

AGENDA MANAGEMENT SHEET

Name of Committee Economic Development Overview and Scrutiny Committee

Date of Committee 10th October 2006

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

Summary This meeting of the Committee will update Members of the redundancies and any potential closure of the Peugeot plant at Ryton-on-Dunsmore.

For further information please contact

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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. Special Economic Development Overview and Scrutiny Committee on 6th June 2006.
- Local Member(s) Councillor Mrs H Timms – for information.
(With brief comments, if appropriate)
- Other Elected Members Councillor P Barnes)
Councillor M Jones) for information
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 – 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 To further update if/when we have confirmed closure from Peugeot.
- To an Area Committee
- Further Consultation

**Economic Development Overview and Scrutiny Committee -
10th October 2006**

**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 referred to the Peugeot Partnership.
2. Committee revisits the issue when Peugeot confirms or otherwise the closure of Ryton.

1. Overview and Scrutiny Committee had a special meeting in June to consider Peugeot's proposal to close the Ryton Assembly Plant. It was agreed to revisit the subject this autumn, and it is proposed that the outcome of discussions be reported to Cabinet.
2. The full Peugeot Partnership met in July and September, with the Land Use Theme Group also meeting twice since June.
3. For Committee this October we have invited several of those involved in the Partnership meetings to give short presentations on the latest situations and answer Members' questions. Those presentations are supported by the following appendices:-
 - (i) Coventry, Solihull and Warwickshire Partnership (CSWP) report on Peugeot Partnership (**Appendix A**)
 - (ii) Report by Graham Hollowell (CSWP) on land use. (**Appendix B**).

- (iii) Community – Peugeot Partnership Community Impact Report by Myles Mackie (Coventry City Council) (**Appendix C**).
- (iv) Peugeot Partnership Governance and Terms of Reference (**Appendix D**).

JOHN DEEGAN
Strategic Director for Environment and Economy
Shire Hall
Warwick

28th September 2006

**Economic Development Overview and Scrutiny
Committee - 10th October 2006**

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



Peugeot Partnership

**Report for Warwickshire County Council Overview and
Scrutiny Committee meeting on 10 October 2006**

This report has been produced jointly by the Jobcentre Plus (JCP) and the Learning and Skills Council (LSC) for the Chair of the Peugeot Partnership. The information is based on data available on the 30th August 2006. However, it should be noted that the figures are changing on a daily basis.

1. Peugeot Resource Centre

The Peugeot funded Resource Centre has been up and running since May 2006 and has been staffed by Nextstep (funded by the LSC), JobCentre Plus and Peugeot. During this time approximately 2,000 individuals have taken advantage of LSC and JCP resources.

2. Jobcentre Plus Funded Provision

Since May 2006, JCP have funded the following provision delivered on site at Ryton:

- 58 people attended interview technique workshops
- 214 people attended CV workshops
- 112 one to one CV critiques.
- Supported job fairs attended by 1007 employees.

The LSC have funded the completion of 1,261 individual training plans at the resource centre.

3. Training Requests

The following table shows the breakdown of training, by occupational area, for the 817 individuals notified to us by the company as being made redundant on the 3rd August 2006.

Numbers left the company	817
Of those number completed ITP	345
Breakdown by Occupational area	
Fork Lift truck	78
LGV	58
Plumbing	23
Bricklaying	5
Tiling	8
Nebosh	4
Plastering	15
Electrical	34
IT	38
Welding	13
Gas	2
JCB Dumper truck	4
Others	63
Total by occupational area	345

The LSC has written to the 472 people who have left the company and not completed an Individual Training Plan (ITP) outlining their entitlement (shared with Peugeot Partnership). They have been invited to book an appointment with a Skills Adviser to discuss their training requirements and complete an ITP.

4. Individuals Entering Employment

Information from the company indicated the following:

- 817 to leave the company on 3rd August.
- 255 have stated to the company that they had a job to go to.
- 64 have indicated their intention to retire, but may also seek some work.
- 288 had not indicated a positive outcome, possibly representing those who will make benefit claims and wish to enter training.

