

**AGENDA MANAGEMENT SHEET**

**Name of Committee** Economic Development Overview and Scrutiny Committee

**Date of Committee** 6th June 2006

**Report Title** The Proposed Closure of the Peugeot Assembly Plant at Ryton-on-Dunsmore

**Summary** This special meeting of the committee will scrutinise the implications of the redundancies and any potential closure of the Peugeot plant at Ryton-on-Dunsmore – and will report back to Cabinet on its findings.

**For further information please contact** David S Williams  
County Economic Development Officer  
Tel. 01926 412560  
davidswilliams@warwickshire.gov.uk

**Would the recommended decision be contrary to the Budget and Policy Framework?** Yes/No

**Background Papers** None

**CONSULTATION ALREADY UNDERTAKEN:-** *Details to be specified*

- Other Committees  Report to Cabinet on 4th May 2006 on Announcement by Peugeot of the closure of the Ryton-on-Dunsmore Plant
- Local Member(s)  Councillor Mrs H Timms  
(With brief comments, if appropriate)
- Other Elected Members  Councillor P Barnes } for information  
Councillor M Jones }  
Councillor P Morris-Jones }
- Cabinet Member  Councillor C Saint – for information  
(Reports to The Cabinet, to be cleared with appropriate Cabinet Member)
- Chief Executive  .....
- Legal  I Marriott - agreed

- Finance  .....
- Other Chief Officers  .....
- District Councils  .....
- Health Authority  .....
- Police  .....
- Other Bodies/Individuals  .....

**FINAL DECISION**                      **YES/NO**      *(If 'No' complete Suggested Next Steps)*

**SUGGESTED NEXT STEPS :**

*Details to be specified*

- Further consideration by this Committee  Report back in 6 months time.
- To Council  .....
- To Cabinet  27th June 2006.
- To an O & S Committee  .....
- To an Area Committee  .....
- Further Consultation  .....

**Economic Development Overview and Scrutiny Committee –  
6th June 2006**

**The Proposed Closure of the Peugeot Assembly Plant at  
Ryton-on-Dunsmore**

**Report of the Strategic Director for  
Environment and Economy**

**Recommendation**

That:-

1. The outcome of the discussions at the meeting of the Overview and Scrutiny Committee be reported to Cabinet, and
2. The Committee revisits this subject in six months time to review progress and the outcome of actions taken to assist those who may be affected by any closure or redundancies as a result of Peugeot's actions at Ryton-on-Dunsmore.

**1. A Cabinet Resolution**

- 1.1 At the Cabinet meeting on 4th May, the report attached as **Appendix A** was considered. Cabinet endorsed the prompt establishment of the Peugeot partnership to manage the cross-authority and multi-agency issues connected with the proposed closure of the Ryton-on-Dunsmore Plant. They also resolved that the Chair of the Economic Development Overview and Scrutiny Committee should be asked to convene an early meeting of his Committee to scrutinise the impacts and consequences of the proposed closure of the Peugeot plant at Ryton-on-Dunsmore and the measures being taken to meet the needs of the workforce and to address the impact on the local economy, with a report back to Cabinet.
2. This special meeting is the outcome of the resolution and Councillor M Jones' agreement to hold an early meeting of the Economic Development Overview and Scrutiny Committee.

**Emerging Information**

3. Much of what was reported to the Cabinet still applies but other information is emerging all the time. In particular, we are now better informed on the numbers and places of residence of the Peugeot employees. The paper attached as **Appendix B** sets out the position and shows that at the beginning of May this

year 611 residents of Warwickshire were employed at the Ryton-on-Dunsmore Assembly plant. The bulk of these people are residents of Nuneaton and Bedworth and many are resident in areas of high deprivation. In addition, 37 residents of Ryton-on-Dunsmore and Earl Craven and Wolston wards may lose their jobs as a result of the closure. A Briefing Note from the Peugeot Partnership is attached as **Appendix C**.

