



Cynulliad Cenedlaethol Cymru The National Assembly for Wales

Y Pwyllgor Menter a Busnes The Enterprise and Business Committee

**Dydd Mercher, 1 Gorffennaf 2015
Wednesday, 1 July 2015**

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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, a transcription of the simultaneous interpretation is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Mick Antoniw	Llafur Labour
Rhun ap Iorwerth	Plaid Cymru The Party of Wales
Mohammad Asghar	Ceidwadwyr Cymreig Welsh Conservatives
Keith Davies	Llafur Labour
William Graham	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Eluned Parrott	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Jenny Rathbone	Llafur (yn dirprwyo ar ran Jeff Cuthbert) Labour (substitute for Jeff Cuthbert)
Joyce Watson	Llafur Labour

Eraill yn bresennol
Others in attendance

Nigel Arnold	Pennaeth Cyflenwi Rhaglenni, Llywodraeth Cymru Head of Programme Delivery, Welsh Government
Hannah Blythyn	Pennaeth Gwleidyddol, Polisi a Strategaeth, Undeb Unite Head of Political, Policy and Strategy, Unite the Union
Tracey Burke	Cyfarwyddwr Strategaeth, Adran yr Economi, Gwyddoniaeth a Thrafnidiaeth, Llywodraeth Cymru Director of Strategy, Department for Economy, Science and Transport, Welsh Government
Robert Dangerfield	Swyddog Cyfathrebu Allanol, Tata Steel External Communications Officer, Tata Steel
Mark Gully	Uwch Reolwr Adnoddau Dynol, Tata Steel Senior Human Resources Manager, Tata Steel
Edwina Hart	Aelod Cynulliad, Llafur (Gweinidog yr Economi, Gwyddoniaeth a Thrafnidiaeth) Assembly Member, Labour (The Minister for Economy, Science and Transport)
Julie James	Aelod Cynulliad, Llafur (Y Dirprwy Weinidog Sgiliau a Thechnoleg) Assembly Member, Labour (The Deputy Minister for Skills and Technology)
Susan Lewis	Trefnydd Rhanbarthol, undeb Community Regional Organiser, Community union
Huw Mathias	Uwch Reolwr Adnoddau Dynol, Tata Steel Senior Human Resources Manager, Tata Steel
Huw Morris	Cyfarwyddwr y Grŵp Sgiliau, Addysg Uwch a Dysgu Gydol Oes, Llywodraeth Cymru Director of the Skills, Higher Education and Lifelong Learning Group, Welsh Government
Andy Richards	Ysgrifennydd Rhanbarthol, Undeb Unite Regional Secretary, Unite the Union

Gwenllian Roberts Dirprwy Gyfarwyddwr, Pennaeth Uned Ynni Cymru,
Llywodraeth Cymru
Deputy Director, Head Energy Wales Unit, Welsh Government

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Martha Da Gama Howells	Ail Glerc Second Clerk
Rachel Jones	Dirprwy Glerc Deputy Clerk
Gareth Price	Clerc Clerk
Ben Stokes	Gwasanaeth Ymchwil Research Service

Dechreuodd y cyfarfod am 9:29.
The meeting began at 9:29.

Cyflwyniadau, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions

[1] **William Graham:** Good morning, and welcome to the Enterprise and Business Committee. May I say that I have apologies from Gwenda Thomas and Dafydd Elis-Thomas, and we welcome Jenny Rathbone, who is kindly substituting for Jeff Cuthbert? The meeting is bilingual, and headphones can be used for simultaneous translation from Welsh to English on channel 1 or for amplification of sound on channel 2. The meeting is being broadcast, and a transcript of the proceedings will be published later. May I just remind witnesses there's no need to touch the microphones? As you speak, they should come on automatically. In the event of a fire alarm, could I ask you to follow the directions from the usher?

09:30

Colli Swyddi ar Raddfa Fawr
Large-scale Job Losses

[2] **William Graham:** Our first session this morning is evidence with Tata Steel. I'm most grateful to you for coming to give your evidence today. We're trying to understand how the overall strategy for Tata Steel Europe is developed and implemented, and our first question is from Jenny Rathbone.

[3] **Jenny Rathbone:** Hello. Obviously, the majority of the job losses have been in Wales, of the 900 job losses you announced. I just want to understand, as part of your business strategy, how much work you've focused on reducing your energy costs, because, obviously, steel is a huge consumer of energy, and how much that was a factor in the plan to reduce the jobs here in Wales.

[4] **Mr Dangerfield:** May I address that question? The answer is energy plays a massive part in our business strategy, and most of the investment that we've seen over the last 10 years has had an energy impact implication for the business. For example, the BOS—basic oxygen steelmaking—plant energy recovery scheme, which was introduced in 2010, was a £60 million programme. While the new blast furnace No. 4 project was being undertaken, that on its own was a £185 million investment, which had energy implications as well—positive. There was an off-gas project also associated in the BOS plant—the BOS plant being the

steelmaking plant—which, again, was about generating energy. The committee may be aware that we have a planning consent application in at the moment to create a new power facility at Port Talbot. This would make us near self-sufficient in energy, using the recovered fuel that we take from the blast furnace, the coke ovens and the BOS plant.

[5] Now, Port Talbot, on its own, requires about 150 MW of energy. It's a big energy user. We're an energy-intensive industry. At the moment, we also generate around about half that much, and that has increased from—my colleagues might well correct me—around about 60 MW since approximately 2006. So, we're inching our way towards sustainability in the environmental sense of the word, and competitive sustainability in the commercial sense of the word. Nevertheless, energy costs are enormous to us. When we compare with our own sibling plant at IJmuiden in the Netherlands, it's negative. We pay about 50 per cent more for our energy by dint of being in the UK. And this is a point that I make regularly on Mrs Hart's energy strategy group. It's well known in Government. Of course, it was at Port Talbot where the UK Government's Chancellor came and made his announcement about energy-intensive industry assistance in March of last year. There's a process to be undertaken for those benefits actually to bleed through and help us.

[6] I must add, though, that all of what I've just said has been associated with the main integrated steelworks at Port Talbot, but that is the only plant where we auto-generate. Llanwern, of course, no longer has a heavy end. The hot strip mill there draws directly off the grid, and therefore, the economics of running the steelworks at Llanwern are very much geared to costs such as energy. The same is true, of course, with Shotton and Trostre and Orb as well. Having said that, what benefit we make in Port Talbot of course is passed through the chain to the other sites in Wales. So, in summary, it's an enormous cost to the business. It's a primary focus, and if there's a shopping list that we take to UK Government and others, it's about energy.

[7] **Jenny Rathbone:** Thank you for that very comprehensive answer. With the new plant that you've applied to get planning permission for, had that already been up and running, might that have been a factor in retaining the jobs?

[8] **Mr Dangerfield:** We're speculating. It may well have been a factor, but of course, there are other factors to be considered: the impact and intensity and prolonged nature of the economic recession; the nature of the markets in particular: the relative dynamism of automotive and engineering markets compared with, for example, construction markets; and issues in the packaging industry, for example. But I think we're focusing here on the November 2012 announcement. The BOS plant energy recovery project had been introduced by then. The off-gas project had not, and we were yet, actually, to make an announcement about blast furnace No. 4. No. 4 didn't come on-stream until the following February, of 2013.

[9] **Jenny Rathbone:** Okay, but that's precisely backing up my line of inquiry, which is: had earlier decisions been taken about getting more self-sufficiency in energy, might we have salvaged those jobs? I'm comparing what we're doing here in Wales with what is going on in Germany, the most successful economy in Europe, where there is a massive blossoming of renewable energy as a way of getting around both our climate change objectives obligations as well as the rising costs of carbon-related energy.

[10] **Mr Dangerfield:** To answer your question, it's a possibility, but we're speculating. I think it's worth pointing out that Tata Steel acquired Corus in 2007 and, of course, with Tata Steel came a whole new international strategy, internationally based resources and capability, which, frankly, Corus, I think, didn't possess. So, it may well not have been possible for that level of investment to take place before Tata Steel acquired Corus. So, while you suggest that action could've been taken earlier in terms of investment on energy, for example, and other operational improvements, when we look back on it, I think we would all agree that there was

no possibility of that happening in Corus or British Steel plc days.

[11] **Jenny Rathbone:** Okay. So, having not invested upfront in becoming self-sufficient in energy, how significant was the cost of energy in your decision to downsize significantly the operations here in Wales?

[12] **Mr Dangerfield:** I wouldn't draw a direct line between the two. The cost of energy is one of many factors that influences the performance of our sites in Wales, and, indeed, the business in Europe.

[13] **Jenny Rathbone:** So, with the benefit of hindsight, what are the others that we might have made a contribution to here, by collaborating with Government and other agencies?

[14] **Mr Dangerfield:** Well, the Government can't control the economy, sadly. I think it was economic conditions, which came as a genuine crisis and an unpleasant surprise post the so-called credit crunch. Even by November of 2012, steel markets hadn't recovered to more than 50 per cent to 75 per cent of what they were in pre-crisis levels, and in key sectors of our industry, they were worse. There are dynamic sectors, which I mentioned, which are particularly interesting to Wales, such as engineering, automotive and yellow products, but many other sectors that have been bumping along have been very depressed.

[15] **Jenny Rathbone:** How much was it due to the fact that steel of lesser quality was coming in from other parts of the world, which didn't meet the high standards that you and other steel producers—

[16] **Mr Dangerfield:** That's been an ongoing factor for decades, and the factor that I worry about is steel that is imported into the UK as finished product. So, when I follow a Proton or a Kia car into Cardiff, as I did this morning, I think, 'That's not emissions trading scheme compliant; it was a very good bargain for the driver, and it's probably a very good car, but it didn't follow the same rules that we have to abide by'.

[17] **Jenny Rathbone:** Okay, so that's obviously an issue, European-wide.

[18] **Mr Dangerfield:** Yes, and these are cumulative issues that confronted us and other industries. As a foundation industry, if I could call us that, I think it impacts upon us: we are affected first and we recover last. It's often the way.

[19] **William Graham:** Forgive my ignorance, but what are 'yellow products'?

[20] **Mr Dangerfield:** Oh, JCB, Caterpillar—that sort of thing: earth-moving equipment. Of course, Wales has considerable expertise in those markets.

[21] **William Graham:** Excellent, thank you very much. Keith.

[22] **Keith Davies:** You talked about meeting the Minister—on several occasions, I expect—but what influence can the Welsh Government actually provide you in terms of making sure that you stay in Wales? I mean, are there any policy levers that the Welsh Government has? We're not talking about the Chancellor now; we're actually talking about the Minister in the Welsh Government.

[23] **Mr Dangerfield:** Well, as a man who's made his home in Wales for decades, I'd like Wales to be the vivarium for our industry—the perfect habitat for our industry. In many ways, it is. For example, in skills and education, we have terrific relationships with universities here, linked with the Welsh Government who, it seems to me—I'm not an expert in this area, but my colleagues are—to have a very strong, highly influential and positive relationship with the

higher education sector in Wales, and we are able to play a part in that. I've often referred to what I call the 'fertile triangle' of industry, academia and Government working together.

[24] In other areas, I think it's interesting to see how Wales has become a dynamic and very practical Government—very approachable. I have a direct colleague who is based in Scunthorpe, and he can't pick up the phone and speak to a Minister's private secretary or key officials in the way that I can. And, you know, I'm a modest senior manager; I'm not the boss at the works, but we are able, for example, to invite the First Minister to come in and credit some 150 employees who have gained new qualifications in that year, and he will willingly speak to them and credit them for that. The nearest thing they have in Scunthorpe is Lincolnshire council. In other areas that I can mention, we've responded to the Welsh Government White Papers on devolved taxes, and we've been approached by Welsh Government officials, particularly with respect to taxes that affect us and where we've got specific expertise. I can think most recently of landfill, for example. We have one of Wales's largest landfill sites, and Wales's only hazardous waste site. But of course, we're not a commercial operator in the waste industry, and I sense that that makes us an interesting partner in that.

[25] I could go on. In other areas, for example, in the natural resources area, where we exist cheek by jowl with the NRW officials—we have a very close relationship with them—and, in fact, tomorrow, we're giving evidence on the climate change topic at an environment committee. So, perhaps I'll leave my comments on that to them.

[26] **Keith Davies:** *[Inaudible.]*

[27] **Mr Dangerfield:** To summarise all of that, we have a dynamic, practical, accessible, busy and, dare I say, intimate relationship with the Government. It may well be part of the anchor company characteristic, but I happen to think it's generally through mutual benefit rather than labels or processes like that.

[28] **Keith Davis:** As one who was a trade union rep across England and Wales, my colleagues in England couldn't get to Ministers, either, but, in Wales, it was totally different, and I agree with you on that.

[29] **Mr Dangerfield:** Well, here's an example. We sponsor something called Kids of Steel, which is with the British Triathlon Federation. We do it to benefit communities in and around our sites. Last week, in Mold, we had 1,200 children again taking part in running, swimming and cycling for all the benefits that you can imagine, and it is comparatively easy for us here to encourage stakeholders to come and see it and be part of it. Last year, two Ministers came. This year, two Ministers couldn't come—they'd got other commitments—but we still had two Members of Parliament. I'm yet to see that sort of level of engagement from the political stakeholders in England in our Kids of Steel events.

[30] **Keith Davies:** And, of course, you've got a research centre in Port Talbot that links in with the engineering departments of Swansea University that I'm aware of, and I think that that is great, actually.

[31] **Mr Dangerfield:** And the Welsh Government has been a very important partner in that. Yes, we're a founding partner of SPECIFIC, which is an acronym, which is looking at functional industrial coatings, photovoltaics and other coatings for steel. I think it's a flagship project for that fertile triangle, if I can refer to that again, and a great credit to Wales.

[32] **Keith Davies:** My last question, really, is: perhaps you've got some concern about business rates.

[33] **Mr Dangerfield:** Yes, well, indeed. We have large sites. The last time I counted I think there were something like over 200 buildings on Port Talbot's steelworks site alone. There are many buildings at Llanwern.

09:45

[34] We're trying to mitigate that by consolidating into our sites, which I think many local communities would actually appreciate as well. Business rates, along with energy costs and various other costs, are definitely a challenge to us, yes.

[35] **Keith Davies:** Thank you.

[36] **William Graham:** Oscar.

[37] **Mohammad Asghar:** Thank you, Chair. Robert, you've already mentioned you've got a very good relationship with the Ministers here in the Assembly. My question is around accounts management. Could you tell us what relationship you've got with the Government here in respect of accounts management, first, and then how Welsh Government accounts management resources are allocated to your company? What are your views on the benefits and effectiveness of the accounts management approach, and finally the potential of avoiding job losses through effective accounts management in your company also?

