

THE UK'S TRANSITION FROM COAL

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Key point.....

The UK has virtually completed its move away from the production and use of coal

- Not planned
- Not driven by concerns over climate change
- Not painless

Peak UK coal production, 1913

- 292 million tonnes a year
- 1.1 million miners
- 3,024 mines

Source: BEIS

UK coal production and employment, 1960-2018

	Deep mines m.t.	Opencast m.t.	Employment
1960	189	9	607,000
1970	137	11	290,000
1980	112	18	237,000
1990	73	20	49,000
2000	17	14	11,000
2010	7	11	6,000
2018	0	3	500

Source: BEIS

UK coal consumption, 1990-2018

	Power stations m.t.	Other m.t.
1990	84	12
1995	59	10
2000	46	10
2005	52	7
2010	41	8
2015	29	9
2018	7	5

Source: BEIS

UK electricity supply, 2000-18, percentages

	Coal	Oil	Gas	Nuclear	Renewables	Imports
2000	31	2	39	21	3	4
2005	34	1	39	19	4	2
2010	28	1	47	15	7	1
2015	21	1	29	19	24	6
2018	5	0	39	18	34	4

Source: BEIS

Consequences (1)

FOR COAL COMPANIES

- UK coal industry was fully privatised in 1995
- From 1995 onwards, coal closures were commercial decisions
- Some coal producers went out of business; largest has become a property developer

Consequences (2)

FOR ELECTRICITY CONSUMERS

- UK electricity industry was fully privatised in 1980s
- 'Carbon Tax' that has killed coal has increased electricity prices for consumers
- So have subsidies to renewables
- Energy intensive industries (e.g. steel) have been only partially protected from these price increases

Consequences (3)

FOR MINERS AND MINING COMMUNITIES

- What happened to redundant miners?
- Have the jobs been replaced?

Context

- Problems arising from colliery closures extend back a very long way in the UK
- UK is a relatively densely populated country with high car ownership
- Coal industry was never the sole employer in the UK coalfields, even if it was often the largest

UK coalfields



Managing redundancies

- Extensive use of 'voluntary' redundancy and transfer to surviving pits, at least initially
- Job loss softened by relatively generous redundancy payments and, for some, access to pensions and welfare benefits
- Older men tended to leave; younger hung on
- Some help with retraining and employment advice
- But often brutal management

Redundant miners

- Nearly all have now reached state pension age (65)
- Jobs for the generations behind them are now the key concern

Politics of coalfield regeneration

- Efforts to promote new jobs in the UK coalfields date back as far as 1930s
- Nothing 'automatic' in the support for regeneration
- Lobbying – Coalfield Communities Campaign (1985-2007)
- Coalfields Task Force (1998)

Key building blocks

- Colliery site reclamation
- EU Structural Funds
- Assisted Area status
- Infrastructure investment
- Social renewal