4. Jobs will also be affected in businesses that supply components and services to the Ryton-on-Dunsmore plant. Clearly, details of those firms will remain confidential because of the commercial sensitivity of the information. However, Peugeot have released the information to the Peugeot Partnership and it is being analysed. We expect there to be a small number of component suppliers from Coventry and Warwickshire which will be directly affected by a closure of the plant. It is likely, however, that there will be a small number of businesses providing services to the site that could be seriously affected, too.
5. The Peugeot Partnership is co-ordinating the sub region's response to the proposal to close the Ryton-on-Dunsmore Plant and the secretariat to the partnership is being provided by Coventry Solihull and Warwickshire Partnership. Dianne Williams from the Chamber is heading up support to Supply Chain companies. Jane Malbasa of Job Centre Plus is organising Support to Employees. Eventually there may be a "Site" group to look at any development plans for the site, though this group would only be triggered once we are confident that the closure plans will be implemented.

### **Participants**

6. Representatives of the Peugeot Partnership are being invited to attend the meeting to give a progress report and to answer Members' questions.

JOHN DEEGAN  
Strategic Director for Environment and Economy  
Shire Hall  
Warwick

19th May 2006

## Appendix A of Agenda No

### Economic Development Overview and Scrutiny Committee 6th June 2006

#### The Proposed Closure of the Peugeot Assembly Plant at Ryton-on-Dunsmore

#### **AGENDA MANAGEMENT SHEET**

<b>Name of Committee</b>	<b>Cabinet</b>
<b>Date of Committee</b>	<b>4th May 2006</b>
<b>Report Title</b>	<b>Announcement by Peugeot of the Closure of the Ryton Plant</b>
<b>Summary</b>	The Chair of the Economic Development Overview and Scrutiny Committee is asked to convene a meeting of his Committee to scrutinise the consequences of the proposed closure of the Peugeot plant at Ryton, the measures being taken to meet the needs of the workforce and to address the impact on the local economy.
<b>For further information please contact</b>	David S Williams County Economic Development Officer Tel. 01926 412401 davidswilliams@warwickshire.gov.uk
<b>Would the recommended decision be contrary to the Budget and Policy Framework?</b>	Yes/No
<b>Background Papers</b>	None.

#### **CONSULTATION ALREADY UNDERTAKEN:-**

*Details to be specified*

Other Committees

.....

- Local Member(s)  
(With brief comments, if appropriate)  .....
- Other Elected Members  Councillor P Barnes )  
Councillor M Jones ) for information  
Councillor P Morris-Jones )
- Cabinet Member  
(Reports to The Cabinet, to be cleared with appropriate Cabinet Member)  Councillor C Saint
- Chief Executive  .....
- Legal  I Marriott – comments incorporated.
- Finance  .....
- Other Chief Officers  .....
- District Councils  .....
- Health Authority  .....
- Police  .....
- Other Bodies/Individuals  .....

**FINAL DECISION** ~~YES~~/NO (If 'No' complete Suggested Next Steps)

**SUGGESTED NEXT STEPS :**

*Details to be specified*

- Further consideration by this Committee  .....
- To Council  .....
- To Cabinet  .....
- To an O & S Committee  Economic Development Overview and Scrutiny Committee for scrutiny and recommendations.
- To an Area Committee  .....
- Further Consultation  .....

## Cabinet – 4th May 2006

### Announcement by Peugeot of the Closure of the Ryton Plant

#### Report of the Strategic Director for Environment and Economy

##### Recommendation

It is recommended that the Chair of the Economic Development Overview and Scrutiny Committee be asked to convene a meeting of his Committee as a matter of urgency to scrutinise the impacts and consequences of the proposed closure of the Peugeot plant at Ryton and the measures being taken to meet the needs of the workforce and to address the impact on the local economy.