[38] **Mr Dangerfield:** Remind me if I forget the last question. I'll try and answer the first one first. We have a relationship with Welsh Government at many different levels. I suppose that level at the top is the bat phone to a Minister, which I think we're privileged in having in many respects by dint of our size, impact and profile. But we do have the account management process as well. That provides us with a really useful strategic overview and a practical access point to various parts of Government, not only Welsh Government but also to UK Government and processes elsewhere. That works very well. However, we have many other engagements with the Welsh Government and officials of all sorts. Take, for example, the employment and skills area, my colleague Huw speaks to officials in the Welsh Government, in the skills department, all the time. He, thankfully, does not need to go through the account management structure, but again it's a practical, accessible and very helpful process, and through that we've been able to take on how many apprentices this year—190, was it?

[39] **Mr Mathias:** We're actually taking on, in a paid status, just over 100 apprentices and 15 graduates. We've pre-selected a further 80 apprentices to start on the enhanced engineering programme, which is again a unique strategy that Welsh Government has supported to get young people into paid apprenticeships.

[40] **Mr Dangerfield:** I'm sure that the account management structure will be aware of that process. Mutually, we make sure that that happens. But Huw does not need to go through the Welsh Government account manager in order to achieve that. He's got close relationships with Welsh Government.

[41] Equally, on the natural resources side as well, you can imagine that our sites are understandably scrutinised by NRW and the appropriate authorities for all the reasons that you would expect. Again, there are Welsh Government specialists we've known for many years and with whom we work all the time, very closely as well. The account management process enables us to pursue specific ideas and specific projects. For example, the infrastructure project around Port Talbot, the account manager played an important role in co-ordinating with local authority and other organisations there.

[42] I think your last question was about mitigating job losses. Again, while the account

manager will understand the reason for the strategy and what we're doing about it, at our level, we will be talking to Welsh Government officials about how support services could be brought in. Mark, we had a taskforce that was created by the Welsh Government that consisted of several local authorities, Careers Wales and various other support services. They formed—what I saw at Llanwern in particular—a support service centre that was well attended and well run. It's a sound process, and it assisted us all the way.

[43] **Mohammad Asghar:** Another thing: you just replied to Jenny that steel consumption has not improved up to that 50 per cent yet. Where is the demand? I know your company is an international company—Tata—and your venture in Wales is what we are concerned with here. It started in 2007; we know how you started, and we know how much Welsh Government also was involved financially and everything. What future can you see in Wales? Is your company going to be really beneficial and have great potential for the Welsh economy? On the jobs and other things involved with this Government incentive that was taken nearly seven or eight years ago, what future can you see for the company in Wales in that respect?

[44] **Mr Mathias:** Can I answer first, Robert? From developing our future generation of the workforce, we've already got a signed off plan through our executive directors to actually take in 100 apprentices every year for the next five years. So, we don't actually have to go back to them to gain approval now on a year-on-year basis. So, I think that gives some confidence, certainly to me, that the company is trying to develop its future workforce for a sustainable business, really, in Wales.

[45] **William Graham:** Thank you. Our focus today really is on the job losses. So, can you help us, as a committee, to understand the process by which the decisions were taken in 2012? You had 900 redundancies right across the United Kingdom, of which 584 were in Wales. That seems of itself disproportionate. So, can you just expand on the extent of the consultation discussion with Welsh Government?

[46] **Mr Dangerfield:** Yes. We are one company, and this is a new structure that was created approximately five or six years ago. I think it's important to understand that, while we have essential operations in Wales, each one of those operations, or what used to be called business units, is not an autonomous business that bids, if you like. We are a single company. Many of our functions are now integrated: HR being one, communications being another; environment is another one as well. You can understand the efficiencies to be achieved with that. So, our strategy comes as one company. There is consultation with the businesses on how we are going to achieve a given strategy, which is, in fact, created by the executive committee—Tata Steel Europe's executive committee. And in that strategy, it was decided that we want to appeal and work to markets that are most dynamic for us. Equally, we wanted to invest in those markets that are most dynamic for us, hence the investment in the new blast furnace, the off-gas system, the hot rolling mill last summer and various investments into the environmental mitigation—the industrial emissions directive, in itself, comes to around £50 million, I believe. Hence the focus on the strip business.

[47] Now, European demand had catastrophically been reduced. UK demand was the weakest of all the major European economies. We had perceived continued off-shoring of manufactured goods and domestic appliances. This in particular affected the Colors business, which is the business based in Shotton. The main site that they had was in Tafarnaubach. The decision there, for example, was to reconsolidate that line, not to lose it, but to reconsolidate it up to Shotton, and around about now that line is coming back into operation creating organic coating product for the domestic appliances. But we no longer have a domestic appliances business in Wales. We used to have Hoover just up the road, which was an essential market for that. Equally, and Mark knows more about this particular market than I do, in the packaging industry, there are fewer canned products being made in the UK. A big sector of

that is what we used to call ‘general line’, which are aerosols, which generally use more steel than a beverage can, for example.

[48] So, the answer is that it’s in direct response to the behaviour of our essential markets. Hit worse is the structural steel market. So, we always look to our colleagues at the business that we call Longs, based in Scunthorpe in the north-east of England, where their markets, sadly, have really barely recovered at all.

[49] **William Graham:** Mark, would you want to add to that?

[50] **Mr Gully:** Only to take on Robert’s point about the packaging markets. The Trostre site in Llanelli is facing quite a difficult market, but its market share is moving east and south, and it’s trying to retain its market share in the UK. But it’s a very difficult market, so anything they can do there to look at new products, innovative products, to try and make them an extra point in the market is something they’re working on. In answer to the earlier question as well, around the strategy of the business, I think the business announcing that strip products strictly is going to be the focus point of Tata Steel Europe is good news for Wales, personally. I think it’s very good news.

[51] **Mr Dangerfield:** To speak positively about what the business is doing to address the challenges it confronts, the business has made a strategic decision not to focus on volume—we’re over capacity in Europe, that’s understandable—and to pursue, via research and development, new product development, those products that, frankly, command higher commercial value. Commodity steel can be made overseas, we all know, for a portion of what it costs here, for all the reasons that we’ve discussed already and more. An interesting fact is that about half the steels that exist in goods that we handle today in 2015, half the specification, simply didn’t exist a matter of a decade or more ago. Steel is a rapidly developing material. It is not that nineteenth century rust-and-rivets sort of product that we assume simply doesn’t change. Not so. In Wales, there are some products that are being developed that are new. We’ve already mentioned the photovoltaic steels, which is a very far downstream idea, but I’m thinking also of a product called Pavise, which is an incredibly strong, super bainite material that will protect our lads and lasses in what we used to call the Helmand province in military vehicles. It’s an anti-ballistic protection steel, created, working with the MOD, here in Wales. Equally, many of the specifications in the automotive sector are new. They make our cars lighter and stronger. There are special steels, for example, in cars that simply didn’t exist 15 to 20 years ago. One example I could state—and I’m not a technical guy—are the tiny tubes that inflate airbags. They deal with an explosive force in a fraction of a second. So, you can imagine how strong they need to be and yet how small they need to be as well. That specification simply didn’t exist. So, it’s the determined pursuit of these sorts of products that actually is going to fulfil your objective of creating a future for the steel industry in Wales. In the modest beverage can market, it’s the very, very thin material that makes, for example, a Coca-Cola can thinner than a human hair, fully recyclable, that is the future there as well.

[52] **William Graham:** We are delighted to hear about your confidence in the future, but we’re trying to concentrate now, if I may ask you the question, on what support did you actually get from Welsh Government. You touched on ReAct; there was the Team Wales approach. We’re told, for example, that the take-up of support was not huge. So, could you enlarge on that, please?

[53] **Mr Gully:** When we look at the initial approach around the redundancies at the time, we went to a session—there was a number of agencies all there offering help and support on what they needed to do in their general areas. When we announced those redundancies, obviously, we enter into a period of consultation, and we talk to our trade union colleagues and try and mitigate the redundancies that are announced. As part of that, as well, there’ll be

looking to see whether there's any vacancies that we can take out first, rather than taking headcount out. Likewise, there's also the opportunity for voluntary redundancy. When you look at the age demography of our workforce across Wales, it's fair to say we were pretty overwhelmed with the amount of people that were looking for voluntary redundancy. Part of that will be down to the packages that are available. The pension scheme—obviously, people can access that from 55 onwards—with a redundancy payment was quite attractive for some people who were looking to retire. When we look at the support that was there at the time, we worked in conjunction with our union colleagues and used the training arm of Community union, called Communitas, as well, to look at the type of things we needed to do. We set up a suite of help and support for individuals, whether it was retraining to re-enter the job market, or whether it was voluntary type services. The uptake of it, as you say, wasn't as we would expect. Having said that, if it was a different scenario and we were making redundancies where we didn't have that age demography, I would imagine the uptake to be significantly more.

10:00

[54] **William Graham:** Thank you very much. Jenny.

[55] **Jenny Rathbone:** Well, I think it's a very significant issue in terms of the skills base for the Welsh economy because, obviously, all the people who are facing redundancy are highly skilled in certain aspects of production, and the fact that fewer than 100 people took up these opportunities to use their skills to go on and do something else is really quite serious. Is it that the fewer than 100 people who took up these excellent opportunities were mainly in the much younger group of employees, or were they just people who had a clearer idea of the opportunities that might be available out there?

[56] **Mr Gully:** I think it's mixed, looking at the group. I think there were individuals who perhaps wanted to take redundancy, wanted to access pensions, but wanted to remain in the job market so wanted to retain skills or offer them somewhere else. I think there were other individuals who really just wanted a change of direction; they wanted to do something different. They had a very comprehensive package to leave work as well. Obviously, there were some people who had views on maybe starting up their own businesses as well. So all that help and support was available to those people, dependent on what they actually wanted to do. I know there are a few examples of people who wanted to go out and try setting up their own businesses on their own. So, that was done as well.

[57] **Jenny Rathbone:** That's all fantastic and I am aware that there is support to do that sort of thing, but I'm really concerned about whether there is anything more we could have done to try and capture the highly skilled workforce to go into other sectors where we know we either have or are going to have a serious skills shortage—around things like marine energy and the whole tidal energy movement in Wales, which will require people with serious engineering skills.

[58] **Mr Gully:** Absolutely. I mean, it's a personal choice thing for me. If somebody's worked for 30-odd years in the steel industry and they've had a comprehensive package to leave, perhaps their mindset isn't going in and starting a new venture. Perhaps they would like to go out to the sun somewhere and think that they've put their time into the organisation. Having said that, I think there is probably something we could do. We talked about education earlier on. Some of the knowledge these people have got that they could put back into the education sector might be very worth while because they're really knowledgeable people. It's how you harness that and turn their mindset to wanting to do that would be the question for me.

[59] **Mr Dangerfield:** If I could add, we're post-rationalising a little bit here, because we

all know here today that there are various energy projects that require the sort of skills that we could create and some others I could mention as well, but in November 2012 the tidal project, for example, and Horizon were pretty young. We'd no idea they were going to go ahead. Equally, the Murco situation had not arisen. In fact, as soon as the Murco problem occurred, I had a call from a key Welsh Government official saying, 'We have an issue with Murco. Is there something we can do to work together?' And I recall speaking to one of our senior HR guys and saying, 'How can we work together with the Welsh Government in dealing with this?' and I think we did take some Murco people and I think there's been some movement the other way as well.

[60] The other thing worth mentioning is that the committee may well be aware of the work of an organisation called UK Steel Enterprise, which was created in the 1980s. It's similar to the coal equivalent. It was created as a separate, autonomous organisation because of the political sensitivities at the time in the 1980s and has been a remarkable success in 40 years in creating jobs, creating new businesses and finding new futures for people. UK Steel Enterprise—Tata Steel is on the board, I think, of UK Steel Enterprise—has managed quite a lot of that work, almost in a pleni-governmental sort of a way. The general manager of UKSE may well offer valuable evidence to this committee on this very subject, because they have been so successful.

[61] **Jenny Rathbone:** Thank you.

[62] **William Graham:** Okay. Eluned.

[63] **Mr Mathias:** Chair, I was wondering whether you want me to answer the question on the support with regard to ProAct.

[64] **William Graham:** Yes, do, please.

[65] **Mr Mathias:** Obviously, with a downturn in the market and us taking a blast furnace offline then, we had support from the Welsh Government to upskill our workforce as well, and we focused on the workforce that we knew weren't going to be affected by any of the cuts. So, we actually received support in the sum of about £440,000 to actually upskill lots of our blue-collar workforce. Also, knowing that we were losing some people from the business, we obviously wanted to retain those skills. So, obviously, with the people that were staying, we wanted to upskill them to be able to fill the jobs of some of the people that were leaving.

[66] **William Graham:** Thank you. Eluned.

[67] **Mr Dangerfield:** Can I add that ProAct is an example of something—

[68] **William Graham:** I am conscious of the time. We haven't got 10 minutes. So, please, Eluned.

[69] **Eluned Parrott:** Just very briefly, of those who were made redundant, you talked about people taking on retirement packages. Do you know what proportion remained economically active on leaving Tata?

[70] **Mr Gully:** 'No', is the simple answer.

[71] **Eluned Parrott:** Do you know what proportion took up retirement packages through Tata?

[72] **Mr Gully:** Took up retirement packages? It was about 735, I think, went. I think there were about 536 that went with pension, and others all went with redundancy.

[73] **Eluned Parrott:** Okay. Thank you.

[74] **William Graham:** Joyce, on skills.

[75] **Joyce Watson:** Coming back to skills, and keeping them in the room and keeping them useful in this situation, because we are talking about large-scale job losses and we need to keep that in mind, you briefly said that you have—I can't remember your term—three people in the room; you know, Government, university and yourselves. You've talked about new products, particularly photovoltaic; I can't remember what you called the anti-ballistic products. How do you see your future in developing that workforce and thinking ahead so that you're moving ahead of the times rather than behind the times? You've sort of demonstrated that well this morning. How important are those links to avoid, where possible—nobody's got a crystal ball—these sorts of situations again?

[76] **Mr Dangerfield:** That's very important. I think the apprentice programme, in particular, is proof positive of forward thinking. After all, if you take on an apprentice in 2015, you're actually planning for your human resource future 10 years and 15 years hence. This is why we've maintained the pipeline in apprentice development through difficult times. It's also, incidentally, why the business chose to invest into new blast furnace, looking ahead 25 to 30 years. Relatively few UK industries have a great reputation for doing that, but we have to, because the lifetime of a blast furnace is 25 or 30 years, and blast furnace 4 was coming to the end of its natural life. I think, actually, the steel industry could be credited with a greater sense of vision than many people assume.

[77] **Joyce Watson:** Can I ask you about the diversity of your workforce and your apprentices—I'm almost duty-bound to do that because I do it to everybody—and what the breakdown is in terms of male and female? And how engaged do you think are those who advise young people into a career, how well do you think they're doing to help you—because I'm anticipating your answer—to sell your market as a job for both male and female?