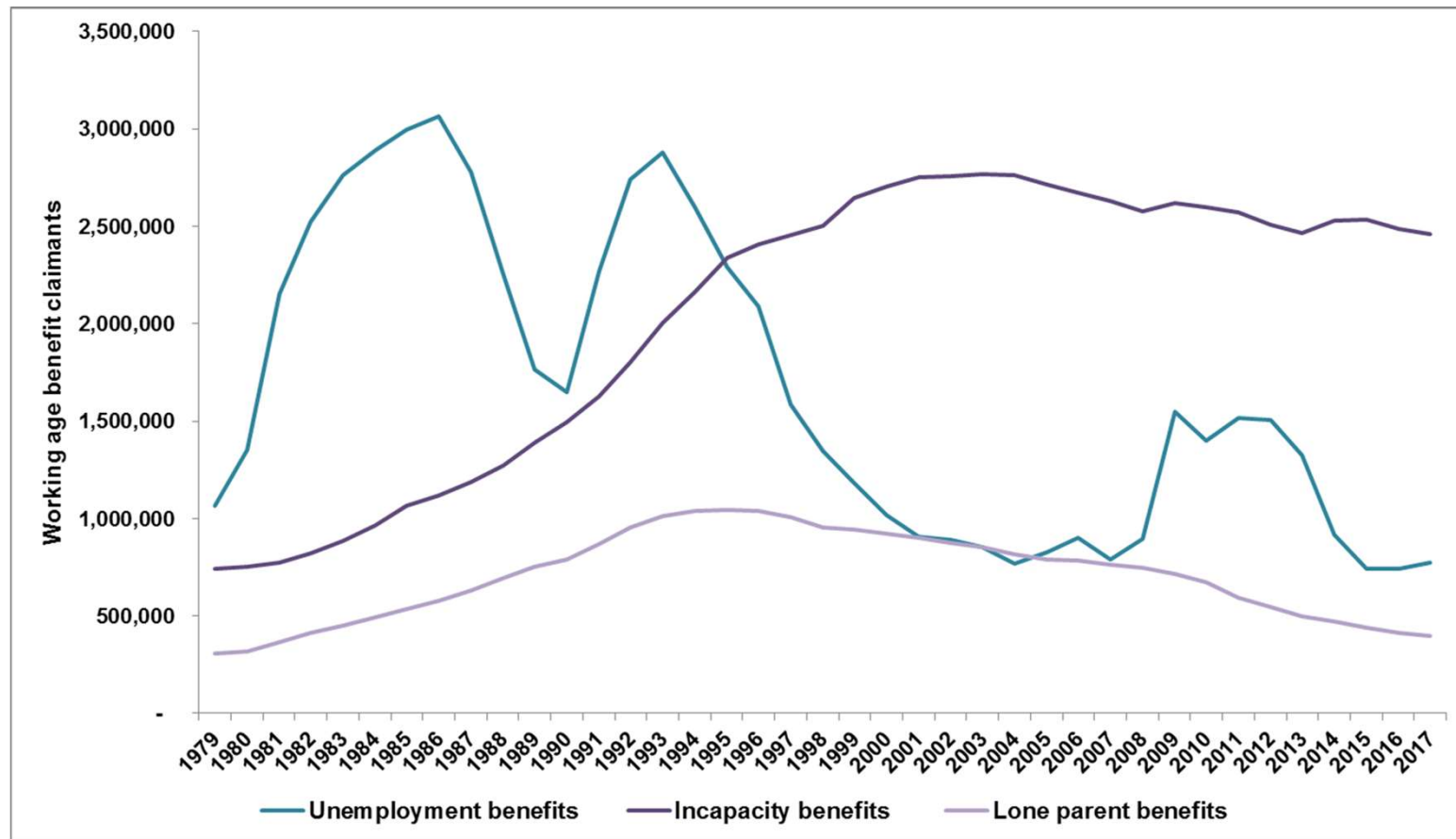
Has regeneration worked?

In total, the number of jobs lost from the UK coal industry since the early 1980s has now been replaced by a similar number of new jobs for men in the same areas. But:

- It's taken 20 or 30 years
- Many of the new jobs are poorly-paid
- Some places still haven't made good the job loss
- The coalfields had high unemployment before the pit closures
- Labour supply has been increasing too

Overall, there's still a big 'job shortfall' in most UK coalfields

UK working age benefit claimants, 1979-2017



Source: DWP

The coalfield labour market

- 'Economic inactivity' among working age men is still 150,000 higher than at the start of the 1980s
- 'Job density' in every UK coalfield is below UK average
- 'Employment rate' is typically 5-10 percentage points below the level in SE England
- Median earnings are 7-8% lower than the UK average, and 20-25% below London & SE
- Business stock and business formation rate are well below UK average

Source: ONS

Lessons from the UK experience

- It is possible for a large, mature economy to move away from coal
- Electricity markets can be structured to deliver this shift
- Redundancies can be managed to ease the pain (even if that hasn't always happened)
- Rebuilding the economy of the coalfields is possible, but takes a long time