#### 1. Background

- 1.1 The future of the Ryton plant has been in doubt since Peugeot decided not to assemble a successor to the 206 there. The announcement at Easter, however, of closure by mid 2007 came as a surprise because, as recently as last year, Peugeot spokespersons were claiming the future of the plant was secure up to 2010.
- 1.2 A number of reasons have been advanced for the closure and these include:-
- (i) **Market conditions** - In the last few months of 2005 and into 2006 sales of superminis declined and the 206 was faced by fierce competition. As a consequence Peugeot revised their estimates of the market for 206 downwards by 1/3.
  - (ii) **Production costs and logistics** – Peugeot assemble the 206 at Ryton and at Poissy. The cost of building a 206 at Ryton was €415 (£287) greater than at Poissy, Paris because of higher wages, energy costs and the need to import 75% of the parts used in the cars built at Ryton. In 2003 the foundations were laid for a PSA group plant in Trnava, Slovakia, where it is estimated that costs will be around 10% less than at Ryton.

- (iii) **Under-capitalisation** - It would cost €255 million to bring Ryton up to the standards of Peugeot's modern plants on the Continent and even then it would still be a more expensive production site. On the 19th April 2006 the DTI claimed it had "Done everything possible to encourage Peugeot to keep Ryton open, including an offer two years ago of a £14.4 million grant to enable it to produce an extra model" but Peugeot claim this would have had little overall beneficial effect.

1.3 The essentials of the decisions announced by Peugeot on 18th April 2006 are that:-

- (i) Car assembly at the Ryton plant will finish in 2007.
- (ii) The whole workforce, 2300, will lose their jobs with around 1000 finishing in July 2006 and the remainder going when the factory closes.
- (iii) The plant will be closed down in two phases. In July 2006, the two working shifts in the plant will be merged into a single shift. It will then slowly phase out production, with closure by mid-2007.
- (iv) The company has undertaken to consult trade unions before the closure and will provide a support package for staff and try to help as many workers as possible to find alternative employment.

## **2. A Partnership Response to the Closure**

2.1 Sadly, the last few years have seen major redundancies and even closure of important manufacturing businesses in Coventry and Warwickshire, culminating in the MG Rover closure last year with such a significant impact to local businesses in the supply chain. Public sector agencies including the Learning and Skills Council, Job Centre Plus, DTI, Advantage West Midlands and Business Link as well as the local authorities and the Chamber of Commerce now have a partnership approach to responding to this sort of situation. A first meeting of the partnership took place with the Secretary of State, Alan Johnson, on 18th April and subsequent meetings are planned to develop the sub region's response to the closure.

2.2 Warwickshire County and Rugby Borough Councils are part of the partnership and will be looking to ensure that the impact of the potential closure on Warwickshire's economy and its communities is minimised.



### **3. Potential Effects on Warwickshire**

#### **Addressing the Needs of the Workforce and Local Communities**

- 3.1 At this stage we have no details of the residences or age profile of the workforce but recent Peugeot redundancies suggest that at least 550 of the 2300 redundancies will be from Warwickshire, with a significant proportion coming from Bedworth and Nuneaton. Although many of the redundancies last year were from age groups to whom early retirement was an attractive option, we suspect that this may not be the case now and we can anticipate that a higher proportion of those made redundant will be looking for new jobs with pay levels comparable with those they have left. There are jobs available in Coventry and Warwickshire but few vacancies match the skills of the assembly workers or the incomes they currently take home. The impact to families concerned can be imagined.

#### **The Supply Chain and Support Services**

- 3.2 Advantage West Midlands (AWM) estimates that 2000 to 3000 UK jobs in the UK supply chain will be affected by the closure of Peugeot. At this stage the information available suggests that few of these are located in Warwickshire but the impact on them could be significant. We anticipate that Peugeot will make available information on its suppliers and this will enable the partnership to get a better insight into the extent of the problem for Warwickshire and Coventry and how to address the problems. We can also expect an impact on service companies such as those involved with logistics, cleaning and catering but here again the extent of the problem is not known at this stage.

#### **Options for the Future**

- 3.3 The potential closure of Peugeot is the latest in a series of blows to manufacturing in Coventry and Warwickshire and would represent the end of volume car assembly in the sub region. Last year the Economic Development Overview and Scrutiny Committee examined the future of the motor industry in Warwickshire and concluded that the future lay primarily in the advanced technology sectors of the industry. Events such as this announcement on one hand and the proposals by Prodrive for Fen End, on the other, appear to confirm this view. Even so, the Peugeot announcement poses other questions for the Council on how it can work most effectively to respond to such an event.
- 3.4 At this stage, the partnership is developing a plan for managing the impact of the closure of the plant which includes:-
- (i) Support targeted to companies in the supply chain.