[78] **Mr Mathias:** Certainly for attracting future talent into the business, we work closely with local schools, colleges and universities to actually go in there to actually sell a future career to these people in Tata. We're supported by people like Careers Wales in that venture as well. I think there is still a lot of work to do to change people's mindset of our industry. I think people sometimes in the outside world perceive our industry as low-tech, low skills, and it's actually quite the reverse. It's actually quite a high-tech, high-skilled sort of workforce. So, we still have to do a lot of work influencing people that there's a great choice in careers, apprenticeships and other graduate positions into our business, rather than actually sort of—. Some people, I think, are still signposting people and saying, 'Well, if you've got some capability, your pathway should be to go straight to university' and not, you know, 'If you're not going to perform so well, then your choice is an apprenticeship', and we really have to change that mindset.

[79] **Joyce Watson:** Coming back to what you're saying about the high tech, high skill, it's not the heavy lifting that it used to be—physically, I mean—and it's the same in the construction industry; it's not what it was. So, my question, really, is: how good do you think the advice is that young people are getting? I'm talking particularly females here, because they make up 53 per cent of the population, so if you're going to keep your industry going, you need them. How good do you think that you are, yourselves; how many females do you send out to school? And, how good do you think others are at equalising your numbers? What are your numbers?

[80] **Mr Dangerfield:** If I could take your question, the answer to your initial question is: we have less than 20 per cent women, of the 7,000 directly employed within Tata Steel in

Wales, but we have many women in the higher echelon than we ever did 10 years or more ago. I don't believe, really, there's a subconscious bias in our businesses; many other people do. In fact, I've taken part in a Chwarae Teg workshop on this topic in the past month. The issue for me, actually, is about STEM subjects and young people in general. It is not confined to women. This is a matter that we raised with the Minister, actually, in a meeting only last month and, of course, she agreed. Yes, there's more we can do, but, amongst many other ideas, I think, increasingly, we can teach science within humanities. For example, somebody reading English literature could be reading Aldous Huxley and being inspired into science fiction and technology through that way. We do not need to keep English literature over here and technology, chemistry and engineering over there. There's immense fertile ground in between to be pursued, and I think that is fertile ground for the education sector and us.

[81] **William Graham:** Keith.

[82] **Keith Davies:** My question is on apprenticeships. When we had Airbus here, some months ago, one of the amazing things, I thought, was that we had two youngsters here who were doing higher apprenticeships, who'd got their A-levels and their parents didn't persuade them to go to university. They stayed with Airbus and what happened then was they actually went to university with Airbus over the vocations. As far as the parents were concerned, that was a fantastic thing, because they were getting £20,000 a year working for Airbus. So, you talked earlier about your 100 apprenticeships every year for the next five years, and my question, really, is: how many of those will be higher apprenticeships, because we need to sell that and we need to sell engineering? The common thing about engineering is people think of oil and spanners and stuff like that. My son is actually doing engineering in university and it's all physics and maths. On those apprenticeships over the next five years, for the people in Wales who've got that A-level ability, going to a company like yours and like Airbus, I think, is a fantastic way forward.

[83] **Mr Mathias:** That's right. I think, to answer that question, sir, this year, of the number of apprentices that we're taking in, nine will be what we call technical higher apprentices, but they're actually people—. The technical department, for us, is more in the chemistry and metallurgy area, so they will actually start a higher education programme to support the higher apprenticeship and that will lead through to a degree.

[84] Similarly, with engineering, 16 of the places this year are ring-fenced for higher apprenticeships in engineering, typically more in the electrical, automation and mechanical disciplines. But, even within our apprenticeship programmes, we actually take our apprentices beyond the minimum criteria of what is set by the Government framework. So, all of our apprentices—well, currently, 96% of all our apprentices—go on and achieve a higher education qualification as part of their normal apprenticeship programme, as well.

[85] **William Graham:** That's excellent news. Thank you very much.

[86] **Mr Dangerfield:** What's happening is that, of the senior management team that we had a couple of years ago and have since been promoted, the majority of them had actually started as an apprentice in the late 1980s, had done a degree and then come all the way through, right to the top.

[87] **William Graham:** Very good, thank you. I apologise, but I neglected to ask you just to give your names and titles for the record. Robert, could I start with you?

[88] **Mr Dangerfield:** My name is Robert Dangerfield, and I'm the public affairs manager for Tata Steel Europe in Wales.

[89] **Mr Mathias:** Huw Mathias, and I'm the training delivery manager for Wales.

[90] **Mr Gully:** Mark Gully, HR business partner.

[91] **William Graham:** Thank you very much for your evidence today and for your answers to our questions, which were really worth while. We're most grateful, thank you very much. We'll retire now for 10 minutes.

*Gohiriwyd y cyfarfod rhwng 10:15 a 10:24.
The meeting adjourned between 10:15 and 10:24.*

Colli Swyddi ar Raddfa Fawr Large-scale Job Losses

[92] **William Graham:** Can I welcome our witnesses here? Our investigation today is into large-scale job losses. May I thank you very much for your submission? Could I ask you to give your names and titles for the record, please?

[93] **Ms Lewis:** Susan Lewis, regional organiser for Community trade union.

[94] **Mr Richards:** I'm Andy Richards. I'm the Wales secretary of Unite the Union.

[95] **Ms Blythyn:** Hannah Blythyn, head of political and policy for Unite in Wales.

[96] **William Graham:** Thank you very much. Could I ask Mick to start with our first question?

[97] **Mick Antoniw:** When a significant number of job losses are about to occur, what is the process that takes place to actually start dealing with the consequence of that?

[98] **Mr Richards:** From our point of view, once job losses are formally announced by a company via the notification to the employment department, then we commence with the appropriate level of consultation. From the union's point of view, that consultation should be meaningful, and it should explore, during the consultation period itself, all alternatives to actual job losses, and there could be a range of different alternatives, such a retraining, restructuring or whatever. So, we like to enter into that consultation from a very positive point of view. Good employers always respond very positively, and they take every opportunity they can to minimise the impact on the workforce and their communities. Bad employers, who have already made the decision to uproot and move out of the country, or whatever, just pay lip service to it. That's our experience. But our genuine belief is that that consultation period should be used to lessen the impact in whatever way it can.

[99] **Mick Antoniw:** So you have the union, which obviously has a concern, first, for its members, but also to ensure that the process is carried on properly, to the best effect for all those who may be affected, and indeed for the industry itself. Welsh Government also has a particular interest, and indeed the company itself, because there is a mutual, common interest, isn't there, amongst all the parties? What actually kicks in? What actually happens? What is the actual process that starts in terms of those three organisations together? How do they get together and how does it then operate?

[100] **Mr Richards:** Well, I know, Chair, that we've given a written submission to you on this, but let me just quote one of the recent examples, which was the consultation that 2 Sisters Food Group in Llangefni in north Wales had. Our local officers and the management were into negotiations there. At a higher level, the Welsh Minister Edwina Hart and I got into discussions face to face with the company to see what assistance we could provide, and those

consultations went very well, I'm pleased to say. So, it's a case of everybody assisting to try and make the situation better, not to worsen it. Quite often, we're successful in Wales, and sometimes we're not so successful. But the speed at which the Welsh Government is capable of responding and getting all the decision makers, the unions and employers, together, is absolutely breathtaking. It makes our job easier and, of course, it encourages the workers and the management that they're being supported.

[101] **Mick Antoniw:** Could you give us an example, then? Your written evidence is extremely helpful, but, for the record of these proceedings, what will Welsh Government actually do, specifically? What is the step-by-step approach? So, there's an announcement by a major employer that they're going to make a large number of redundancies. What will Welsh Government do? What is the union's specific role then in that? And, again, what is expected of the employers, and how well does that work?

[102] **Ms Lewis:** Well, if I can give an example with the Tata redundancies, at the point of the announcement, the Welsh Government set up a taskforce, as a sort of Team Wales approach, really, which brought together the company, the trade unions and then all the other bodies—JobcentrePlus, Citizens Advice, ReAct funding and things. We in Community have a training arm called Communitas, and we used our Wales union learning fund co-ordinator. She was allowed to be the sort of lynchpin in that, bringing together the different organisations as part of that task team. I think that that worked very well in terms of making it smooth, but what I would say is that, of course, this is all about what happens after the event rather than beforehand.

10:30

[103] So, I suppose, as to the way we work with Welsh Government and the other agencies, I think we've got it really well organised within Wales, and most probably much better than what happens in England. Everyone pulls together at that point, but I suppose our worry as a union is the fact that it's always after the event and we can very rarely change the decisions. At a local level, what we do at the point of announcement is that we work very closely with the company to try to mitigate as many of the redundancies as we can, which we did with Tata—we did a lot of cross-matching so that, in the end, we went through the process and, even though there was a large number of people, there were no hard redundancies at the end of it. So, people had to move to work on different sites, and they maybe had to move from a staff position into a blue-collar job. So, there was a lot of change that had to be taken on board by our members, but, again, we don't really appear to be there at the point where we could intervene to maybe change the decision of the company.

[104] **Mick Antoniw:** Okay. The company, at some stage, is going to take a decision and, certainly, sometimes these decisions are taken at a European level, and so on, so, in many ways, it's fed down. What is the nature of the relationship, then, between the trade unions and the—. We talk a lot about social partnership; how important is that, or how effective is that in, I suppose, the very early stages, when you know there is potentially consideration of change that may affect employment levels, and so on? Do you feel that you're actually involved at an early enough stage, and are there elements of that that you think are not working as well as they should do, or could work better?

[105] **Mr Richards:** Well, in the majority of cases, the employers across Wales that we deal with are very good employers, and they're very good at consulting with the union. In the majority of cases, we don't have to wait until the formal announcement is made, because if you've got a really good, close partnership working arrangement with the company, you'll recognise the danger signals before a formal announcement is made. I suppose we're fortunate in Wales because unions are at the heart of Welsh Government, as are employers. For example, I'm a member of the Minister Edwina Hart's ministerial advisory board, as are

colleagues of mine from employers in Wales. So, there are a variety of forums that we're able to meet employers in, such as the economic forum.

[106] The Welsh Government has a very good proven track record of promoting co-operation between us. You've dealt with, Chair, the specific examples of Tata and Murco as companies that have been in difficulties in recent times, but there are also very good examples where a sector faces difficulties, such as in the wake of the Rover crisis some years ago. The Welsh Government were very, very swift in their response to that. They set up the automotive taskforce, which I was very proud to serve on, along with colleagues from the Engineering Employers Federation and others. We concentrated on a joint objective, a shared objective of protecting that industry. From that committee, of course—I know it's some years now since I sat on that—came ReAct, the specialist industry support initiative that we put together. I guess it could be improved now, in hindsight, but, at the time, it was an initiative that nobody else had taken, right throughout the UK, and that was copied elsewhere. So, that was a great example of where we all came together to overcome the difficulties and plan for the future.

[107] That means, sometimes, as my colleague, Sue, pointed out there, you have to discuss how companies can transform a range of things, but the Welsh Government—and it's accepted by all those companies that were involved at the time in the Welsh automotive supply chain—are very, very good at what they do in that respect. So, that gives us forums where we can have a heads-up on certain things that are going to come down the pipeline and make some plans for that. In that sort of setting, industrial action as a first resort is no good to you; you have to explore all of the options. And I've been involved in a number of things, as I say, not just with employers and employer organisations but also cross-party co-operation has gone really well. I'm very proud of it.

[108] **Mick Antoniw:** What exactly does the advisory board do? We hear a lot about the advisory boards, and it sounds as though they are very effective at bringing people together. Just for the purpose of the committee's understanding of what happens, what exactly does the advisory board do?

[109] **Mr Richards:** The advisory board is exactly what it says; it's an advisory board. There are issues that the Minister will be dealing with where she will need feedback on how the unions would respond to something, how would the companies respond, and whether there are better ideas. I think we should share best practice—we all want Wales to succeed economically—and it's a question of having a sounding board for ideas and solutions to be brought forward, and we've got some very good people on that particular board. So, it's working together.

[110] **Mick Antoniw:** Will the advisory board then look, for example—. Once you know a certain number of jobs are going to go and there's a process for how they're going to be determined, you then have the issue of the people who are going to leave. Will the advisory board be the body that then talks about, I suppose, how you look at alternatives for them and liaising with other companies on trying to find alternative jobs, and so on?

[111] **Mr Richards:** Yes. Any practical ideas or anything that can assist industry, we'll discuss at that board. It's not for the board itself to—. You know, the Minister runs her department, but it's foolish if there's information and assistance that you can get outside that you don't call on. Where you've got the shared objective of us wanting Wales economically and industrially to be the best, there is absolutely no disagreement between unions, employers and political parties on that in Wales. That's the key.

[112] **William Graham:** Could I just ask you one question? In your written evidence, you said that low employer participation is

[113] 'connected to the problems we face in terms of productivity.'

[114] We hear a lot about British productivity generally compared with our competitors worldwide, and more recent comments that technology might help. Why was that included in your evidence particularly?

[115] **Ms Lewis:** Well, lots of studies in the past show that if you have much more worker participation, you get much more of a buy-in from your employees in terms of it increases morale. Good morale in companies increases productivity. There's been a lot of papers done on it. To give workers a chance to participate at all levels of the company, I tend to think that, compared with Europe, we don't have that same level of worker participation in decision making within their own employment within the UK. I think with the larger companies there is more of a chance to do it—we've got the European works councils and other vehicles like that. But, as that filters down on to site level, some of that is dissipated. And I think there are plenty of studies that have shown that if you give the workers a chance to be part of that decision-making process, it does lead to increased productivity.

[116] **Mr Richards:** Chair, could I just expand on that?

[117] **William Graham:** Please.

[118] **Mr Richards:** I think there's the issue of worker representatives on European works councils and boards et cetera, and Sue is absolutely right that that's an issue. But any forward-thinking company and employer and any responsible trade union won't turn their backs on an invitation to discuss efficiency of operations and product quality and cost-effective actions. In a former life, I was the joint union convenor at the Ford engine plant in Bridgend, and we had huge challenges there because, unlike most of the plants in Europe and Britain, there was no assembly plant next door to ship your engines through a wall—we had to take out all the transportation costs and so we had to go the extra mile on efficiencies. We only managed to do that as a joint union management team that respected each other. Product quality was more my business than the plant manager's, to be honest with you, because good workmanship has always been a trade union aim. And because of those close working relationships that we had, we were able to expand the product portfolio into Jaguar engines and various other things, and that's what gave the plant a lot of security. But you've got to agree on cost reductions. Did we have disputes down there? Well, of course we did. We had national disputes that we were embroiled in, particularly when the company sought to change the pension scheme from America. But you overcome those, and once you overcome a national difficulty, you get back on with the job of protecting the operation for—. We're caretakers of those jobs for the communities and for the people who come after us. That's responsible trade unionism and responsible management.

[119] **William Graham:** Thank you. Eluned.

[120] **Eluned Parrott:** Thank you. It seems to me that the earlier the machinery of Government and the unions can get involved when there is the threat of redundancies, the more likely it is that they'll be able to find a positive outcome and to mitigate the impact. So, whilst I can see that there are mechanisms through the Minister's advisory board for your and for a number of larger employers, for those who are not part of that mechanism, are there formal ways in which they can air problems? Because even before a formal announcement is made, clearly, if there are redundancies in the air, the workforce will know about it and, therefore, their local trade union representatives will also know about it. Are there ways that we can filter those conversations upwards to try and enable that kind of support at an early stage?

