

Date: 8 May 2002
Time: 14:00 to 17:30
Venue: Committee Room 1, National Assembly, Cardiff Bay
Title : ECONOMIC DEVELOPMENT MINISTER'S REPORT

1 GOVERNMENT BUSINESS

1.1 ITV Digital

On Monday 29 April I attended a meeting with Manpower and 7C at the Cleddau centre. Christine Gwyther AM also attended as did the Members of Parliament concerned, Team Wales partners and representatives of the trade unions and local authorities. On my recommendation it was agreed to form an action group to co-ordinate the attraction of business to replace that from ITV Digital and to offer support to staff who might lose their jobs. I asked the WDA to appoint a project director to oversee this action.

By Wednesday the fate of ITV Digital was sealed with the consequent effect on the jobs at Cleddau. I made a statement to the Assembly on Thursday in which I said that I was quietly confident about attracting replacement work. I am very pleased that Manpower has already been successful in securing some business and that the WDA has already had some promising discussions with prospective customer relation businesses.

1.2 Alcoa, Dolgarrog - Alcoa have now agreed in principle to sell their manufacturing site at Dolgarrog to a Management Buy-In Team led by Mr Roy Johnson. The sale is conditional on the parties reaching definitive agreement with third parties, including the Welsh Development Agency, on a number of open items. The Management Buy-In Team anticipates that the new business will retain up to 100 jobs initially with the prospects of more job opportunities during implementation of the new business' 5-year, £15 million major Plant Modernisation Programme.

The Assembly Government has been closely involved in working to save the plant and this is a very important step forward. There is still some way to go but we, the WDA and Conwy Borough Council will do everything possible to support this new venture - including possible financial assistance

1.3 Statement on Energy Policy in Wales

In my Energy Statement of 30 April, I detailed my initial reactions to the UK-wide Cabinet Offices' Performance and Innovation Unit (PIU) UK-wide Review of energy and also identified some of the key issues and challenges for Wales. The statement was a strategic response on

the future direction of energy in Wales, in the context of the PIU report and their forthcoming wide-ranging public consultation exercise.

1.4 The Auditor General for Wales to Publish 3rd Report on Cardiff Bay

This 3rd Report on Cardiff Bay for the Assembly Audit Committee, "Continuing the Regeneration of Cardiff Bay", is due to be published on 9 May. It examines the first year of the succession arrangements following the wind-up of the former Cardiff Bay Development Corporation.

The Welsh Assembly Government will await the Audit Committee's consideration of the Report and will respond to the Committee's Report as required under Standing Order 12.5.

1.5 Wales Trade International

The recent WalesTrade International bioscience trade mission to Boston was successful in establishing international trade relations between Wales based companies and academia and their counterparts in Boston. Particularly strong links were formed with the Massachusetts Biotechnology Council. All the companies are confident that business will result and are planning follow-up visits.

The UK Minister for International Trade, Baroness Symons, will be visiting Cardiff on 10 May to meet staff of WTI and other business support organisations, together with representatives from the Welsh business community. Such visits ensure that Welsh international trade interests are fully understood and taken into account at UK government level.

1.6 Optical Reference Systems

Optical Reference Systems has become the first of what I hope will be many significant spin outs from the Opto-Electronic Materials Chemistry Laboratory, at the University of Wales, Bangor. The Laboratory has been supported by the WDA, spin out has facilitated through Finance Wales, and Welsh Assembly Government awarded a RIN grant. All of this bodes well for the future of the ambitious OpTIC development planned for the St Asaph Business Park

1.7 Economic Research Advisory Panel

The Panel will be chaired by Professor Garel Rhys, Director of the Centre for Automotive Industry Research, Cardiff Business School. Other members are:

Professor Harvey Armstrong, Sheffield University;

Mr Simon Gibson OBE, Wesley Clover Corporation;

Mr Gerry Holtham, Morley Fund Management;

Professor Andrew Henley, University of Wales, Aberystwyth;

Dr Janet Wademan, Van Helsing Ltd; and

Mr Chris Johns, ABN AMRO.

