

01 July 2014**Agenda Item: 7****REPORT OF GROUP MANAGER, CORPORATE STRATEGY****LARGE SCALE REDUNDANCIES IN NOTTINGHAMSHIRE****Purpose of the Report**

1. To consider the impact and associated support measures regarding recent announcements concerning two large employers in Nottinghamshire.

Background

2. This report references two recently announced closures at Thoresby Colliery (including consideration of the implications for UK Coal) and at Imperial Tobacco. The report is brought to this Committee given the numbers involved in the respective redundancy situations and affords the Committee an opportunity to reflect on the support being offered to those facing redundancy alongside any longer term and wider considerations.

UK Coal and Thoresby Colliery

3. Trading conditions have proved difficult over a period of time for UK Coal but it was arguably the fire at UK Coal's Daw Mill colliery in Warwickshire in 2013 which proved pivotal in determining a longer term future for UK Coal's deep-mining interests.
4. The company had previously experienced a period of administration and was generally considered to be vulnerable, largely due to the fact that exchange rates were unfavourable (coal is traded in US Dollars), the low price of imported coal and even the impact of cheaper fuel available via American fracking – all factors which seemed likely to have some impact on the deep mining element of the business. Members will be aware of the broader debate about energy policy in the UK; it is not proposed that this issue be debated in this report, suffice to say that this has been the subject of lobbying by the Industrial Communities Alliance of which the County Council is a member.
5. As it stands, plans have been announced for the “managed closure” of UK Coal's deep-mine pits here at Thoresby and at Kellingley in South Yorkshire. The financing of these closures includes a Government loan contribution whilst participation of other parties, including the private sector, remains unclear.
6. Thoresby employs circa 600 people and it is understood that following a period of statutory consultation, redundancy notices have now been issued to around half of the staff. The managed process sought originally to conclude over some 18 / 24 months. The latest position will be reported at the Committee meeting.

7. The County Council received early indications that the situation was deteriorating in April and since that time, the Economic Development Service has endeavoured to co-ordinate early efforts of various agencies and offer support towards the Thoresby operation and, as required, the Harworth based UK Coal HQ workforce should the worse case scenario then emerge. The key agencies involved in the proposed 'Rapid Response' are the local regional office of the Department for Business Innovation and Skills (BIS Local), the Skills Funding Agency and the Department for Work and Pensions / Job Centreplus (DWP/JC+). Key to the delivery of support is the DWP/JC+ offer, which, with the support of other contracted bodies offers in summary:
 - One-to-one impartial and confidential advice and guidance to help with money management and benefits advice;
 - Skills training to enhance employability;
 - Coaching and mentoring;
 - Support from dedicated employment advisers to help find new jobs;
 - Job search support including careers advice, assistance with application forms, online application forms, preparing CVs, interview techniques etc.
8. The Council has supported this package by facilitating the involvement of Nottinghamshire Futures in the delivery of the National Careers Service offer and the participation of Nottinghamshire Business Venture for those seeking self-employment options. Sessions to date have been held at the colliery. An event due to be held in Mansfield by the various agencies offering support has been planned on the day of this Committee
9. Early intervention was requested while the Colliery remains open as this provides a central focus for the workforce and hopefully will provide some early reassurances. Workforce information indicates that just under three-quarters live in the County. The attached map illustrates the concentration of employees to particular parts of the County. Details of the various Work Clubs across the County have been provided and should longer term assistance be required beyond this initial support, they are open to those being made redundant. The impact on the Work Clubs will be monitored in the context of both this and the Imperial Tobacco closures referenced below.
10. Wider considerations will apply regarding the future of the Colliery site and its restoration under the terms of the planning consent should the Colliery close. The County Council is the mineral planning authority and as it stands a restoration plan will be required within 6 months of its closure.
11. Reference should be made to the potential for redundancies at the UK Coal headquarters at Harworth. Much depends on a future for UK Coal but it is understood that a further 140 people work here. Details of those employed at UK Coal's other interests (including its other deep-mine at Kellingley in Yorkshire) have been received and there are additional numbers who are also Nottinghamshire residents. Depending on various factors, it is understood the same offer will be made to all employees but it further reinforces the need for co-ordinated support to be made available from a range of agencies such as Work Clubs in the medium / longer term. The Council will also maintain an oversight on the position of UK Coal surface-mining interests should the company close.