As at the 30th August 2006, JCP have taken 190 claims for benefit. However, volumes are increasing now that the holiday period is over (the redundancy date coincided with the traditional three week plant closure). The numbers may increase further when periods of wages in lieu end. JCP have written three times to people reminding them of their entitlement to make a claim.

The LSC are finding that people are turning down training places because they have found employment. JCP and LSC will, over the next few weeks, be reconciling data.

5. Workforce individuals

Remaining workforce completed ITP's	917
Of those LSC agreed support	606
Breakdown by Occupational area	
Fork Lift truck	114
LGV	114
Plumbing	40
Bricklaying	6
Tiling	15
Nebosh	22
Plastering	22
Electrical	57
IT	76
Welding	23
Gas	7
Carpentry	7
Care	8
Painting	4
Engineering	2
Others	89
TOTAL	606

The LSC have contracted £500,000 with the company to provide accreditation of prior learning for 570 employed people. To date the following have started training:

- Performing Manufacturing Operations (level 2) 77
- Team leadership (level 2) 12
- Engineering maintenance (level 3) 13
- Management (level 3) 10

In addition the LSC are offering start dates on training courses to the current workforce when any of those recently made redundant drop out or fail to turn up. To date, 36 of the current workforce have started training.

6. Entitlement

The LSC is providing funding for qualified skills advisers to undertake one to one enhanced advice and guidance leading to the completion of an Individual Training Plan. This is to ensure people make the first right choice for training and employment. However, we recognise there will be circumstances where an individual for legitimate reasons cannot either start or complete training and we will consider these on a case by case basis. However we do need to avoid people starting a multiple range of disconnected courses.

7. Training

Of the 345 people who have left the company with a completed ITP, we have offered start dates as follows:

Requested	Contacted regarding a start date	Declined/not available	Offered a start date/started
345	169	100	69

Please note these figures change on a daily basis

8. Sourcing Training

LSC approved training providers can deliver the range of occupational areas being requested. However, there will be a long lead in time for some occupational areas, due to high demand, or in areas like construction where, even for normal business, demand exceeds places available. We are utilising Training Providers across the East and West Midlands and in other parts of the country to meet demand, for example, training has been organised in Devon for a person relocating.

Delays will occur in LGV as people have to apply for licences and undertake a medical prior to starting, both are outside LSC's control. Completion of the course will also be dependent on test dates that are allocated by the national training centre, again outside the LSC's control.

9. Funding

The LSC has the following funding available:-

LSC Dedicated Peugeot funds		
Objective 3 ESF co-financing	£4.1m	- £800,000 job guarantee -£3,000,000 training & redeployment -£300,000 contingency
Local initiative Development Fund	£100,000	
National Employer Service	£500,000	Contracted with Peugeot
Individual Training Plans	£112,000	Contracted to CSWP (Nextstep)
Total dedicated LSC funds	£4,812,000	
Total dedicated JCP funds	£466,481	Contracted with a range of providers
Total dedicated Peugeot Funds	£5,990,481	
Access to other LSC Funds		
Regional ESF	£10,000,000	Contracted with Unity
FE mainstream		
Other Funding streams	£2,400,000	
Higher level provision	£50,000	Contracted with Dudley College
Total other LSC funds	£12,450,000	
Total LSC & JCP funds available	£18,440,481	

Funds available do not include LSC & JCP staff resources.

There are no budget issues.

Dedicated Peugeot Funds

9.1. ESF

We have issued two ESF tender specifications specifically for Peugeot. The first an employment guarantee programme at £800,000, and the second a training and redeployment package for £3,000,000. All LSC approved training providers and other organisations who have contacted LSC about providing services to Peugeot were notified. The closing date for applications is the 5th September 2006. It is envisaged that the contracts with successful organisations will be in place by the end of October, but obviously this depends on the number of applications the LSC receives. The more applications the LSC receives then the longer the appraisal period will take and LSC cannot start contract negotiations until they have all been through the process and notified of the outcome. However, it must be stressed that this process is not preventing the LSC from making offers of training.

