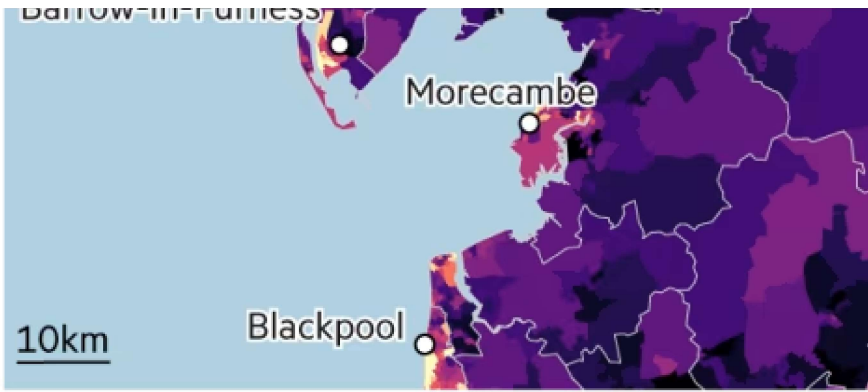
Rank of index of multiple deprivation, 2019, by neighbourhood* (national percentile)

Most deprived



Least deprived





*Lower layer super output area

Source: Ministry of Housing, Communities & Local Government

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“We know that health inequalities are really high in Barrow,” she added. “And we know there are health interventions that you can take that start to turn that in a positive direction. But what we struggle with is a long-term commitment to funding those interventions.”

Barrow’s working age population is, meanwhile, shrinking faster than the regional or national average, said Jo Lappin, chief executive of Cumbria’s business-led local enterprise partnership.

She called the town a “microcosm” of broader shortages in the region’s labour supply — just as BAE is competing for workers across the UK with the likes of Rolls-Royce and Babcock International, both of which are also scaling up their activities.

Rolls-Royce, which builds the nuclear reactors that power Britain’s submarines, in June announced plans to double the size of its Raynesway site in Derby as a result of the Aukus deal. It will supply reactors for the attack submarines.

The government in July announced a nuclear skills task force to help train the tens of thousands of workers needed across both civil and military programmes, while the industry as a whole was doing “strategic workforce planning”, said John Howie, chief corporate affairs officer at Babcock, which maintains Britain’s nuclear submarines.

“The industry has to recruit a lot just to stand still,” he said, adding: “We don’t want to steal workers from each other.”



Barrow-in-Furness is in the most deprived 10% of 309 English local authorities, according to the government's index of multiple deprivation © Jon Super/FT

BAE has provided land for a new Cumbria university campus next door to its Barrow site, with the aim partly of hiring graduates for the company's workforce. "Our strategy is to 'Grow your own'," said Garner, in part through its apprenticeship programme.

She added that although about 82 per cent of BAE employees lived locally, "that number goes down every year", because the town cannot offer the "housing, education and transport" it would like to.

Simon Fell, Conservative MP for Barrow and Furness and co-chair of the Aukus all-party parliamentary group, said the town was in a "tricky environment to hire into".

"The real challenge for Barrow and for Aukus is to turn this around and make this a place that people want to stay at and move to," he added. "We've now got this national and international endeavour to deliver and the government is listening."

Lappin said part of the answer would lie in Barrow's housing, which is dominated by terraces built more than a century ago — meaning that BAE workers often rent for part of the week, but do not necessarily move to the town permanently.

For two decades, the council has struggled to unlock a huge former industrial site in Barrow opposite BAE for housing, due to the high cost of land decontamination and the low onward sale value of homes.

But the government's housing delivery body Homes England is now working to kick-start the site and local leaders are hopeful of funding in chancellor Jeremy Hunt's Autumn Statement.

Plum said Barrow's fortunes have always "risen and fallen" with those of BAE.

"If that money really doesn't stick this time . . . and we still have poverty and health inequalities at the end of that, then it kind of feels like as a system we've failed," she added. "This is 'Failure can't be an option'. We've got to make this work."