[121] **Ms Blythyn:** Also on that, you're assuming that there's going to be recognition in a

workplace as well, because our influence is obviously going to be stronger where we have recognition within a workplace, and then we're able to use the levers that we have as a union in Wales to then filter that information up to influence. So, the important thing about that is that where we have recognition and, as Andy and other colleagues said, those strong working relationships, it's going to be more effective, especially in the case of Murco, when, yes, we had that influence and input at the governmental level, but at grass roots as well. Our involvement meant that at a very uncertain time for the workforce, they knew that they had a voice as well and they had a way to feed in their views, and it's reassuring to the workforce when they're actually under a lot of stress and anxiety because of the threat of losing their jobs.

[122] **Mr Richards:** Collectively, the unions within the Wales TUC and the employers' federations, the Confederation of British Industry and the EEF and all of those organisations, come together on the economic forum that was set up by the First Minister. And, so, collectively, they can deal with a lot of issues there. You take that down to its next tier and there's things like the Welsh Automotive Forum and bodies such as that that we have influences in, but you can only really deploy that sort of positive strategy where the union is recognised at the workplace. Generally, those workplaces that are not unionised aren't able to access fully the type of support that exists. That's where we are.

[123] **Ms Blythyn:** And that probably wouldn't just be support in terms of negotiations, in terms of their pay, or if they're getting a settlement, but also support in terms of training, because there's options through WULF training and also our negotiations wouldn't just be about the financial settlement if they were being made redundant, but packages that include training and retraining.

[124] **Eluned Parrott:** Moving on more broadly to the influence of the Welsh Government, clearly where there is a properly devolved management structure in an international firm or a Welsh-based firm, where the decisions will be taken by the management here in Wales, there is an opportunity to influence. But to what extent do you think that the Welsh Government is able to influence big international players? If we look at, for example, Bosch, we had representatives from politics in Wales going out to Germany to talk to Bosch, but, ultimately, the decision was not being made in Wales, for Wales; the decision was being made in Germany for a global marketplace. To what extent do you think that influence can be brought to bear on those branch operations, if you like, of multinationals?

[125] **Mr Richards:** The Ford Motor Company is a multinational company and the decisions are made in the board room in Detroit. But, equally, it's well known in the board rooms of Detroit the level of assistance, support and the willingness to support that the Welsh Government offers. Indeed, the Welsh Government supported the last bid for the Dragon engine project; we're still awaiting a formal announcement on that. The Welsh Government is noted within the business community overseas as being one that values the companies that operate within the country and provides support, and it's a range of support. It isn't just the training, the ProAct and ReAct schemes; the Wales union learning fund has helped us enormously in places such as in north Wales, where we've had migrant workers come in. Not only have they been supported to learn English, but they've also been supported to use Welsh as a language, which helps them integrate and helps the company as well. So, there's a whole range of things and initiatives that are happening in Wales that don't happen elsewhere.

10:45

[126] **Eluned Parrott:** Can I turn to the specific powers that are available to the Welsh Government and the options that the Welsh Government have? You've talked about training and things along those lines as being very important levers, if you like, but are there any really important levers that are missing from our armoury? Are there things that you wish had

been devolved? Are there things where we need to go to the UK Government, and there's a disjoint, or do you think we have what we need already?

[127] **Mr Richards:** My view on that is the employer support grant is quite a valuable tool in Wales, as is all the access to training that the Welsh Government provides. But there are other aspects of the way in which the Welsh Government has performed in the past that are key to industry. That's not bunging money to companies or corporations. One of the key parameters for the Accelerate Wales programme, which stemmed from the automotive taskforce, was that people like myself, and people who were on the committee, along with employers federation people, expected the companies that were applying for support to come up with a business plan, which involved including their worker representatives, whether they were unionised or not, by the way. There was a clearly defined and communicated business plan, which would include upskilling, multiskilling and factors such as that. So, it wasn't just about handing money to people; it's about getting people to learn from the best in the industry. We were assisted in that by Ford and Toyota, obviously, and by some other manufacturers who were at the cutting edge. But a lot of the businesses in the supply chain needed to have exposure to that new way of working. So, that's what I see as key: how the Welsh Government involves itself with companies and is not just hands-off.

[128] **Ms Blythyn:** Possibly one of the probable issues that we're going to come across, regardless of which powers are devolved, is that—. You mentioned that a lot of these companies are not just based in Wales, and not simply just European or international, but might have bases across the nations of the UK and so any industrial strategy, realistically, needs to be joined-up across that. It can't just be, in some of those cases, for Wales. So, that would be regardless of any powers—it needs to have more joined-up working, I think.

[129] **Mr Richards:** One thing that the Welsh Government is powerless to influence, unfortunately, is the fact that, to my knowledge, there are several multinational companies that are in the process of making decisions on five-year and 10-year product replacement programmes, which are very, very concerned about the debate about Europe and whether Britain is going to be in Europe.

[130] **William Graham:** I'm conscious of time, so Keith would you ask your question on the Welsh Government's response?

[131] **Joyce Watson:** That's mine—

[132] **William Graham:** I'm sorry; I do apologise.

[133] **Joyce Watson:** —so, I'll ask it. *[Laughter.]* Do you feel that the Welsh Government's response to the major job losses was good? You've talked, I know, briefly about the benefits of the Team Wales approach, and we know what it was, but what we really want to know is: what were the benefits for those people who were facing that situation at that particular time?

[134] **Ms Lewis:** I think the Welsh Government response to large-scale redundancies really supports the Welsh worker, as compared to what I see in England. I also cover the south-west for my union and I've found a very different approach to both parts. The Welsh Government approach is much more hands-on. They're very good at pulling together what's needed. I think our Welsh members here do feel supported through what is a very traumatic life event for them. Many of the people, particularly in the older, established industries, will have been employed a long time in those industries and suddenly they find themselves, after 20, 25 or 30 years of working for one employer, out there, into a market they've had no experience of, with no experience of applying for jobs, and no knowledge, really, of what skills are needed. So, all of that Team Wales approach makes Wales very different from what we see in

England.

[135] **Mr Richards:** I would like to say that, with the current powers that the Welsh Government have, the Welsh Government couldn't have done anything more to assist the employers and our members who were affected by business turn downs. They couldn't have done anything more than they did. As I say, the main benefits of a Team Wales approach are that it encourages and facilitates joint co-operation between all the parties to a shared objective. So, the fact of the matter is this, and it's a fact that the Welsh Government knows full well: if you have no profitable, efficient, effective employers, you don't have workers, and we don't have union members. So, I honestly have to say, certainly as Wales secretary for Unite, there is nothing—in these recent times and these issues that have been dealt with—more that the Welsh Government could have done, and I again applaud the Welsh Government for the speed with which it always reacts.

[136] **Joyce Watson:** If I can, Chair, I might as well ask my other question. Part of keeping your workforce—one part of it—is that they're skilled. There are many facets to why companies shed workers. It's a changing environment, very often. You briefly mentioned the trade union learning fund, if I've got the term right. How do you think those investments, which the Government makes—for yourselves, if you like, to make—can help futureproof job losses, because that's also another part of what we're talking about, or help those who find themselves in a position to move on in the way that Susan just described?

[137] **Mr Richards:** Well, the Wales union learning fund supports joint initiatives by employers and learning reps at the workplace, and I'm very pleased to say that all the employers who participate in that programme always provide the union rep with an office. It assists people to learn again. That's what I like about the process. Quite a lot of people still leave school without the type of skills or learning capabilities that are required within modern industry, and we find that it assists people to learn again—it teaches people to learn through that process. As I say, there are some very useful spin-offs to companies. I've quoted the one with Aviva, but many, many companies have benefited from that, and it can cover a range of skills, to be quite candid with you.

[138] There was a point that you made that I was going to take up just before you asked me that second question, but, because of my age now, Chair, I'm finding it difficult. *[Laughter.]* I'm getting to that point in time. However, my view is that the Welsh Government—I class every member of the Welsh Government—and all of us in Wales, we all want the country to succeed, irrespective of political differences. We all want Wales to succeed, and we're very, very good at coming together. It's kind of like a—I don't want to say 'a Dunkirk spirit', but we're very, very good at it in Wales.

[139] **William Graham:** Thank you. Jenny, would you also ask your question on ReAct?

[140] **Jenny Rathbone:** Yes. We're good at coming together, but how effective are we? If you look at the case of Tata, where there were 536, I think, Welsh redundancies in their 900, there were fewer than 100 people who took up the opportunities either from ReAct or the Wales union learning fund, and that, I think, is a major issue for the Welsh economy.

[141] **Ms Lewis:** Well, if I can explain that, it's the age demographic with that. What happened was, obviously, the age range within Tata. We had a lot of people who were 55 and over. In fact, we had more people applying for voluntary redundancy than there were places to be able to put them. In fact, one of our major concerns as a union was maintaining the right skill set on site so that we could sustain a viable steel industry going forward. So, that will be why, on the take-up with regard to the learning opportunities: because lots of them were moving into retirement. There was a number of people under 55, and some of them had already moved into self-employment because they already had that idea. Some of them also,

because there was a fairly long consultation period, took the opportunity to look for another post elsewhere. Generally, the higher-skilled workers were those who saw an opportunity to move elsewhere.

[142] **Jenny Rathbone:** And that's excellent, but I think even those who are 55 or over have plenty to contribute to the Welsh economy. People in Tata, or indeed Murco, are people with skills that we need to retain and develop in the new skills that we need in the future. I'm concerned that we may have lost really important skills that would be transferrable into other industries where we know there are skills gaps, for example the new marine engineering industries and the renewables industries. All these need engineering and manufacturing skills.

[143] **Mr Richards:** Transferrable skills are very important, particularly in the industry as it is today, but literacy and numeracy are also key, particularly when you've got new computerised control systems on some of the CNC machines and lathes that we have coming into industry. Do you know? Well, I suppose your point is that the take-up numbers are modest, and I say to you, I've always found it to be hugely rewarding when one person rings me up and says, 'Andy, I'm so pleased that the company and the union learning rep got me on this programme, because I couldn't even help my son with his homework'. That still exists. To me, if there's one of those now and again, that makes it all worth while.

[144] Can I also say the point I was going to make, Chair? Do forgive me, but it's not just in the provision of specific, set industry-support initiatives. There's the work that the Welsh Government's involved in now with the city regions. As a board member of the Swansea city region board, just recently, the involvement of Sir Terry Matthews has been a watershed. It's been really rolling down there. But there was an issue, which a lot of employers were speaking to me about: the issue of the lack of superfast broadband. The actions that the Welsh Government have taken in that respect now are really going to assist us in bringing in other industries down in the nether regions of Wales.

[145] **William Graham:** I'm keen to get to other questions, particularly our last question. Bring us on to skills, please, Oscar.

[146] **Mohammad Asghar:** Thank you very much, Chair. Could you explain or tell me how the union works with the Welsh Government and further and higher education institutions to ensure the current and future workforce in Wales has the skills needed in order to remain competitive in Wales?

[147] **Ms Blythyn:** Do you want to?

[148] **Mr Richards:** Or you can. I don't want this to be the Andy Richards show, Chair. I really don't. [*Laughter.*]

[149] **William Graham:** We're used to that, don't worry.

[150] **Mr Richards:** We are doing very valuable work with the higher education system. What I hope that we reflect when there are discussions, such as we're having on the training sub-committee of the Swansea bay city region board now, is that apprenticeships are key. I would like to see a greater expansion of apprenticeship programmes in Wales, but I'm mindful that we're in difficult times at the moment. From my point of view, apprentice training is an investment for the future. We have to have people going into the industry with the relevant skills. We hear all too often from employers that we're not having the best raw product from the schools and universities, so that's an issue for us, but we interact at all levels that we possibly can with higher education.

[151] **Ms Lewis:** [*Inaudible.*] Sorry—it's all right.

[152] **Ms Blythyn:** Now we're all trying to get in at once. On apprenticeships, I think one thing Unite has tried to do over the last few years, more so, is to link up more closely with colleges, especially where apprentices have been training, to make sure we've got that link with them before they then go into the workplace as well, to offer support that way.

11:00

[153] **Mr Richards:** There's other support as well. Look, if we are operating in a locality—I'll give you an example of Gorseinon college. Some years ago, following encouragement, it wanted to move more into automotive training for students down there. They didn't have the kind of funding to train students on the more up-to-date technology. Through our links with Ford management, we knew that the Dagenham PTA plant was being closed at that time. They had rolling-road facilities and diagnostic machinery up there, so we negotiated the provision of that equipment for the college, which Ford were only too happy to bring down on a low loader, and we set it up. There's that sort of thing that we do. I have to say that it seems to be going quite well down there, and they're turning out a range of highly skilled students.

[154] **Ms Lewis:** If I could just say one of the initiatives we've taken in the last year is that we've linked up with Swansea University to support, through money and other means, science graduates and undergraduates to come into local primary schools in the Port Talbot and Neath area. What we want to do is encourage those young people to understand where the future lies in terms of science, and why science is so important to us moving forward as a country. We think, by linking those two together and bringing those younger people in and showing them the exciting things that they're doing within their university education, that that's a way that we can encourage youngsters in our communities to see that there are those opportunities available to them.

[155] **Rhun ap Iorwerth:** Just on some lessons learnt really, you've been praising Government for the action that they have taken on several issues, but you said 'with the powers they have' they couldn't have done more, which suggests that perhaps with a couple of extra levers at their disposal, there might've been a few more things they could've done, but what would they be?

[156] **Mr Richards:** No, I broadly support the additional powers that the Welsh Government is seeking now from the UK Government. I trust that those powers will be brought down to us. Certainly, as far as employment powers are concerned, I think that that's something that the Welsh Government should have.

[157] **Rhun ap Iorwerth:** In particular, which ones might be useful?

[158] **Mr Richards:** As far as employment is concerned, I think that we should be able to determine our own laws specifically for employment in Wales, which reflect the type of progress that we're making on Team Wales. There should be an element of compulsion on people to work together. Additionally, I have to say to you that I've seen so many companies who have come in—fly-by-night companies, as we call them—who have had superb support from the Welsh Government and all sorts of grant aid, and then as soon as that's finished, they go to the highest bidder abroad. There has to be a compulsion on the recipients of a public money exercise for private means to return that if there's no long-term commitment to the country. So, there's various things such as that, to strengthen our act. If people are coming to Wales, if businesses are going to be setting up in Wales, yes, they should be fully supported, but they also have to have some long-term commitment to Wales. That's my view.

[159] **Rhun ap Iorwerth:** I don't know if you'd like to expand on that.

[160] **Ms Lewis:** I think some of the things, like Welsh Government—. Obviously, there are changes in carbon taxes and things coming in in 2016. When the large-scale redundancies were announced with regard to Tata, one of the calls that we made was for the UK Government to bring those changes forward in the hope that we would be able to keep people in employment. I would like to see the Welsh Government being able to exercise those particular levers, so that they could look at their own companies and see if there is something that it can do for them.