- (ii) Support to new business start-ups by ex Peugeot workers.
  - (iii) Negotiating redundancy terms for the ex workers.
  - (iv) Planning the future of the site to ensure it is retained for employment uses.
  - (v) Developing training and retraining programmes, and looking at the potential for securing dispensations for those affected to retain their benefits while undertaking training.
- 3.5 These approaches are seen as addressing the economic impact of closure.
- 3.6 The Unions are currently campaigning for the plant to remain open and this would be the ideal but closure remains the most likely scenario. Nevertheless, Council may feel there could be more that should be done to assist the families and businesses affected by closures such as this. Members may feel they should use the opportunity presented through the overview and scrutiny process to look into situations such as this and related actions by the organisations involved. The Peugeot announcement has raised concerns on a number of levels and it is therefore recommended that the Chairman of the Economic Development Overview and Scrutiny Committee be asked to convene a meeting of his committee as a matter of urgency to scrutinise the impacts and consequences of the proposed closure of the Peugeot plant at Ryton and the measures being taken to meet the needs of the workforce and to address the impact on the local economy.

JOHN DEEGAN  
Strategic Director for Environment and Economy  
Shire Hall  
Warwick

28th April 2006

**Economic Development Overview and Scrutiny Committee –  
6th June 2006**

**The Proposed Closure of the Peugeot Assembly  
Plant at Ryton-on-Dunsmore**

**Places of Residence of Peugeot Employees**

*Economy & Employment Briefing Note 05/2006*

## Peugeot employees

### Background

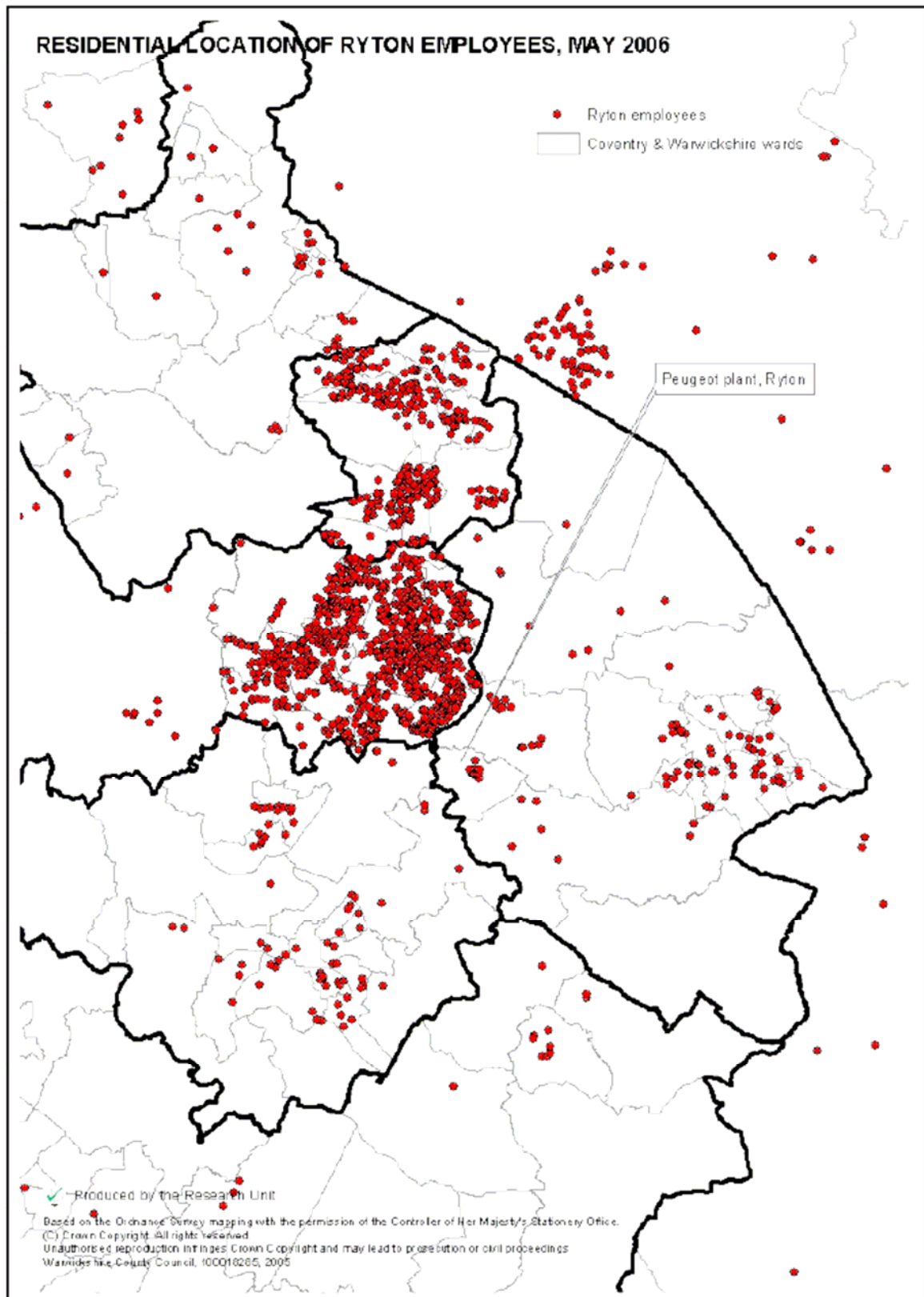
Peugeot has announced that it intends to close its Ryton plant with the loss of around 2,300 jobs. One of the two shifts which build the 206 will be axed in July, while the other will stop production in July 2007.