From the MG Rover experience, the LSC know that there are a number of people who remain outside sustainable employment twelve months after closure. The balance of the ESF £300,000 that has not yet been contracted has been set aside for this purpose should the need arise.

9.2 Local Initiative Fund (LID)

We have allocated £100,000 from our LID budget which will be used to meet demand that is outside the scope of other budgets. For example to cover the costs of additional Skills Advisers to complete ITP's; one off training that cannot be paid from other funds.

9.3 National Employment Service

The LSC have contracted £500,000 with Peugeot to provide a first level 2 or level 3 qualification for 570 employees.

9.4 Adult Information and Guidance

For the period May 2006 to July 2006 the LSC provided an additional £112,000 from mainstream funding to increase the Nextstep mainstream AIG contract to undertake enhanced guidance (ITP's) for Peugeot. This was contracted with Coventry, Warwickshire and Solihull Partnership (CSWP) and has been fully utilised. Funding for the period August 2006 until the process is completed will be paid for from the ESF objective 3 co-financing budget. (see funding table at section 9)

9.5 JCP Fund

JCP have secured £466,481 for workforce support for the provision of CV workshops, interviewing techniques and a range of one off training. Jobcentre Plus can make an additional bid for funds, if necessary.

10. Other Funds

10.1 Regional ESF

An organisation called Unity has successfully gained a £10m regional manufacturing employment contract. Unity will take the lead for organising training and employment for people facing redundancies from the manufacturing sector across the West Midlands and for people leaving the Peugeot supply chain.

10.2 FE Mainstream

Colleges can use their mainstream funding to support Peugeot employees where it is appropriate to do so, for example, where normal fee exemption applies. However, we do not wish to create a situation whereby Peugeot employees are given priority places over other people who may wish to access training.

10.3 Other Funding Streams

We have a range of other contracts in place that can be accessed by Peugeot employees. For example, Warwickshire County Council have just signed a £2,400,000 contract with the LSC and are currently providing the Fork Lift Truck training for former Peugeot employees.

10.4 Higher Level Provision

We have a £50,000 contract with Dudley College to pay for any NVQ level 4 training that the LSC agrees to support.

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**Coventry, Solihull and Warwickshire Sub Regional Forum
Meeting 15 September 2006** **Item 5**

Peugeot – Ryton Site

At the last meeting of the Peugeot Partnership on 14 July 2006, Ian Davis, Director of Technical Services, Rugby Borough Council, reported on the first informal meeting of the Land Use Theme Group, which has been established to engage with Peugeot to clarify their intentions for the Ryton site.

A general discussion of members then took place, after which I was asked to write to the CSWF to outline a number of key points raised and to ask the Forum to support the sub-regional approach to the site in the context of the Regional Economic Strategy (REC) and Regional Spatial Strategy (RSS).

Key points from the discussion were as follows:

- The future of Peugeot Ryton must be considered within the scope and framework of the REC/RSS.
- The future of the site is a significant sub regional issue and first and foremost should be considered by the CSWF, advised by CSWP and the Peugeot Partnership.
- The advice from the CSW Forum (dated May 2006) to the West Midlands Regional Planning Partnership regarding the input to Phase 2 of the RSS Revision provides a clear framework for all relevant planning decisions by the Sub Region and by the individual authorities.
- In the above submission the following key factors will be relevant to the sub region's consideration: -
 - The Ryton site should be seen as a key part of the North/South Corridor Core Development Area.
 - Employment land should be allocated in balance with the levels of housing growth, sufficient to provide for the job needs of the sub region's workers and its strong economic integrity and growth potential, and in locations within or which adjoin the Core Development Area.

- Major Investments Sites, Regional Investment Site and Regional Logistic Site (RLS) should be considered as independent from CSWs employment needs.
- Any pressure for designation an RLS must be considered in the light of the proposed study in RSS Policy PA9 into possible sites noting that such sites must inter alia "possess good quality access to the Regional rail and highway networks and public transport links or capable of having such links provided.
- In any future conformity situation the Sub Region would expect appropriate weight to be given to the views of Warwickshire as the designated conformity adviser, in consultation with adjacent authorities.

I should be grateful if you could table this letter at the next meeting of the Forum and I look forward to receive any comments.