[161] **Mr Richards:** Also, in terms of health and safety, as well, we're very concerned at the way in which the UK Government are going on that and the cutbacks that are affecting the Health and Safety Executive inspectors et cetera. I think that that could be strengthened.

[162] **Rhun ap Iorwerth:** Looking at the steps that can be taken to try to avoid large-scale redundancies in the first place, we're only talking in Wales about a few hundred companies from which large-scale redundancies can come, in effect, in terms of a substantial number of employees at any business. Are you confident in the Welsh Government's ability and capacity to be able to take the temperature of what's going on within Welsh business in order to be able to hear those alarm bells early enough?

[163] **Mr Richards:** Well, I'd like to put it into context. In a town or an area where there are several large multinational corporations, big employers, there is that impact when one of those or perhaps a couple of those start to shed jobs, but, you know, if you are in the far-flung corners of Wales where you have a small or medium-sized enterprise, employing perhaps 50 or perhaps 20 people, the effect can be just as traumatic on the community there. As it goes, I think that the Welsh Government has displayed an ability to support not just the bigger players but also the smaller players as well, and the success behind that should be publicised. I think everybody's important. All jobs are important, really.

[164] **Rhun ap Iorwerth:** Finally, on the question of resilience, which you make in your paper to the committee, you say that there is a need to ensure that there isn't too much over-reliance on a particular employer or sector in any region of Wales so that impacts, when job losses come, can be spread out to other perhaps more healthy sectors.

[165] **Mr Richards:** Yes, and that the people employed in those companies have had access to training that enables them to take that training from company to company, if needs be. That's why the question of multi-skilling et cetera is very important. That's my belief.

[166] **William Graham:** Mick, a very short question.

[167] **Mick Antoniw:** It's very short. We haven't spent very much time on it, but there were some very specific and very sophisticated training schemes run by Community, by Unite, the union learning fund and so on. How well are they working? Are they sufficiently resourced? Are there things that Welsh Government could do that would actually improve—? Are there things that you would like to see happening in that area? It does seem to me they're areas—

[168] **William Graham:** Let's have a chance for a reply. We've got three minutes.

[169] **Ms Blythyn:** Well, things can always be better resourced, can't they?

[170] **Mr Richards:** Well, they can be better resourced, but, do you know, as far as it goes, we're seeing great benefit from some of the stuff that's out there. Like I say, the good thing about the Wales union learning fund particularly is that it is a joint initiative. And, do you know, we had some feedback events as to how effective it had been. We had one in Caernarfon some time ago, where all the employers and workers were saying, 'We've got so

much out of this’.

[171] **Ms Blythyn:** To use a quick example in relation to the Wales union learning fund in terms of relatively recent job losses with the situation with Remploi shutting down sites across Wales, one in particular, namely E-Cycle, has almost resurrected from the ashes of that, and they now have a learning centre there that helps teach basic skills and train the workers there and also people from the local community as well to help skilled disabled workers in the community. That was made possible through the Wales union learning fund as well.

[172] **Ms Lewis:** I think one of the things is that we’ve been talking here mainly about the impacts and the training on offer when there are large-scale redundancies, but, actually, it’s the day-to-day work that unions are doing, hand-in-hand with companies, to upskill their workforce and work with a large number of contractors where, obviously, basic skills are often very low among that level of employees. We’ve managed to get hundreds of workers through basic skills courses. They’ve now got the ability to read and write. It’s as basic as that, and that’s made a huge difference to their lives.

[173] **William Graham:** On that note, may I thank you for your evidence today? A transcript will be sent to you in due course for checking, but thank you very much for coming today.

[174] **Mr Richards:** Thank you, Chair. Thanks for everything.

11:11

Colli Swyddi ar Raddfa Fawr Large-scale Job Losses

[175] **William Graham:** Well, welcome, Minister. Thank you for joining us at this point. I don’t know whether you want to make any preliminary remarks.

[176] **The Minister for Economy, Science and Transport (Edwina Hart):** No. I’m delighted to give evidence on what is a very important discussion about how we deal with major job losses.

[177] **William Graham:** Thank you very much. Could I ask you, then, formally, to give your name and title for the record?

[178] **Edwina Hart:** Yes. Edwina Hart, Minister for Economy, Science and Transport.

[179] **Ms Burke:** I’m Tracey Burke, director of strategy for the Minister’s department.

[180] **Ms Roberts:** Gwenllian Roberts, head of the Energy Wales unit in the Minister’s department.

[181] **William Graham:** Thank you very much. Keith.

[182] **Keith Davies:** Thank you, Chair. Good morning. My first question’s on Team Wales, really. We’ve been told it’s been operating well, so perhaps you can tell us what the strengths are and whether there are any weaknesses as far as you’re concerned.

[183] **Edwina Hart:** I think there are obviously areas for improvement in everything you do in terms of Team Wales. Of course, you learn lessons from everything that you engage in. We’ve learnt lessons from Tata, we’ve learnt lessons from Murco, and now, of course, we’re

establishing another taskforce to look at issues arising from the nuclear industry and the closure of Wylfa. So, we'll learn lessons all the way through, and they will all be slightly different. The trouble sometimes is that I think that, on lessons learned, there's a very difficult balance, I have to say, between the company in the centre and the company on the ground. We usually have a very good relationship with the individuals that are involved probably in the job losses in Wales, but sometimes their masters elsewhere can't see the benefits of engagement, particularly, of course, if there's another site elsewhere in England. So, there are obviously issues around there. But we are always very keen—and this is one of the things—to say to local management, 'Please engage as quickly as possible. Don't keep things to yourselves', because sometimes we see companies in difficulty, and the only time we know about it is when they've made the announcement on job losses. Even though they've got an account manager, they just don't come to ask us. Now, I'm not saying, because of the way that global capitalism and companies work, that we can save everything, but we can certainly assist.

[184] Also, they have to be absolutely honest with us and accept that we understand confidentiality because there's a lot of information, which I get asked a lot about, which I can't give, that I know what's going on with the company's operations, even globally, in terms of what's impacting on them. They've got to be straight with us, because if they're not straight with us, we can't help them. So, when a company is open and when there's good local engagement, it works, and it's particularly useful when we have trade unions in the company, because those shop stewards and their convenors know exactly what's going in the company, and they could help.

[185] Also, it's good when we get the right information, I think, as Team Wales. A lot of companies don't keep the detailed information you would think that they would about the skills of their workforce. So, sometimes, we've had to actually do some more skills audits to see if we can match any jobs in anywhere. So, I think there are a lot of benefits with it, but there are a lot of lessons to be learned. One is about more openness and transparency, I think, sometimes, with companies, to be more honest. Sometimes, you do a lot of work with companies, and we know from other sources that they're doing the work for us perhaps for public consumption and discussion, but the decisions have been made, perhaps, to go elsewhere, and there's nothing that we can do about it. People think you can influence; you can only work with these companies. I have to say the Murco experience was particularly positive because they were absolutely open and transparent in their discussions with us. We dealt with Murphy Oil in the States. We had discussions with them. They were absolutely clear about all their deadlines and what they wanted; clear as to who was interested in buying them. There were no difficulties on that score at all because they had a very active shop steward, very active full-time officer down there, so they actually knew what was required down there. So, I have to say that there are areas for improvement, but I think that, once we engage generally, we do a relatively good job.

[186] **Keith Davies:** You mentioned in your response there, Minister, skills. How do we involve the Deputy Minister for Skills and Technology in this kind of problem, I suppose?

11:15

[187] **Edwina Hart:** Yes. Well, I think it was me and my shadow on the Murco stuff, really, in terms of Julie James, because we have worked very well with the skills department, because the issues are with them. What we found in job losses that you haven't looked at—elsewhere in electronics—we actually used the whole electronics companies we knew to take the skilled workforce in. We think we can do a lot of that like we've done in Murco. We identified the skills—and the company was very good, mind, in identifying the skills—worked with the skills department and put everything in place to make sure that they had employment and everything.

[188] So, it's a very close working relationship, not just when we have a taskforce, but actually, on a daily basis in terms of what we need to undertake. It's important not to lose the skill pool from Wales, because one of the concerns we've got in north Wales now, about nuclear in Wylfa and the time slippages, is that we are going to lose very skilled workers out of Wylfa; they are going to be picked up, we think, in the local economy, but part of our job with this taskforce is actually to keep track of them, because when Wylfa B comes online, we need to be able to say, 'Well, actually, there is a trained workforce out there, who may need a bit of retraining in A, B, C and D, so you might want to contact them.' So, there are important issues for us that are emerging on training and skills. But, obviously, we're doing a lot of work ourselves on that and there'll be a lot of work in the taskforce, which the skills department and the Deputy Minister will be involved in.

[189] **Keith Davies:** This is my last question, Minister. You did talk about the multinational companies and stuff, but, obviously, we're a different Government to the UK Government, so what discussions do you have with the UK Government? Does the UK Government know about potential future job losses that we don't know about and are we informed about it?

[190] **Edwina Hart:** Well, we do get informed if it's a multinational and if there are things going on in England, but, obviously, I want to fight Wales's corner to keep jobs in Wales when there are discussions over our borders. But, in real terms, for instance, Murco, was an issue for the UK Government, and we worked very closely—Jenny Randerson sat on the taskforce to represent the Wales Office and we had involvement from the UK Government departments and their officials. We'll have that same level of involvement on the discussions we'll have around Wylfa B as well, because that will be very important when that taskforce meets.

[191] The issue for us is that we generally have a good relationship on these issues, because nobody wants to lose jobs from anywhere, and I think that's the important message. And, if we can persuade UK Government to change policy, for instance, that would help to keep jobs, like we've been lobbying, as you know, about energy-intensive industries with the UK Government, which is an issue for Tata and others, in that they need to do something about how they're going to help with the energy costs. We obviously work together on that. And, it does depend on what type of company it is and where it is—whether it's a multinational, or whatever—and what type of working relationships you have.

[192] Also, as well, I always use the opportunity, because we've got such a lot of multinational and big companies in Wales, if I go anywhere, or the First Minister goes anywhere, whether it be the States, or I've been to Japan, to try to meet those companies, because if anything's going to happen in the future, they know there's a Government here that's willing and able to assist them, so they've actually got another name in the centre, over and above what their local management have got, to make contact if there's anything ill on the horizon. For instance, we're very pleased, obviously, that Ford is in Bridgend, but we've had constructive dialogue not just with Ford in Bridgend, but with Ford Europe on this, and it's important to know what's going on in all the Ford plants across the world, not only in Europe, when we're looking at what might happen in the future. So, you can also tell, as well, where there is potential, when you look at results. You look at the fact that they're not having the next investment, then you could start seeing the worrying signs and you start to make more enquiries about certain companies.

[193] **Keith Davies:** Thank you, Chair.

[194] **William Graham:** Joyce.

[195] **Joyce Watson:** You talked at length, already, Minister, about establishing the

taskforce. What we would like to hear from you is the specific role of that taskforce, but also the process of deciding that that was the right way to go.

[196] **Edwina Hart:** Sometimes, I think that you need ministerial involvement, and I think all the parties underneath, including the company and the employees, need to know that there's somebody who is actually there, right on it, and can have reports from everywhere. Obviously, when we've had some of the issues—big steel announcements, and, of course, big issues around Murco, and nuclear—those go across so many areas in terms of who we have to liaise with. If we look now at how we're going to look at the Magnox situation, where we're going to look particularly at north Wales, I've got local authority involvement there, I've got the involvement of the new business there, I've got everybody and I need to have everybody all engaged in that. So, what we try and do is utilise a taskforce not just in bad times, but also, we consider what taskforces we need in good times, because you need to bring people together, collectively, when you've got good times ahead in terms of what you're undertaking.

[197] Also, as well, one of the issues I think the taskforce needs to concentrate on in bad times is the refocusing and redeploying of people, and looking at supply chains that are impacted, because how can we help supply chains to get more business if somebody is going out of business? How do we refocus their work and their delivery? So, those are big issues in that. So, in terms of those benefits, it's really about best practice, helping companies perhaps in the supply chain: how we can give them other investments, and what we can do. So, that's what we do.

[198] In terms of deciding, we've done a lot of work on other things that we haven't announced more formally, but we do have small internal taskforces that look at those, which do report to me. Obviously, we've had the Bosch issues, haven't we, we've had issues with Mabey Bridge, and everything; so, we also have small groups that look at that as well, and taskforces. Also as well, of course, in terms of what we're doing on the metro now, we will have taskforces as well looking at the supply chain, and we'll have taskforces as well on the tidal lagoon, now, looking at how we link into SMEs for them to make the appropriate investment at the right time into training and, perhaps, machinery. That's a very difficult area for us in terms of delivering, because you've got a lagoon project that's got no strike price, therefore how do you ask SMEs to invest in something that everybody hopes will come, but until we get a strike price you don't know will definitively come? So, it's important, then, you work with providers for training so they've got the skills in for the tidal lagoon, but they're also skills that are transferrable to other things. It's rather like the rail stuff we've done; one of the colleges now has a rail facility, which is excellent, but those skills are transferrable to other industries. So, that's an area where we look at taskforces. We see the role of taskforces as just bringing people together and, of course, if somebody's not pulling their weight in the taskforce, it'll be noticed by other parties, and that's an important thing: for people to understand they're under a bit more scrutiny, especially if I'm reporting back on taskforces—isn't it, Gwennllian—and making sure that they come up to the mark. Do you want to add anything about the taskforce?

[199] **Ms Roberts:** Yes. I think it's—

[200] Mi wnaf fi e yn y Gymraeg, os ydy hynny'n iawn. Mae'r ffordd rydym yn mynd ati, rwy'n meddwl, yr un peth ar gyfer pob sefyllfa, sef ein bod ni eisiau ceisio gwarchod gweithlu o safon uchel yng Nghymru, ond rydym yn gorfod addasu'r *approach* ar gyfer pob un prosiect. Fel yr oedd y Gweinidog yn ei ddweud, rydym yn edrych ar yr

I'll speak in Welsh, if that's okay. The way that we go about this, I think, is the same for every situation, which is that we need to safeguard a high-quality workforce in Wales, but we do have to adapt the approach for every single project. So, as the Minister said, we do look at the individual circumstances, we move quickly initially, and, in terms of

amgylchiadau, symud yn sydyn yn y lle cyntaf ac, o ran yr elfen allanol a'r grwpiau allanol, rydym yn cyplysu hynny efo grwpiau mewnol o swyddogion ac yn gweithio ar draws y Llywodraeth i sicrhau ein bod ni'n targedu'r gefnogaeth a'r anghenion i'r llefydd iawn. Rwy'n meddwl hefyd ei bod yn werth nodi bod y dull gweithredu o ran yr elfen allanol a'r elfen fewnol yn caniatáu inni weld beth ydy'r rhaglenni'r gwaith rydym wedyn angen rhoi yn eu lle yn yr hirdymor, ac mae'n dylanwadu wedyn ar sut rydym yn gweithredu yn y tymor canol a'r tymor hir.

