

WRITTEN EVIDENCE PAPER TO THE ENTERPRISE AND BUSINESS COMMITTEE – LARGE SCALE JOB LOSSES

Introduction

1. The purpose of this paper is to set out written evidence for the Enterprise and Business Committee's inquiry into Large Scale Job Losses.
2. Growth and sustainable jobs are at the heart of our Programme for Government and we have made it clear that our absolute focus remains on supporting and boosting our economy and identifying every opportunity to help businesses in all areas of Wales.
3. It is always concerning to hear about potential job losses and we endeavour to work closely with all companies that face making redundancies to mitigate the effects on employees and discussing the range of assistance available.
4. In cases where employers are considering making 20 or more jobs redundant, there is a statutory requirement to inform the Redundancy Payments Service at UK's Department for Business, Innovation & Skills (BIS). In turn, BIS informs the Department for Work and Pensions. Information about redundancies and the statutory consultation periods allows Welsh Government, Jobcentre Plus (JCP) and Careers Wales (CW) to initiate the 'Team Wales' approach to redundancy support.
5. Information, advice and guidance are provided about benefits, job seeking, the labour market, training opportunities and skills and employment programmes, such as ReAct. In addition and where appropriate, further specific support such as Business Wales Start Up services can be provided. This approach has enabled workers at risk of redundancy to be given information about the support available at an early stage in the process and has ensured that as many workers as possible are prevented from entering long-term unemployment.
6. The following case studies provide evidence of the Welsh Government's actions in relation to the areas the committee has identified for scrutiny.

Case Study: Redundancies at Bosch

The Bosch Cardiff factory opened in Miskin, a non-assisted area, in 1991 to make alternator products for cars. At its peak Bosch employed in the region of 1,500 people, but the company experienced a globally declining customer demand during the economic downturn. In November 2008 the company announced a 90 day consultation period and issued a voluntary redundancy notice to its workforce.

We worked closely with the company's senior management team to explore all possible avenues of support to safeguard the future of the site and a portfolio of support was made available for the affected employees, through ReAct, Job Centre Plus and Careers Wales, including one to one careers advice and coaching, workshops, jobs fairs and financial support for retraining.

At the end of March 2009, 284 staff left the company through voluntary redundancies. As some staff left service areas, they were replaced by manufacturing staff that did not apply for voluntary redundancy. The company introduced a large training schedule to address those work areas where individuals needed to be re-trained. We provided enhanced financial support for this activity.

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We continued regular discussions with the Bosch Cardiff team whilst they improved efficiency at the plant and explored alternative product lines. However, customer demand continued to decline and a new product could not be competitively manufactured at the site. This led to the Bosch Board recommending that production at the Cardiff plant be phased out and transferred to Hungary.

The First Minister and then Deputy First Minister held a number of meetings with Bosch Board and senior management in efforts to reverse the company's recommendation to close the Cardiff plant. The company was offered support and assistance to come to a decision on potential new business, but declined as no new commercially viable product had been identified. They also discussed options for the workforce and land usage, if it was not possible to save the plant.

Bosch senior management was keen to work with the Welsh Government to explore any future potential use of the site and seek to safeguard jobs where possible. They were fully engaged with unions, local account manager, Assembly Members and Ministers throughout the process to explore all potential options.

Bosch employees voted to accept an enhanced redundancy package and loyalty bonuses. A schedule for the reduction of employment at the site was then agreed with the employees.

We continued to work with the company and Unions to outline the support packages available for the affected employees to help them to develop their skills and find alternative work, through ReAct, Job Centre Plus and Careers Wales including one to one careers advice and coaching, workshops, jobs fairs and financial support for retraining. We carried out a skills audit of the Bosch employees in efforts to match skills to alternative employment and three second year apprentices were accommodated by two other companies in the area, General Electric and Ford. We also worked closely with Bosch Cardiff's Welsh supply chain highlighting that there would be opportunities for the companies to continue supplying Bosch's overseas plants.

The company closed its Miskin plant at the end of June 2011, with the further loss of over 600 jobs.

Case Study: Redundancies at Murco

Our intention is to minimise both direct and indirect job losses associated with the Murco Refinery and its supply chain, both immediately and in the longer term as the ripple effect of the closure is felt.

We had a long term close relationship with Murco as a Regionally Important company and key employer. Following the announcement of 404 redundancies, the First Minister liaised with UK Government to facilitate the sale of the refinery as a going concern which would have retained a very similar sized workforce. However, the deal fell through at the last minute when a private investor withdrew. We therefore established the Murco Task Force of key high level stakeholders to focus on mitigating the impact of the sale on the local economy.

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We have provided a portfolio of financial support programmes for businesses in the area to stimulate growth, including providing working capital, giving business rate relief and addressing skills and training needs for recovery and diversification. By working collaboratively across Welsh Government we have focused existing and new resources to deploy a Pembrokeshire Fighting Fund of £4m, which is creating and safeguarding 440 jobs.