Yours sincerely

Graham Hollowell
Peugeot Partnership Director

**Economic Development Overview and Scrutiny
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**Peugeot Partnership
Community Impact**

Grants Given

Roger Lewis has confirmed that the Ryton fete has received support from the Peugeot. This would appear to have been a Peugeot Ryton grant rather than from the centre:

- Grass cutting around the village
- Annual trip to France for local youngsters
- Support of village Fete

In the past Peugeot provided the village mini bus but this seems to be a one off.

This does underline our concern whether the list of grants given by Peugeot is complete. We have asked the Voluntary Bodies to report to us if they know of any group that might lose funds should grants not continue. I have not received any names yet.

Land issue –School in Ryton

Long-standing negotiations have been going on over a strip of land by adjacent to a local school. The school would wish this to be transferred

Land issue – The Dell

The Parish Council would like this piece of land preserved as an area for conservation, public access and play facilities. The WCC would consider linking the site to its Recreation Services maintenance. – ownership ?

Legacy

The Group has thought that it might be sensible to campaign for a Peugeot Ryton Legacy Fund financed by proceeds from the sale of the site. This fund would be used to support good causes within the sub region. A capital sum of £250,000 - £500,000 would generate an income of around £20,000.

Assisted Area Status

Coventry submitted its bid to include Ryton and Ansty within the Assisted Area map. This request is being followed up by MP's with Margaret Hodge, Minister of State for Industry. CSWP and Warwickshire comments on the review took a similar line.

Myles Mackie

Manager Research & Strategy

29 August 2006

**Economic Development Overview and Scrutiny
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**Proposed Closure of the Peugeot Assembly Plant at
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**Peugeot Partnership
Governance Arrangements and Terms of Reference**

1. Purpose

This paper provides information on the proposed governance, membership and terms of reference of the newly formed Peugeot Partnership. Members of the Partnership are asked for views and comments and to agree (with or without change) these proposals.

2. Context

On 18th April 2006 Peugeot announced the proposed closure of their manufacturing plant in Ryton, Coventry with over 2000 job losses. Local business and public leaders met on the morning of 19th April to agree the actions needed to support the affected workforce (at Peugeot and in companies providing goods and services locally to Peugeot), and how to minimise the adverse economic impact of the plant's closure.

It was agreed that CSWP Ltd should form the Peugeot Partnership to implement a three-point plan:

- To work with Peugeot to clarify and confirm the impact on workers and suppliers;
- To ensure all affected staff receive the advice and support they need to enable them to secure alternative employment;
- To ensure close collaboration between all agencies to secure investment and establishment of new jobs into the subregion.

3. Governance of the Peugeot Partnership

- CSWP will facilitate and support the work of the Peugeot Partnership.
- The Partnership will be chaired by the Chairman of CSWP, Dr Brian Woods-Scawen, and supported by two Directors, Roger Dowthwaite and Graham Hollowell.

- The membership of the Partnership will be nominees from the following organisations, plus others as identified:
 - o Learning & Skills Council
 - o Coventry & Warwickshire Chamber of Commerce
 - o CSWP
 - o Members of Parliament
 - o Jobcentre Plus
 - o Coventry City Council
 - o Government Office West Midlands
 - o Advantage West Midlands
 - o The DTI
 - o UHCW
 - o Warwickshire County Council
 - o Rugby Borough Council
 - o Coventry University
 - o University of Warwick

- The Partnership will commission, as needed, action groups of nominated executives from partner organisations to lead on developing activities, problem solve issues, and prepare reports as needed.

- The Partnership will continue for a long as it is needed.

4. Terms of Reference

- To secure resources and put arrangements in place to ensure all affected workers receive the advice and support they need to secure alternative employment or retraining to enable them to compete in the labour market.

- To establish a clear agreement of the subregional activities needed to maximise the investment and job creation in Coventry and Warwickshire.

- To provide a clear interface between partner organisations and Peugeot in order that there is clarity of scope and timescales of closure.

- To collectively share views and ideas of the opportunities that present themselves from the Peugeot Ryton announcements.