[201] **William Graham:** Rhun.

[202] **Rhun ap Iorwerth:** I adeiladu ar hynny, mewn ffordd, a oes yna dempled yn barod i fynd ar gyfer creu tasglu ar gyfer rhyw angen arbennig? A oes hyd yn oed *pool* o bobl sy'n barod i gael eu tynnu allan i fynd ar dasglu mewn unrhyw amgylchiadau arbennig?

the external element and the external groups, we couple those with internal groups of officials and we work across Government to ensure that we target the support to the needs in the right places. I think it's also worth noting that the way of operating in terms of the external element and the internal element allows us to see what work programmes we then need to put in place in the long term, and that influences, then, how we act in the medium and the long term.

Rhun ap Iorwerth: To build on that, in a way, is there a template ready to create a taskforce for a specific need? Is there even a pool of people ready to be drawn from to sit on a taskforce in certain circumstances?

[203] **Edwina Hart:** Well, in the department, yes; we designate senior officials, who'll bring together, if it's under their policy area, the group and make the recommendations. There's somebody all across the departments within the Assembly who can then focus into the group. External organisations are always up and ready. If you use the UK Government and what they've done in terms of jobs, we've worked very well with them in the Murco taskforce context. So, there are people ready and available. Wales is very small, and because we know each other well, we obviously know the skills we need for the taskforce as we're developing it. But, when we talk about the taskforce, obviously the formal Murco taskforce has finished, but we are carrying on, Gwen, in a different way, aren't we, if you want to explain to indicate how it flows forward.

[204] **Ms Roberts:** Felly, o ran gwaith tasglu Murco, mae wedi dod i ben ond, yn symud ymlaen, mae bwrdd yr *enterprise zone* yn yr *Haven* wedi pigo i fyny'r awenau, yn ogystal â *city region* Abertawe. Hefyd, mae yna *SME group*, sy'n edrych ar anghenion y gadwyn gyflenwi ac edrych—. Rwy'n meddwl, yn hytrach na cymorth ariannol, lot o'r cymorth sydd ei angen yw helpu cwmnïau i weld lle mae yna gyfleoedd, lle mae yna pipeline o brosiectau, lle mae yna wariant yn digwydd, ac nid yw o reidrwydd yn yr un sector, oherwydd rydym yn gweld bod yna lot o gyfleoedd i drosi o un sector i'r llall—rydym yn ei weld o olew a nwy i'r diwydiant morol, niwclear, hyd yn oed, yn ogystal â sectorau eraill yn ehangach. Felly, strwythurau. Mae'n dod yn *mainstream*, am wn i, o ran sut ydym yn gweithredu wrth symud ymlaen.

Ms Roberts: So, in terms of the work of the Murco taskforce, it's come to an end, but, moving forward, the enterprise zone board in the Haven has picked up the reins, in addition to the city region in Swansea. There is also an SME group that's looking at the needs of the supply chain and looking—. I think, rather than financial support, a lot of the support that's needed is to help companies to see where there are opportunities, where there is a pipeline of projects, where there is expenditure happening, and it's not necessarily in the same sector, because we see that there are many opportunities to transfer from one sector to another—we're seeing it from oil and gas to the marine sector, and nuclear, even, as well as other sectors more widely. So, structures. It's becoming mainstream in terms of how we operate as we move forward.

[205] **Edwina Hart:** So, the main answer to your question is: no, it's not something we pull off the shelf, but we do have all the parts, as it were, to make the cake at the end of the day.

[206] **Joyce Watson:** So, to summarise, I know you've already spoken about some of the achievements of the taskforce that have happened, from those established in Tata and in Murco. Have you anything further to add to those things that you've told us were the main achievements? Particularly in those supply chains that are very often affected, but they're the ones that are left behind.

[207] **Edwina Hart:** I think there's a clear legacy of closer working relationships that arise from the taskforce. Even though Murco's gone, we still have a relationship with the new company that's coming in, and that's been built on the fact that we had a taskforce, and they now know us very well, the new owners, and we can work with them about what they want to do in the future.

[208] Also as well, with Tata, which is an ongoing large-scale employer here, it's the building of relationships of trust, because you look at the outcomes in terms of Tata and no employee has yet been made compulsorily redundant. Now, that's quite an achievement in terms of how you deal with issues with a major company like this. When you look at what we've done with Tata in terms of ongoing support, they'd always like more—large companies seem to always like more support—and I understand they've been regaling you with tales of business rates this morning, which is a favourite topic for some large companies—that and energy costs. Also as well, that level of trust has gone into the trade unions as well: they realise that Government is really their partner to ensure the continuing success of the business. I think that's good, because some of the discussions you have in these taskforce groups, Chair, are not easy, because you're talking about people's lives, and it's a really hard and difficult discussion when a company says, 'No, we can't do anything about any of this'. But the level of trust you have, with the fact they're prepared to share things with you, and then you can develop policy on the back of it, even if it's support for people setting up their own businesses, I think is actually a win-win-win. Gwennlian, you dealt with the taskforce on that. It's a win-win for us.

[209] **William Graham:** Two short questions: Mick, and then Jenny.

[210] **Mick Antoniwi:** What contribution do you think the actual union learning fund is making? We heard a bit earlier about their role, and they seem to play an ongoing role. How significant are they in actually getting people back into employment when redundancy situations occur?

[211] **Edwina Hart:** Well, I think the union learning fund is a win-win-win from the individual's point of view, and the work that the union does. I think it gives people confidence, what they can do via the union learning fund, and of course it gives them a greater level of understanding of what is going on, sometimes, when there are changes within the company. And of course it gives them the opportunity then to go for other jobs, with better training and better learning, so we think it's a very positive ingredient.

[212] **William Graham:** Jenny.

[213] **Jenny Rathbone:** Picking up on the learning from these taskforces, one of the things that Tata told us was that Corus didn't have the skills to develop its own energy on site, which obviously Tata is now developing, to be completely self-sufficient in energy. As a huge energy consumer in its processes, what's the learning for other high-energy-use companies who may or may not have the skills needed to develop renewable energy on site?

[214] **Edwina Hart:** I think we shall find that high-energy-use companies are now adapting very quickly to the fact that they need the skills and the ability to mitigate their energy costs. Tata obviously are very good at this, and so are a number of other key companies. I wouldn't say there was any lack, in the large companies, of looking for opportunities to get energy costs down. When I go around, that's one of the key issues that they need in order for them to stay profitable and viable within Wales et cetera when the markets change: they've got to deal with the energy. You've only got to look at, for instance, Toyota. They've got solar panels on their site, helping them with their energy costs, on land that they don't use. I can assure you the large companies are there. Smaller companies, however, are going to have to do more work, in my opinion, on how they deal with some of the energy cost issues, and I think that's a key area that we've been looking at to try to encourage them to do that as well.

[215] **Jenny Rathbone:** So, what role is there for Gwenllian—I believe you've got 'energy' in your title—to just point this out to companies?

[216] **Edwina Hart:** Gwen's in charge of energy policy in the Government. There are other civil servants that deal with other issues around renewables. As you know, there is a split in some of the energy issues. I deal with the large-end energy, and then there is a split elsewhere. I think it's important to recognise that there is no company that, if it can improve its profit margin or keep its viability, is not looking, where it wants to, and there's plenty of help out there for them to discuss what they need to do in terms of energy.

[217] **William Graham:** Thank you. Eluned.

[218] **Eluned Parrott:** Thank you. Obviously, given the huge number of redundancies that we did look at with Tata, the fact that nobody took a compulsory redundancy is a major achievement, as you say. But I wonder if you can tell us if you know what proportion of those people who did take a voluntary package were still economically active on leaving Tata, and what proportion went into early retirement?

11:30

[219] **Edwina Hart:** Those are the types of figures that the company may well keep, but they're not statistics that we keep.

[220] **Eluned Parrott:** Right. Moving on to the kind of policy levers, you mentioned earlier that, clearly, it's difficult for Government at Welsh level to have an influence on the multinational company who is making decisions on a global basis—though, actually, in fact, the unions told us that you were able to exert an influence. Can you tell us what you think are the most important elements in trying to influence large-scale employers in Wales who are perhaps inward investors?

[221] **Edwina Hart:** I think it is the development of a trust and an understanding that we will give them an answer of 'yes' or 'no' very quickly. If they have requirements in terms of training—and I'm sure the Deputy Minister will deal with these issues—it's whether we're able to facilitate that and whether we've got the ability to do so; these are all quite important. Everybody thinks it's always linked to money. It isn't linked to money; it's the feel that they get when they come here. If they like the place, they like their employees, they like who they can employ and they see the skills here, they come. And we think that, in terms of that, strong ministerial engagement is required with these companies. They like to get to where decisions are made. If you take American companies, they're used to dealing with senators, they're used to dealing with governors and they're used to dealing with powerful mayors of cities. They like to have that access in, and they recognise that the access is into the Welsh Government. Also as well, they like to deal with us because we can help them immediately on very important issues like the supply chain, because a company when it comes in needs to

know its supply chain and needs to know the quality of it. It also needs to know if we're prepared to invest into a supply chain to help the development of that company, and they get that quite clearly.

[222] So, the unions are right—we can influence in terms of what we do at that type of level—but, at the end of the day, if there is a decision made by some corporate board somewhere and they're deciding that they're downsizing the business, sometimes it doesn't matter what you say or what you offer.

[223] **Eluned Parrott:** Clearly, the unions were describing the communication process, and, clearly, the earlier that we're able to work with companies—

[224] **Edwina Hart:** They usually know things quicker than us, because the rumours on the shop floor, I tell you one thing, are quicker than anything that comes to this building. And I can assure you that the unions are straight on the phone if there's an inkling of new investment or an inkling of a problem, because if the wrong person walks the floor from the company's head office, it's either good news or bad news, and I can tell you one thing—that canteen is abuzz by the time they've finished and the walk's over. So, you get a good idea there's something happening.

[225] **Eluned Parrott:** Indeed; that was the nature of my question, as to whether or not the rumour mill made it as far as Government.

[226] **Edwina Hart:** Definitely.

[227] **Eluned Parrott:** That's very helpful; thank you. When you are talking to major businesses, clearly, reputation and relationship are very important, but are there policy levers that you think are missing from the package that you would like to offer? Are there things that you would like to be able to do where you feel currently encumbered?

[228] **Edwina Hart:** I can't think of anything directly, Gwen, we've had any difficulties with. Tracey, have we? There are obviously levers that are not under our control as a Government, and would never be, if you see what I mean. And we do have good relationships, if you are talking about attracting inward investment, with UK Trade & Investment, because they push some things in our direction with companies. So, I can't really think—. But I'd be more than happy to come back on that if you want; we'll give it some further thought. Regulation is sometimes an issue for them. Planning sometimes is an issue for them. In terms of planning, I wish some days I could sign off that they could plan—

[229] **Eluned Parrott:** But indeed you do have powers over planning—

[230] **Edwina Hart:** Yes, but I don't. So, from that point of view, sometimes there are regulation issues that they get worried about that seem so slow, and planning and issues related to that. Companies do say, 'Can you be here a bit quicker?' but then that depends on where the authority is, because you've only got to look at some examples of how quickly local authorities have turned around planning and dealt with things to get businesses, and others are a bit slower. So, yes—

[231] **Eluned Parrott:** There's a possible weakness in Team Wales as an approach, is there?

[232] **Edwina Hart:** No, I think it's probably a weakness in perhaps there are not enough resources sometimes in planning departments in local authorities, and I think, with some of the cuts in local authorities, that is going to impact.

[233] **Mick Antoniwi:** Would there be an advantage to have more workers on boards of directors on some of these companies?

[234] **Edwina Hart:** The unions would obviously feel that that was the case, but I don't think it's even that. I think it's that, with some of the inward investment that Eluned Parrott was asking me about, we're at a very early stage—we don't even know if they'll be unionised. And some of the problems they have are actually quite practical things, so, regulation and planning, when they come to us, aren't they?

[235] **Eluned Parrott:** Can I just turn to financial support? Clearly, you've made available resource to help mitigate the impact of some of these major job losses that we've seen. Can I ask: what is the level of the financial support that you have put aside for that?

[236] **Edwina Hart:** We did a WEGF fund down there, didn't we?

[237] **Ms Roberts:** Yes.

[238] **Edwina Hart:** Have you got the figures on the WEGF there? Do you want to—?

[239] **Ms Roberts:** Ar yr ochr WEGF, rwy'n meddwl bod y gefnogaeth yn ei chyfanswm—achos roedd nifer o wahanol botiau wedi cael eu targedu at sir Benfro, gan eich bod yn cyfeirio at Murco—oddeutu £3 miliwn ar gyfer y WEGF; roedd o gwmpas £500,000 ar gyfer y *fund* SME i helpu'r cwmnïau llai, yn ogystal â *business rate relief*, ac wedyn y pecynnau ar gyfer *skills* a hyfforddiant. Ond, *basically*, roeddem yn edrych ar beth oedd yr anghenion ar gyfer y cwmni, y gweithwyr, ond hefyd y gadwyn gyflenwi i sicrhau bod yr ardal i gyd yn cael ei chefnogi yn y fanno.

Ms Roberts: So, on the WEGF side, I think that the support as a total—because a number of different pots were targeted at Pembrokeshire, given that you're referring to Murco—was around £3 million for the WEGF; there was around £500,000 for an SME fund to help the smaller companies, as well as business rate relief, and then the packages for skills and training. But, basically, we were looking at what the needs were for the company, the workforce, but also the supply chain to ensure that the entire region was supported.

[240] **Edwina Hart:** And it wasn't new money; it was what I allocated, wasn't it, from my existing budgets? And we did go for that extra round on the enterprise zones, and, of course, Rhun ap Iorwerth very helpfully raised some points in Plenary on some of these issues with me, for us to look at enterprise zones.

[241] **William Graham:** We'll move on. Rhun, please.

[242] **Rhun ap Iorwerth:** Atgoffwch fi **Rhun ap Iorwerth:** Remind me what WEGF is.

[243] **Edwina Hart:** The Wales economic growth fund. It's a very catchy title

[244] **Rhun ap Iorwerth:** I'm very pleased to hear that the rumour mill is working very well and that it's a rich source of information for you, but looking at the more formal means by which you try to keep tabs on the temperature of Welsh business, how does your account management structure work? How many businesses in Wales would have, if you like, a dedicated or a direct line to an account manager? What does it give you in terms of a link with a company?

[245] **Edwina Hart:** Well, we've got 50 anchor companies and we've got 60 regionally important companies. Each anchor company has a dedicated account manager. How many are

there now? Fourteen different ones, aren't there?

[246] **Ms Roberts:** Yes.

[247] **Edwina Hart:** And 26 account managers. So, each regionally important company has an account manager, and what we find from the anchor companies, and the regionally important companies, that they like the relationship and they do tend to get on well with them, and they do tend to tell them not only about themselves, but about rumours they've heard in other areas about other companies. So, that's also a good source of information because there is an open dialogue and because a major company will know if there's something wrong with a supplier, if there are difficulties or anything, and then we can act on anything that's emerged from that.