Support for individuals has been made available through ReAct, Careers Wales, Job Centre Plus, Business Wales and Penna including one to one careers advice and coaching, workshops, jobs fairs and financial support for retraining. Apprentices have been matched to a new employer through Pembrokeshire College. We have provided job matching initiatives including Talent Retention Scheme online portal and vacancy trawl and circulation through Penna. We drew on our Sector Panels, Anchor and Regionally Important Companies, and the Haven Enterprise Zone networks to identify growth and recruitment opportunities, linking job creation with those looking for work locally through grant offer letters and the Job Centre Plus Employer Manager.

Pembrokeshire has been prioritised for infrastructure developments including Superfast Broadband and road improvements to make the region more attractive for inward investment.

It is important to note that the true effect on the supply chain, and indirect job losses has not yet been fully felt. Whilst the Murco Task Force drove action in the short term, the medium and long term economic development initiatives are being headed up by the Haven Enterprise Zone and Swansea Bay City and Region.

The direct job losses at Murco were phased over a 7 month period. The most recent statistics available from Murco, dated 1 April, show that 57 per cent of Murco staff had found employment, more than half within Pembrokeshire. 24 per cent were still searching. The intention is for them to be matched, as appropriate, with jobs being created through the Pembrokeshire Fighting Fund. Only 93 Murco staff and 89 contractors have claimed job seekers allowance, with 45 and 37 still signing on, which reflects how quickly a large number of displaced staff found new work.

The way in which Governments and agencies have come together to mitigate the effects of the closure of the Murco Refinery on the local economy has been identified as an example of best practice. Lessons learnt are currently being employed in managing the redundancies being made by Magnox in North Wales.

Cardiff University produced an evidence base of the economic risks at the start of the process and has been commissioned to assess the actual impact and evaluate the project.

Case Study: Redundancies at Tata Steel

On 23 November 2012, Tata Steel announced that it was planning to restructure its UK business, the net effect of which would be the loss of 900 jobs across the UK, with Wales taking the brunt of the losses, amounting to 584 jobs. A meeting was held between the First Minister and senior Management at the company, where it was established that, although the job losses could not be prevented, the Welsh

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Government would set up a Task Force to help those employees directly affected by the announcement. Tata Steel is one of our largest anchor companies and as such, there is a dedicated account management resource allocated to the company and a close working relationship exists between the company and Welsh Government.

The Task Force first met on 30 November, a week after the announcement. This meeting, along with subsequent meetings, was organised and chaired by Welsh Government officials and included representatives from Tata Steel, Welsh Government, TU's, UK Steel Enterprise, Job Centre Plus (JCP), Careers Wales, and the councils of Blaenau Gwent, Caerphilly, Monmouth, Neath Port Talbot, and Newport.

At the outset, it was agreed that the work of the Task Force was to ensure all affected employees had access to the necessary advice and guidance to enable them to plan for the future. With the agreement of the company and the TU representatives, the Task Force engaged with Communitas (the training arm of the Community Union).

By early 2013, agreement was reached with the company to hold a series of comprehensive advice and guidance sessions, available to all employees at the Training Academy in Port Talbot. A programme of support had been developed, in conjunction with Communitas, which was delivered via a series of workshops in conjunction with partners at Careers Wales and JCP. The first three day workshop and subsequent workshops included representatives from the various Task Force providers and also included representatives from HMRC and Citizens Advice Bureau. Participants were able to choose in advance to attend advice and guidance sessions, covering Managing Change / Finance / Lifestyle Change / Getting Ready for the Job Market / Voluntary Work / Self Employment.

Every employee who chose to take advantage of the advice and guidance sessions was accommodated and those who required ongoing support were signposted to the relevant organisations. Officials were on hand to advise on the Welsh Government ReAct and Business Start Up Services, both of which are European funded. The ReAct Programme provided a package of support to help people gain new skills, overcome obstacles and improve their chances of finding new employment in as short a time as possible after redundancy. From the beginning of 2013 to the present time, Tata Steel has applied for and been awarded £47k worth of ReAct funding for vocational training.

Support offered through the Start Up Service included a range of free services to help people start and grow their businesses. Seventeen people took up the option to access advice and guidance and it was considered that six were likely to actually start up sustainable businesses.

The Task Force continued to meet regularly throughout 2013 and ensured that every employee who chose to seek advice and guidance had easy access to it. Throughout the process, both the company and the various TU representatives consistently reported that employees and members had given very positive feedback on the support that had been made available to them. The compensation and early retirement packages, being made available at the time by the company, meant that a very significant proportion of the affected workforce chose to take such packages.

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By the time that all affected employees had left the company, Tata Steel were able to confirm that they had not had to make any employee compulsorily redundant.

Between April and October, 2013, just under 100 employees had booked on to information, advice and guidance sessions. The feedback obtained by Communitas from those who attended was overwhelmingly positive.

Although the take up of the advice and guidance was not huge in comparison to the number of people eventually leaving, through the combined efforts of the Task Force representatives, everyone, without exception was afforded every opportunity to take advantage of what was on offer. Those who did avail themselves of the opportunity, overwhelmingly gave very positive feedback, which was echoed in the feedback from both the company and the TU representatives. It was felt that this was an exemplar in terms of how agencies came together to react to large scale job losses.