Imperial Tobacco

12. Imperial Tobacco announced the closure of its Nottingham factory in April, being a phased closure by 2016. Imperial Tobacco will continue trading but the closure of the Nottingham plant is blamed on declining sales and health-related legislation, with the Horizon factory in Thane Road, Nottingham already operating at half its full capacity. It also has warehousing facilities at its Triumph Road / Wollaton Road premises in Nottingham. Together these sites employ just over 640 staff, the vast majority of which are based at Thane Road.
13. Both Nottingham sites will be closed, with 532 staff to be placed in a redundancy situation. The remaining 90 or so staff perform Group functions such as HR, purchasing and Customs and Excise and will be retained. At this time there is a commitment to keep these functions within the Nottinghamshire area. Of the 532, some 100 staff are employed in their warehousing function, which is likely to be outsourced. The implications for these individuals depends upon the outcomes of the outsourcing process and the re-location of the warehouse function. This too could be Nottingham based, however it is not confirmed.
14. As shown on the attached map, while both of the sites are located within the city area, some 62% of the employees are resident in Nottinghamshire. For this reason, the Economic Development Team has been in discussion with the City Council to explore a joint approach to supporting employees alongside the same key organisations as referenced under the Thoresby approach above. Local managers at Imperial Tobacco have welcomed the development of an initial action plan jointly developed by the two Councils and the DWP/JC+. The additional considerations of note in this particular context are:
 - the future uses of the sites / premises to be vacated by Imperial Tobacco;
 - how the two Councils through their Invest in Nottingham collaboration can continue to work with the company regarding its Group and warehouse functions;
 - support to the company's HR staff who are involved in supporting those to be made redundant. The company's ambition is to run an on-site Work Club equivalent at Thane Road over the duration and the County Council's Work Club Co-ordinator has offered to support the HR staff with her experience and advice from running the Work Clubs across the County.

Other Options Considered

15. The support offered thus far to the staff affected by the two redundancies is based on existing commitments by the Economic Development Committee and upon maximising the early and effective impact of those Government agencies with lead responsibilities in the case of large scale redundancies.

Conclusions

16. The closure of Thoresby Colliery would of course mark the cessation of deep-mining within the County and Imperial Tobacco has had long-standing associations in its previous guises with the City and County. Outside of the specific impacts as referenced, perhaps the following points may also be made:

- a high proportion of the jobs lost within both companies are highly-skilled (as engineers, face-workers and associated technical responsibilities) and relatively well-paid in comparison to many other industries across the County. As testimony to this, the lowest wage offered at Imperial Tobacco is understood to be in the region of £30,000 pa, with operatives and engineers earning between £35,000 and £50,000 pa. Certain mining jobs within UK Coal could expect similar. The loss of jobs of this value, quality and quantity to the local economy is significant and the ability to replace them will take time and a continued effort to attract and stimulate economic growth. An acknowledgement of these considerations will be required amongst those leading on and having the resources to stimulate economic growth over forthcoming years, including the Government and the D2N2 Local Enterprise Partnership (LEP).
- a review of the age profile of those to be made redundant suggests that a majority are aged between 30-50 and thus many will be looking for work and not retirement. Finding local work at a similar level of wages will be difficult.
- it is difficult to put these figures in context of wider reported jobs growth as a number of key statistics are no longer maintained by the Office of National Statistics, such as for example, details of wider redundancies and vacancies.
- it is also too early to assess the impact within the supply chain locally but the economic impact may be felt wider than the immediate loss of jobs and the associated limitations on spending power.
- one area that may prove helpful in both cases; such skilled individuals may be in high demand from many larger and the many smaller businesses across the County. It is intended that as part of the process of support from the partners referenced above that links be made with some of our larger employers and via routes such as the Nottinghamshire Business Engagement Group to see how recruitment might benefit those affected.

Reason for Recommendation

17. To support the Committee in its understanding of the impact of the announcements regarding the two large employers upon the Nottinghamshire economy and on its residents and communities.

Statutory and Policy Implications

18. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

19. There are no direct financial implications associated with this report. Where support is referenced, to date, it has been delivered through existing services and partnership related activity.

RECOMMENDATION/S

20. It is recommended that the Economic Development Committee:

- (a) agrees that continued liaison with the key agencies and the two companies concerned be maintained to ensure that the most effective support is offered to those sadly affected;
- (b) endorses the inclusion of information regarding the impact of the redundancies on the local economy in the County Council's future communications with Government and the D2N2 LEP in respect of plans and allocation of resources

Report of the Group Manager, Corporate Strategy, Celia Morris

For any enquiries about this report please contact Geoff George extension 72046

Constitutional Comments (SLB 18.06.2014)

Economic Development Committee is the appropriate body to consider the content of the report.

Financial Comments (SEM 19.06.2014)

There are no specific financial implications arising directly from this report.

Background Papers and Published Documents

None

Electoral Division(s) and Member(s) Affected

Specifically Rufford, Blyth & Harworth but with other Electoral Divisions affected as referenced throughout the report and as reflected in the attached maps