[248] We are also trying, outside the key sectors, to build some more strategic relationships with companies. The sector panel teams are obviously very keen on all of this in terms of the creative. There are quite small companies and some quite substantial ones, but we need to build better relationships with some of these smaller ones to get a better feel for the business and we are doing a lot of that now.

[249] **Rhun ap Iorwerth:** Are the account managers able to be proactive with the companies in many ways, or is it largely a reactive thing where they will only raise issues?

[250] **Edwina Hart:** They can be very proactive if they wish. They can suggest to them what they've heard themselves, and ask if they're interested in various things, or if they're considering particularly going into a new line or something, they ask 'Can we help and assist?' and we put them in charge of training people. So, we can be very proactive. We are also, with companies, proactive in terms of if they want to talk to Finance Wales about various things that are going on. So, it's that type of open dialogue that we're trying to encourage.

[251] **Rhun ap Iorwerth:** And are you confident that there have been perhaps occasions where, because of your concerns as Government about a particular sector, and stresses on a particular sector, that you have somehow been able to influence those companies with which you have contact through account managers to perhaps not take a bad decision that might have led to some major job losses?

[252] **Edwina Hart:** Yes, I think we have been able to help and assist, but I couldn't give you definitive examples; you just understand from the nature of the discussions you have that because we've been helpful in certain things, where we've helped them to look for land to expand and all that type of thing, it's actually secured the employment and everything. And it's a question of them all having different attitudes and different ways of dealing with you as well and it's important to recognise that when you're dealing with some of the large international companies, the non-Welsh companies, as well, they've got different ways of doing business, too.

[253] **Rhun ap Iorwerth:** At such a time when an employer has made a decision, unfortunately, that they have to make some job losses, and there's no way around it, does the account manager still stay involved at that stage, or does another part of the company take over?

[254] **Edwina Hart:** No, they will stay involved and we would obviously talk to colleagues because we've got some examples of when we knew businesses and jobs are going, and we've tried to help them to facilitate and introduce them to others who might take the company over locally or might be interested in expanding and taking on that workforce. So, it's that type of role and function and we have been quite successful in that. We've got some

things ongoing now, where we've been heavily involved, and we talk, of course, to the liquidators for them to look at things. We talk to each other and we do the maximum amount that we can to try and protect jobs, but, at the end of the day, it will be a decision for the company.

[255] **William Graham:** That's useful, thank you. Jenny.

[256] **Jenny Rathbone:** Just picking up on some of the points you made earlier about the need to identify the skills of the future for some of the major projects that we hope are going to be developing. Just looking at the specific example of Tata, where fewer than 100 people took up the opportunities to retrain that were offered to them as a result of the large-scale redundancies that were announced there, I wonder what evaluation has been done of why people don't take them up because obviously we're losing key skills.

[257] **Edwina Hart:** I think that's probably something that the Deputy Minister will be attending to because that is for the skills agenda really rather than for me, because we take advice from that particular department.

[258] **Jenny Rathbone:** Okay. So, is there anything else that you could tell us about the long-term effects of losses of these large numbers of employees in skills areas that we want to obtain?

[259] **Edwina Hart:** It's not that—I just think, you know, when you have something on a large scale, particularly in areas where there's not a lot of employment—. For example, if you go to west Wales or up to Ynys Môn, if that happens, it devastates a community because we're talking about a community that functions—. It can absolutely devastate them—their self-respect and their ability to want to do things. These are the human casualties of this. The role of Government, I think, must always be to try and encourage those to retrain, help to find people jobs and, at the end of the day, try to get some industries replaced. It's very important. You've only got to look—and I'm sorry to be using all of these examples of Ynys Môn today—at when Anglesey Aluminium closed. It had a devastating effect, when that closed, on the community. It wasn't as many jobs as you'd think, but the links into the jobs that were there. We've had the opportunity, with other schemes that might go on in Anglesey, to lift the island a bit in terms of what they do, but people are absolutely devastated by it. Our job is to try and give support to those who want to retrain, and support to those who want to set businesses up, but also realise that some people will be so devastated that they probably won't want to do anything sometimes, and we just need to be there to support them through all the process.

[260] **Jenny Rathbone:** That might be what they think at the beginning, but they might not after a period—

[261] **Edwina Hart:** They might not in the end, but that's the point of encouraging them, isn't it—to take up everything that is offered? Because if you offer them retraining and if you offer them a job elsewhere and if you encourage, then, if you can do all of that, you can give people hope, can't you? I can't say that I can give everybody who is ever out of a large-scale—. We are talking about these job losses, but we've been through this in Wales before: massive losses in coal mines and massive losses in steel before this. We're a nation that has suffered massive job losses and I think it's in the psyche, isn't it? I remember the day when there closures in Ebbw Vale and now look what's in Ebbw Vale.

[262] **William Graham:** Minister, do you think there's now more of a realism amongst employers of all sizes, bearing in mind the Welsh Government's record for the last few years, to engage at the earliest possible time?

[263] **Edwina Hart:** Yes, I do think it has improved. We've seen a lot of early engagement and then after the engagement, some things don't transpire because we're able to help and assist. Yes, and I think that's been a definite improvement. I think they feel closer to us because we exist as a Welsh Government and a Welsh Assembly, because they know they can talk about issues with people who are really closely connected with communities. I think that that does make a tremendous difference. It's not like you've got to get a train to London to talk to somebody; they can actually talk about the issues here and see how we can help and assist. And, of course, we're all together here, aren't we? I'm not in a building that's remote from the skills Minister or anything. So, it's a question that you can dialogue quite quickly.

[264] **William Graham:** One of the things that sparked this inquiry for the committee, of course, was Murco. We've had an excellent paper today. What do you think the lessons are that your department has learned from that?

[265] **Edwina Hart:** I think, in terms of lessons learnt, we always knew that there would be an issue with that refinery and the lessons learnt for us, I suppose, is that we were quick off the mark when we knew, but we knew it was coming for a long time. Perhaps the answer should have been: should we have started planning a long time ago? Because we always hoped that it would be sold as a going concern. Perhaps we should have looked more at it not being sold as a going concern, and the fact that it might not be. And I would say that that is probably the lesson that's been learnt because you think that something like that could be sold on and, of course, the company was always hopeful that it could be, but it wasn't. So, I think we did well in the circumstances and I don't think even doing that would have made any difference to the outcome. I think that's fair.

11:45

[266] **William Graham:** And a final question, Minister: you're confident, now, that you've put in place the right sort of relationship with industry generally, possibly, if not entirely to prevent but to reduce such massive closures in the future?

[267] **Edwina Hart:** I think that they understand that we're all there and we're open to dialogue and they need to come to us. I can't ever say that I could prevent large-scale redundancies; I think we acknowledge that there is the role of the market, the company and everything. I think we're doing the best that we can, but I think the judge of that will be how we deal with future events, yes? We can only do our best and put in place what is necessary and hope that they have the confidence to deal with us in a very good manner, because they understand we do keep confidences and we just want them to stay and provide jobs. Of course, my only goal as Minister is jobs and jobs growth.

[268] **William Graham:** We are most grateful to you, Minister, for your time.

[269] **Edwina Hart:** Thank you very much indeed.

[270] **William Graham:** As usual, your answers help the committee a great deal.

11:47

Colli Swyddi ar Raddfa Fawr Large-scale Job Losses

[271] **William Graham:** May I welcome the Minister and her officials? Could I ask you formally to give your names and titles for the record?

[272] **The Deputy Minister for Skills and Technology (Julie James):** I'm Julie James,

the Deputy Minister for Skills and Technology.

[273] **Mr Morris:** And I'm Huw Morris. I'm the director for skills, higher education and lifelong learning.

[274] **Mr Arnold:** I'm Nigel Arnold. I'm head of programme delivery in the Minister's department.

[275] **William Graham:** Thank you very much. Anything to comment on before we start, Minister?

[276] **Julie James:** No, I'm just happy to answer the questions, Chair.

[277] **William Graham:** Thank you very much. Our first question is from Joyce Watson.

[278] **Joyce Watson:** Good morning. I would like to ask you, Deputy Minister, whether you could outline any particular large-scale job losses that you've had to deal with since you've been in post and how you've worked with the Minister in coping with that. I know that, since you're the Minister for skills, there's been a big focus on job losses, but I'd also like to ask about securing training opportunities that had already started and might have come to an abrupt end, and whether you've been able to save any of those as well.

[279] **Julie James:** The major one I've been involved in since I've been in this portfolio is Murco, which, unfortunately, coincided more or less with my taking up my post. So, we've been involved in a major task force with Murco, working very well with the company itself, I have to say, who were a very pivotal part of the task force, across two Government departments, mine and Edwina Hart's department, and a range of other people in the area—the enterprise zone, the city bay region and so on—and also with the UK Government, and Baroness Randerson also sat on the task force. It was extremely effective, I think it's fair to say. We got very swift help in there via, in my department, Careers Wales, for example, skills advisers, and we had business advisers and so on, to assist people to decide, really, where their future lay. Part of that was doing a skills audit for them. We had one-to-one interviews with anyone who wanted a one-to-one interview. There was a fairly big take-up for that. We helped a number of people who thought that they might want to become self-employed afterwards, for example. The whole purpose of the taskforce was really to minimise the skill loss to Pembrokeshire and make sure that people who wanted to stay economically active in the area could do that.

[280] In terms of disrupted training opportunities, Valero, who are the other big refinery, as I know you know, Joyce, in the area, were extremely proactive and very helpfully took the part-qualified apprentices from Murco into their own organisation and allowed them to complete their training. So, that was excellent. Indeed, Chair, if I may, I'll just digress slightly there and say that I had a very good meeting with the apprentice cohort at Valero, whose questions were very difficult. I'm sure they were equally as difficult as the questions I'm about to be asked by committee members today. As a result of some of their questions and their input into our apprenticeship consultation—which has now finished, and I'm about to make a statement on the raw results of the consultation—we've made some changes, which were suggested by some of the Valero apprentices on the day that I visited, some of whom had come over from the Murco plant. So, it all worked swiftly and well, I think it's fair to say.

[281] **Joyce Watson:** If I can, Chair, pursue a line, you said that you'd helped the company do a skills audit to keep the skills in the region. Of course, that's what we would all want to see. I live in Pembrokeshire, so I have a vested interest in that regard. So, does that mean, Minister, that you have some figures from that skills audit, maybe not here now, or the

company might have them, that would inform us about the skills that were retained within the region? It might not necessarily be Pembrokeshire, but within the region, so that we can take some learning from doing the skills audit.

[282] **Julie James:** The skills audits were really done for the individuals. It wasn't done as a global thing for the whole of Murco, I think I'm right in saying. There was a project, actually, up in Wylfa with Magnox, with the old Wylfa, a project funded by Europe, which was a skills audit. I went to the evaluation and closure of it, actually—a celebration at the end of it. I can't remember off the top of my head whether that's in the public domain at the moment, the Wylfa one.

[283] **Mr Morris:** I'm not sure. I've not seen that.

[284] **Julie James:** We can find out for you, Chair, and if it is in the public domain, we can certainly circulate it; if it isn't, I'm sure we could do a précis of some sort. On the Murco one, we were looking at individual help, I think I'm right in saying, because we were already in the process of losing the jobs, rather than planning for it. It's rather a different thing when you know that the reactor is coming to the end of its useful life and you've got to plan for decommissioning, which is what the other situation was. The Murco one was rather more precipitate, I think it's fair to say—although the company were very helpful and, of course, we were very hopeful that we would find a buyer for it as a going concern until really very late on in the process, when we were all very disappointed that the private investor pulled out and stopped that deal going ahead. But we've come to a reasonable conclusion now with the continuation of some employment on the site.

[285] We've done a lot of work with the supply chain as well. That's been more difficult from a skills point of view, in some ways, because a lot of our programmes are aimed at employees. So, if you think about ReAct, for example, it's about somebody who's under threat of redundancy or is in fact being made redundant, but if you're a self-employed contractor, of course you're not under threat of redundancy. So, we've looked at ways of helping people who are losing a business opportunity rather than a contract, so that we don't get involved in enormous amounts of bureaucracy about what kind of contract it was and where's the document and all this sort of stuff. Actually, it's around all of the opportunities that are lost when a big company goes. It's not necessarily just the formal supply chain that struggles. We've had a very wide range of people who are affected by the loss of such a big amount of employment in the area.

[286] **William Graham:** Rhun.

[287] **Rhun ap Iorwerth:** You've touched on most of what I want to talk about, which is the taskforce. The taskforce is led by the economy Minister's department. It, by definition, brings in a whole host of partners. What is the prominence of your role as skills Minister in there, do you think?

[288] **Julie James:** I went, personally, to the high-level taskforce meetings, because I think it's important with such a scale of loss in an area, especially a rural area like Pembrokeshire, to ensure that you've got the sort of political direction, really, as well as just the official involvement. Also, because we were morphing some of our programmes in order to specifically fit the circumstances in Murco, it was important for me, personally, to understand what was necessary to be able to make the necessary adjustments where possible to those programmes. So, we were able to move some of our existing funding around a little bit, designed especially to deal with the situation in Murco. To do that, you need direct ministerial involvement, really. We also had enormous amounts of official contact all the way through, right from very important skilled careers advisers helping out on a one-to-one level through to programme directors and all the rest of it assisting us to move some of the money around, so

that we had the most effect out of the money that we were putting in.

[289] **Rhun ap Iorwerth:** To what extent do you apply a programme in a similar way in each case? Alternatively, do you tailor a programme completely to the specific needs of a particular set of circumstances?

[290] **Julie James:** It's a little bit of both. We have programmes that are designed to be as flexible as possible in the first place, but, sometimes, you do need to tweak them a bit to fit a particular instance.

[291] **Rhun ap Iorwerth:** So, what's at the core? What are the ones that are regular occurrences when it comes to putting a taskforce into motion?

[292] **Julie James:** For example, we'd always put careers advisers in, we'd always put people to help with skill sets in, we'd always put people who can help with business planning, redundancy advice, life-changing advice and all those sorts of things. There's a sort of standard redeployment programme, if you like, common to most things. But if you've got particular problems with the supply chain or you've got a particular economic problem in an area so we know that we need extra help, then we can morph the programmes a little to help that. For example, we can put financial support programmes in if there's a lot of SMEs in the area that are affected and that are small, but if you're talking about a supply chain of really quite large SMEs, so the bigger end of the SMEs, you probably wouldn't put quite such a lot of that in.