### Current employees

Jobcentre Plus have provided postcodes for Peugeot employees working at Ryton. Postcodes were supplied for nearly 2,000 Ryton employees. Of these, about 31% (611 workers) live in Warwickshire, with the majority coming from Nuneaton & Bedworth.

**Table 1: Ryton workers, Local Authority of residence**

Local Authority of residence	Employee count
Coventry	1,084
Warwickshire total	611
<i>Of which:</i>	
<i>Nuneaton and Bedworth</i>	356
<i>Rugby</i>	120
<i>Warwick</i>	80
<i>North Warwickshire</i>	35
<i>Stratford-on-Avon</i>	20
Hinckley and Bosworth	71
Birmingham	56
Solihull	30
Redditch	10
<i>All other Local Authorities</i>	91
<b>TOTAL POSTCODES SUPPLIED</b>	<b>1,953</b>



# RESIDENTIAL LOCATION OF RYTON EMPLOYEES, MAY 2006

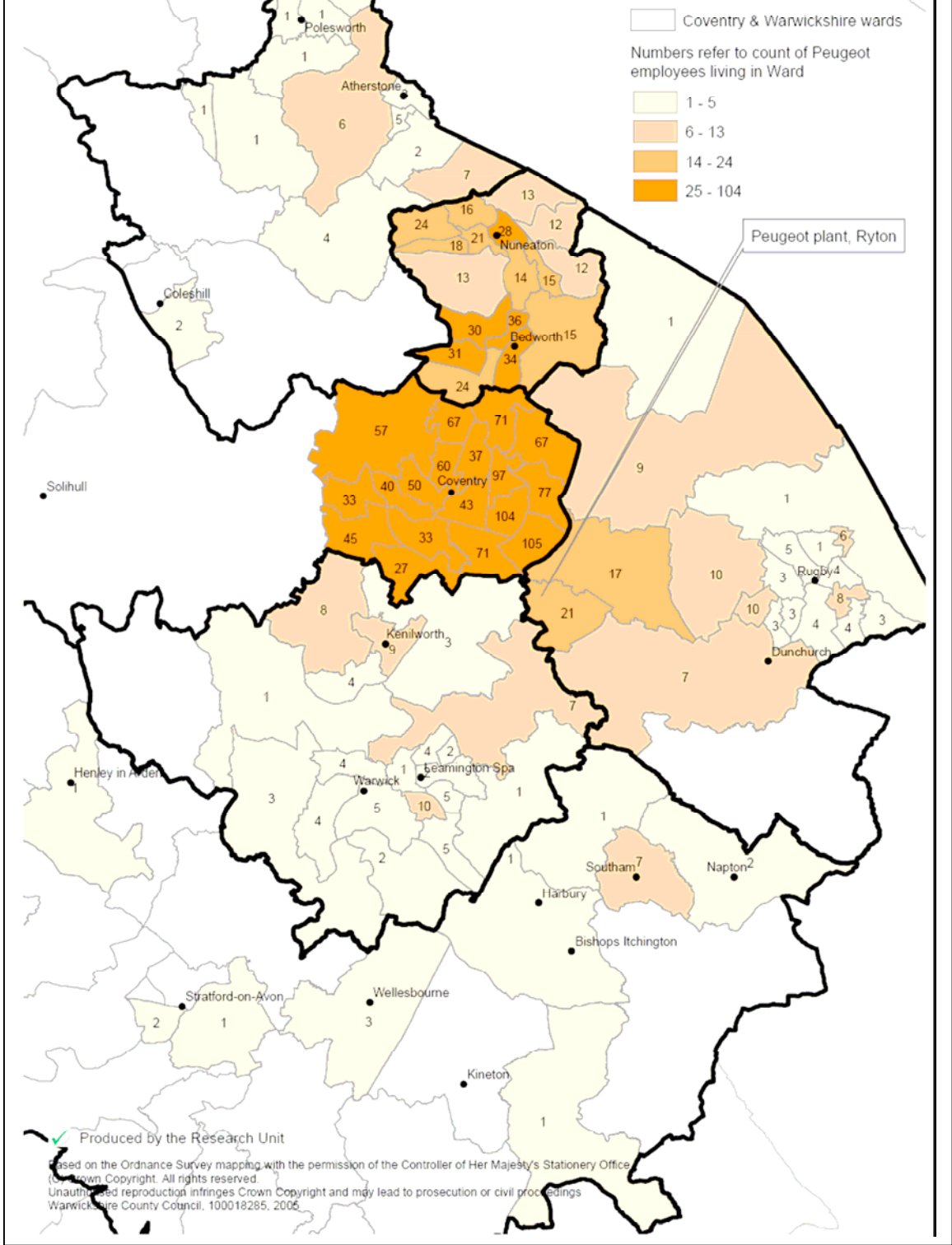


Table 2 shows the residential location of Ryton employees living in Warwickshire by electoral ward.

**Table 2: Ryton workers living in Warwickshire, electoral wards**

Ward of residence	District	Employee count