[293] **Rhun ap Iorwerth:** Can you give us an idea of the scale of the operation here? How many people would you throw at a problem? Murco and Tata had major redundancies at the top end, but—

[294] **Mr Morris:** It was a multi-agency effort, and there were, I think, 400 or so individuals whose posts were going to be lost as a consequence of the changes at Murco or at contractors. In terms of Welsh Government officials, I worked closely with Nigel, one of the deputy directors, and a dedicated member of staff was put onto that, but it was multi-agency and there were large numbers of people working not just at Careers Wales, but at jobcentres plus. From the college in the area, the principal, Sharron Lusher, attended all of the taskforce meetings and mobilised large numbers of her staff. I think it was by doing that that we were able to meet lots of different needs. Through that, we reviewed the different ways in which we can fund these things, and, as the Minister has indicated, we moved some of the arrangements with big schemes like ReAct in order to make sure that the funding would work for people who were moving between employment, not just from employment.

[295] **Rhun ap Iorwerth:** You'd make sure that there was a substantial team working full time on an issue such as that.

[296] **Mr Morris:** Yes.

[297] **Julie James:** Yes. Obviously, we'd deploy the resources necessary to make the effort. I don't know if you've been supplied already, Chair, with the outcome from Murco, but as at the point in time that this briefing was written—

[298] **William Graham:** We have got a copy of the report that you mentioned. It's extremely useful.

[299] **Julie James:** Basically, we've got 45 people who were Murco staff employees who are still looking for work and 37 contractors still looking for work, out of the entire number of people who were affected. So, it's clearly been very effective, and work continues with

people who are still affected.

[300] **William Graham:** Right, thank you. Jenny.

[301] **Jenny Rathbone:** Clearly, in the Murco situation, the Government has, indeed, been very effective, particularly given the geographically isolated area. The statistics you've given us are very impressive. The quarter or so of the workforce that are still looking for work and the roughly 80 people who are still signing on, are they in receipt of auspicious support at this time or just the general support that anybody's had?

12:00

[302] **Julie James:** We still have people working with people from Murco to try and place them, but, I mean, obviously, it tails off as time passes. The 'normal' support, if I can put it like that, would always be in place, but the very targeted support would tail off slowly. I think it's still there at the moment, but we would expect it to revert to normal levels of support at some point. And, actually, it's quite a lot less than a quarter who are still looking.

[303] **Jenny Rathbone:** Okay. Turning to the situation that occurred at Tata, obviously we had the Tata management in earlier. I wonder if you could just comment on the take-up of the support that was offered. Fewer than 100 people actually took it up, and I just wondered if you have any insight into why that was.

[304] **Julie James:** I think it's just the demographic of the people there, actually, and the age profile and what they were intending to do. I think that, actually, a fairly large number of people who took voluntary redundancy from Tata retired, and so they don't access the support if that's what their plan is. The support was available to them, and those who wanted it could take it up, but, obviously, it's not compulsory to take it up. If you want to take the money and retire, then that's something that you can do. My understanding is that Tata actually restructured its workforce internally quite substantially to allow people who wanted to take voluntary early retirement redundancy to go. They reshaped their internal workforce to allow that to happen and, as a result of that, very happily, there were no hard redundancies, no compulsory redundancies—which I think is an easy thing to say but a much harder thing to do, so they're to be commended. Certainly, we were instrumental in helping some of the reskilling that went on to allow that to happen.

[305] **Jenny Rathbone:** Okay. Well, I agree that's all very satisfactory. I think over 500 people took early retirement and another couple of hundred took redundancy, but in terms of the impact on the economy, it does mean the loss of key skills that we might've been able to deploy elsewhere had we been better able to persuade them that they might be able to disseminate their engineering skills and of the importance of engineering in schools, for example—you know, things like that.

[306] **Julie James:** Well, I don't disagree with that, Jenny, but, in the end, you can only offer. I can't make it compulsory to come and share your skill set with us. If people have worked for Tata Steel for 30 years and they're now in their mid-50s and they want to retire, well, that's not an uncommon reaction to it. What we do find is that people like that often retire for a couple of years and then discover that, actually, they didn't really want to retire after all. We're always open to offers from re-emerging people. Tata has also applied for and been awarded £47,000-worth of ReAct funding, and that's for vocational training for its staff, and that's for the reskilling. So, they're very proactive in what they've been doing and I think, actually, it worked very effectively. I take your point about the numbers, but we're not in the business of making people do it.

[307] **Jenny Rathbone:** No, absolutely. We can't compel people. It's just that we

obviously do need to raise the profile of engineering and STEM subjects across—

[308] **Julie James:** The sessions that were given in Tata to all employees who were covered by this covered all of those things—managing change in your life, finance in the next stage of your life, lifestyle change, getting ready for a new job market, all the opportunities and so on. So, we were very upfront about what was needed and the other opportunities, but, you know, I personally am not terribly surprised that somebody who's worked for Tata for 30 years and is in their mid-50s decides to take retirement.

[309] **Jenny Rathbone:** Well, we had a similar—

[310] **William Graham:** Jenny, we'd better move on now, I think.

[311] **Jenny Rathbone:** Okay.

[312] **William Graham:** Eluned, please.

[313] **Eluned Parrott:** Thank you. Can I ask? The taskforce goes in and it works for a period of time until, hopefully, people have found new opportunities, but what monitoring do you do after the taskforce has left of the long-term impacts of these, if you like, structural changes, as they sometimes are in a local community's workforce? What monitoring do you do of that change and the impact it has on supply chains?

[314] **Julie James:** It depends what you mean by 'monitoring'. They haven't got electronic tags on them, so we don't know where they all are. We keep in touch with people who want to be kept in touch with. So, it's voluntary. If you want to tell us what happens to you, then that's great. Remember this is a specific response on top of all of the normal things that we do. So, it's worth bearing in mind, Chair, when you're looking at this area that, of course, we've also got all the regional skills partnerships in place, and the regional skills partnerships keep local market intelligence, and they're charged with doing that. So, we expect them to take these things into account, and their monitoring arrangements to take account of some of this. But that's done by returns from companies as well. You know, this sort of data collection—. I would love to be able to just track the people and find out what happens to them, but it's a constant problem with all of these issues that, we live in a society where you don't need to be tracked if you don't want to be. So, a lot of people do respond to us. We have Facebook groups, and the Skills Gateway encourages responses and so on, but some people don't want to participate in that. So, where we've got the information, we use it. We encourage—

[315] **Eluned Parrott:** I wasn't necessarily suggesting that we should be tracking our individuals as a workforce. What I was suggesting was perhaps that, when you're looking at a local community and a population, where there is a specific skills base—. If you look at the instance of Murco, clearly you have a community that is very dependent on individual, large-scale employers. That is devastating to that local community. The question, really, is: are we, in our workforce monitoring, tracking the impact of these major shocks in those local communities, and do we know, as I say, whether those skills are retained and kept in that area?

[316] **Julie James:** Well, only through the regional skills partnership and the monitoring that they do, and the fact that we do have groups. There's a Facebook group, for example, for the Murco people and so on. So, if you want to stay in touch, you can. Actually, quite a lot of people who were displaced from Pembrokeshire have stayed in touch because, actually, they'd like to come back. So, if the opportunity arises—I'm not too sure about whether it will in Pembrokeshire, but I'm sure that the Minister said to you earlier that that's a big issue up in Anglesey for Wylfa. So, we've made some effort to make sure that if we can't line up the

decommissioning of the old reactor with the re-commissioning of the new one, that we track some of the people who we think will want to come back with their skills once the new Wylfa Newydd is up and running. There was a little bit of hope at one point that we could line the two up, but that's not likely now. So, where there's a very specific issue like that, people are much more likely to stay in touch with us anyway because they actually want to return to the communities that they're in.

[317] There are double-edged issues here. Obviously, we want to retain them in the local area and so on, but Wylfa Newydd is a good example of a situation in which, if you've got people who are redeployed into the local community, into firms that are perfectly viable, and then Wylfa Newydd starts up and sucks them all back into it, we may have a different problem with some of the small and medium-sized enterprises there. So, actually, we're working very hard up in Anglesey, with the regional skills partnership and the economic ambition board and so on, to make sure that we actually support some of the SMEs that are likely to be impacted by the suck effect of a big employer. In the last few weeks, I've been up visiting a number of people who are worried about that—about the fact that they will be in competition with a big employer of that sort who's likely to pay a slightly better wage and so on. So, we are working with all of those issues as well at the same time. It's a very good news story. Rhun, I'm sure, will be telling you what a good-news story it is for the island, but at the same time, we don't want to see the demise of all the SME community because of this big new employer. So, we do have a lot of work that's going on—it's not part of this inquiry—to support that as well.

[318] **Eluned Parrott:** Aside from that routine monitoring that's going on in terms of the labour market, can I ask: clearly, the taskforces are very major projects—the Pembrokeshire one, as I understand, had costs somewhere in the region of £4 million. Do you conduct an evaluation at the end of each of these exercises to understand which parts worked well, which parts were less effective, and what we need to do in future to be more targeted and more effective and more successful?

[319] **Julie James:** Yes. I think we do very well with the taskforces. We're pretty successful, but you can always learn something every time you do it. So, there's always a lessons learned exercise conducted because it is the case that you can always do something better. Also, one size doesn't fit all. So, it's always good to see what worked in a particular area, and whether it would work in an urban area, and all that sort of stuff. So, the short answer is: yes, we do do that.

[320] **Eluned Parrott:** But do you publish any of these data, or even in précis form, if there are obviously things that are confidential?

[321] **Julie James:** Are we publishing that, Huw?

[322] **Mr Morris:** Some of the figures that have been mentioned so far come from a preliminary assessment in April. We're working towards doing an internal assessment towards the end of June. That isn't planned to be published publicly, but we can provide those data, I think, when they come through.

[323] **William Graham:** Thank you. Keith.

[324] **Keith Davies:** Good morning, Deputy Minister. Which of the policy levers under your command would be of greatest importance to the large employers?

[325] **Julie James:** The skills pipeline, really—that's the most common conversation we have with them: what skills are needed by a big employer, how long it takes to acquire those skills and what are our arrangements for putting work-based learning programmes in place to

ensure that they're arriving qualified at the time when the employer needs them.

[326] **Keith Davies:** So, what are you doing for the tidal lagoon in Swansea, then?

[327] **Julie James:** At the moment, we've got a whole number of officials working with them inside their supply chain meetings. We're working with Swansea city bay region and, indeed, with the Milford Haven enterprise zone, and a number of other people, looking at what skills are needed, what will be available and what we need our local further education colleges and work-based learning providers to be starting to offer in order to produce that pipeline of people.

[328] **Keith Davies:** Thank you.

[329] **William Graham:** Oscar.

[330] **Mohammad Asghar:** Thank you, Chair. Minister, my question will be about this relationship with the large companies, and I'm very pleased and I'm very glad about that. Tata's chief executive in Wales did come a couple of months ago, and within days he had a meeting with our First Minister, which I think is impossible in any other devolved regions, and I take my hat off to you. Anyway, relations are always good, and I'm grateful for that. What degree of influence and contact does the Deputy Minister and her officials have with the decision makers within the large employers and companies in Wales, like Tata and others? Also, how do you avoid job losses through effective account management? Finally, how is the Welsh Government developing the skills base of businesses in the supply chain? Thank you.

[331] **Julie James:** So, we work through the same system as the Minister for Economy, Science and Transport works—through the account managers, and so on, as an information conduit for what's happening. Where we can, we provide retraining opportunities or re-employment opportunities. The Tata one is a good example of that so that we minimise job losses, and we can make sure that only people who want to leave do so, and so on. A large amount of it depends on how fast we know about it. So, we do a lot of work making sure that people trust us enough to tell us the information in good enough time for us to be able to do something. There's always more that can be done there, and it takes time to develop those relationships. So, it works better with some companies more than others and it depends how long they've been there and what their relationship with us is, but it works pretty well on the whole.

[332] On the flip side of that—and I know you're looking at the job losses here—is the inward investment. One of the reasons that we've done so well with inward investment is because we are very good at having conversations with people about what their skills requirements are and how we will structure our work-based learning to produce that. Our taskforces include our FE colleges and our work-based learning providers, as well as all of the Government people, and so on. I'm sure you know, Chair, that we have a mixture of FE colleges and private sector work-based learning providers that we have high-level contracts with. So, we include all of those people in this work and in that way, we hope to maximise the opportunities, both for people being displaced and for companies that are prepared and happy to take people who are being displaced from big companies.

[333] **William Graham:** Quite. Minister, you will know that the purpose of our inquiry is to look at job losses, particularly the Murco job losses. Mick will ask about lessons learnt.

[334] **Mick Antoniw:** If you were to look at the matter now and think back, what might have been done differently? What could we have done and what additional resource power do we need? What would be the outcome?

[335] **Julie James:** I won't do my usual speech about the lack of resources, because I'm sure you're all very familiar with it. But, clearly, one of the things we've had to cut most recently is work-based learning, so obviously it would be nicer if we had more resource in that area. But, actually, I think that given the resource envelope that we had, we did very well. The lessons learned will be around tweaking that to make sure that the supply chains met the particular needs of the SMEs in the area, what the employment market looked like in advance, and perhaps what the FE college was doing in advance, and so on. That's the sort of thing we're looking at, and whether or not we should put slightly different mixtures of people in in the first place, and so on. So, it's tweaking, really.

[336] **William Graham:** I asked Edwina Hart and I'll ask you the same question, if I may: do you think that the reputation of the Welsh Government has encouraged employers of all sizes to come forward when they identify problems at a much earlier stage than previously?

[337] **Julie James:** Yes, I do, and I think we have a really good working relationship with the trade unions as well. The way that our trade unions work inside our work places has been very important to us in developing a relationship of trust and confidence really. Obviously, a large number of these companies have been most reluctant to share commercially confidential information with us in case it worsened their position quite considerably overnight. So, we work very hard to make sure that that doesn't happen. But, also, most of our big employers are unionised and our unions work very well in those circumstances. We have very good relationships with them on an ongoing basis, for example, with the trade union learning fund and our essential skills stuff and so on, which means that we've got that relationship of trust and confidence.

[338] Chair, you'll know this as well as I do, but one of the great benefits of Wales is how small we are. So, it's easy to get access to the Ministers, and I don't think it's fair to say that in England, a taskforce of that sort, no matter how big the job losses, would have two Ministers sitting on it and a UK House of Lords representative at the same time. So, that's a huge benefit, and companies see that benefit.

[339] **William Graham:** Thank you very much, Minister. I'm most grateful to you and your officials for attending today. Thank you for the evidence.

Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o'r Cyfarfod

Motion under Standing Order 17.42 to Resolve to Exclude the Public from the Meeting

Cynnig:

Motion:

bod y pwyllgor yn penderfynu gwahardd y cyhoedd o weddill y cyfarfod yn unol â Rheol Sefydlog 17.42(vi).

that the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order 17.42(vi).

*Cynigiwyd y cynnig.
Motion moved.*

[340] **William Graham:** We've done papers to note, so I now propose, in accordance with Standing Order 17.42 that the committee resolves to meet in private from the remainder of this meeting. Does everybody agree? Thank you very much.

*Derbyniwyd y cynnig.
Motion agreed.*

Daeth rhan gyhoeddus y cyfarfod i ben am 12:16.
The public part of the meeting ended at 12:16.