Bede	Nuneaton & Bedworth	36
Poplar	Nuneaton & Bedworth	34
Heath	Nuneaton & Bedworth	31
Slough	Nuneaton & Bedworth	30
Abbey	Nuneaton & Bedworth	28
Galley Common	Nuneaton & Bedworth	25
Exhall	Nuneaton & Bedworth	24
Ryton-on-Dunsmore	Rugby	21
Bar Pool	Nuneaton & Bedworth	21
Earl Craven & Wolston	Rugby	17
Kingswood	Nuneaton & Bedworth	17
Camp Hill	Nuneaton & Bedworth	16
Attleborough	Nuneaton & Bedworth	15
Bulkington	Nuneaton & Bedworth	15
Wem Brook	Nuneaton & Bedworth	14
Weddington	Nuneaton & Bedworth	13
Arbury	Nuneaton & Bedworth	13
St. Nicholas	Nuneaton & Bedworth	12
Whitestone	Nuneaton & Bedworth	12
Brunswick	Warwick	10
Lawford & King's Newnham	Rugby	10
Admirals	Rugby	10
Park Hill	Warwick	9
Fosse	Rugby	9
Abbey	Nuneaton & Bedworth	8
Eastlands	Rugby	8
Cubbington	Warwick	7
Dunchurch & Knightlow	Rugby	7
Southam	Stratford-on-Avon	7
Hartshill	North Warwickshire	7
Brownsover North	Rugby	6
Baddesley & Grendon	North Warwickshire	6
<i>All other Warwickshire wards</i>		<i>113</i>
<b>WARWICKSHIRE TOTAL</b>		<b>611</b>

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**Economic Development Overview and Scrutiny Committee –  
6th June 2006**

**The Proposed Closure of the Peugeot Assembly  
Plant at Ryton-on-Dunsmore**

**Peugeot Partnership Briefing Note 1/06**

**5 May 2006**

Following the very successful meeting of the Peugeot Partnership on 27 April, I thought it would be useful to update you on developments during the last ten days. You may remember that at the meeting there was a healthy and positive discussion amongst the Partnership about the best way to support affected workers. Ultimately, it was agreed that whatever happens, we need to respond in an organised, integrated and disciplined way.

Progress to date, is as follows:-

**Terms of Reference/Governance**

- ❖ Comments and suggestions made at the meeting have been incorporated into a second draft that will be sent to you shortly for further comment. It has been agreed to establish four Theme Groups with membership as follows:

**Jobs and Training** (previously entitled 'Employees')

**Lead:** Pete Shearing, Learning and Skills Council. Tel: 02476 446014  
Jane Beaver/Jane Malbasa, Jobcentre Plus  
Jane Johnstone, nextstep partnership  
Graham Hollowell, CSWP

**Suppliers**

**Lead:** Dianne Williams, Chamber & Business Link. Tel: 02476 654321  
Viv Stephens, Advantage West Midlands  
Stan Aldridge, Coventry City Council  
Roy Shearing, Warwickshire County Council  
Alan Lord, Chamber & Business Link

**Communities**

**Joint Lead:** Myles Mackie, Coventry City Council. Tel: 02476 831332  
**Joint Lead:** John Scouller, Warwickshire County Council. Tel: 01926 412842  
Ian Davis, Rugby Borough Council  
Voluntary Sector Representative – Coventry  
Voluntary Sector Representative – Warwickshire

## **Communications and Image**

**Joint Lead:** Adam Dent, Advent Communications. Tel: 02476 633636

**Joint Lead:** Graham Hollowell, CSWP

Graham Hollowell will shortly call the first Executive Group meeting to be attended by the Theme Group Leads to begin to identify key priorities and actions for discussion and agreement by the full Partnership. If you have any comments you would like to feed into the process, please contact the relevant Lead on the telephone number above.

### ❖ **Theme Groups**

The Jobs and Training Group have held two meetings with Peugeot managers to discuss the size and scope of the problem and the company has presented its 'wish list' of support. Named individuals from the company and partner agencies have been identified to take forward the individual actions on the 'wish list'. From 8 May, an on-site Peugeot Resource Centre, staffed by Peugeot 'experts', Jobcentre Plus staff and colleagues from the nextstep partnership will provide information, advice and guidance to affected workers.

### **Communications**

- ❖ Graham Hollowell is working with Advent Communications to draft a Communications Strategy that will be circulated to members of the Partnership for comment.

### ❖ **Employee Database**

Current interrogation of the data supplied by Peugeot shows 55% of the affected workforce (1084) living in Coventry and 31% (611) living in Warwickshire, of whom over 50% have a Nuneaton and Bedworth postcode. There are also 71 living in Hinckley and Bosworth, 56 in Birmingham, 30 in Solihull and 10 in Redditch. Further analysis is being undertaken at ward level to show the spread of impact within Coventry. Once this information is available, Graham will circulate it to Partnership members.

### ❖ **Date of next Meeting**

In view of the forthcoming half-term holiday at the end of this month, the next meeting of the full Partnership will take place in early June. A date is currently being identified and will be e-mailed to you as soon as possible.

Peugeot Partnership Briefing Notes will be issued on a fortnightly basis and will be circulated electronically to members of the Peugeot Partnership. Please feel free to share the contents with colleagues as you feel appropriate.

If you have any questions as a result of this Bulletin or would like to be added to the circulation list, please telephone Graham Hollowell on 01926 468955 or e-mail [graham.hollowell@cswpconnexions.org.uk](mailto:graham.hollowell@cswpconnexions.org.uk).