The first meeting of the Panel will be 7 June 2002.

1.8 WIDAB

The independent review of WIDAB has been circulated to Members as an information paper (EDC 08-02(p9)). I am minded to accept its recommendations but I should welcome any written comments from Members.

2 RECENT ENGAGEMENTS

2.1 On Wednesday 24 April after EDC, I met senior officials of Economic Development Department and the WDA to help set the scene for their joint awayday. On 25 April, I met Alan Pedder the Chair of Remploy Ltd to explore Remploy's contribution to tackling economic inactivity. On Friday, I met XL Wales to discuss its role in developing an innovative culture.

2.2 On Monday 29 April, I travelled to Pembroke for a discussion about the implications of ITV Digital's demise (see above). I spoke to a breakfast meeting of the West Wales Chamber of Commerce on 1 May. Later that day I met with Will Hutton, Chief Executive of the Industrial Society to discuss developments on devolution in Wales. On 2 May I met Professor Ken Board of Swansea University and Gareth Hall of the WDA to discuss the roll out of Techniums across Wales.

3 OTHER NEWS

3.1 Building Boom

A new report from Construction Forecasting and Research says Wales is set for the construction boom next year. It predicts that construction output in Wales will grow by 12 per cent compared to a national average of 5 per cent.

4. MAJOR ISSUES UPDATE

4.1 Engineering Centre for Manufacturing and Materials (ECM2)

WDA has acquired the former Corus technology laboratories at Port Talbot. The 100,000 sq ft facility will now be opened up to business across Wales. Research on a pilot scale can be undertaken at the Centre and companies can lease research and laboratory space with access to materials analysis and testing services.

5. JOB NEWS

5.1 Job Gains (50 and over) since the previous EDC

8 companies in North Wales are set to create 122 new and 91 safeguarded jobs with £1 million of financial support under the RSA scheme.

5.2 Job Losses since the previous EDC.

CF Taylor - the West Wales aerospace factory is to close with the loss of 270 jobs. The plant at Dafen near Llanelli is owned by BE Aerospace, who will transfer production to another of its plants at Leighton Buzzard in Bedfordshire next year.

ITV Digital – More than 1,000 employees at the Pembrokeshire call centre have been made redundant (see above).

AMP - Financial services firm AMP who count Pearl Assurance, London Life and NPI among its brands have relocated 300 jobs from its Cardiff offices to its customer services and IT operations in Kent, and Cambridgeshire. The company, which took over the Pearl Assurance building in Cardiff, is looking to re-deploy as many staff as possible.

Annex 1

6 ACTION OUSTANDING FROM PREVIOUS MEETINGS

6.1 EDC 24/4/02 – item 3.5

Strathclyde University/Fraser Associates feasibility study for the DTI

The DTI feasibility study on added value is due to be completed at the end of May 2002 and will be published and presented through workshops in June. Any fuller study will depend on the outcome of the feasibility study but would be expected to be completed by June 2003.

6.2 EDC 24/4/02 – item 5.4

Advice to Welsh steel companies on US steel tariff exemptions

On 2 May 2002, EU leaders met President Bush at the EU/US Summit in Washington. EU & US Trade Officials have been discussing, amongst other things, the steel tariffs and possible exclusions from the levy.

Alan Howarth MP is leading the British-American Parliamentary Group on 13-17 May to discuss, amongst other things, steel tariffs. I will be writing to Mr Howarth to highlight major concerns for Welsh steel producers.

6.3 EDC 24/4/02 – item 5.5

Redundancy Payments to Employees

When employees are made redundant they look to the employer to pay any redundancy pay to which they may be entitled. They would also look to their employer to make any other payments owed to them, for example pay for accrued holidays, outstanding wages and any payment in lieu of notice. An employee may not be able to recover these sums where an employer is unable to make payment due to insolvency or if they are unwilling to pay. In these circumstances, an employee may seek to recover these "debts" in other ways:-

As a preferential creditor

Where an employee is unable to recover payment of certain debts, which should have been payable by the employer, these rank as preferential debts on the insolvency of the employer. The extent of the preferential debt in these circumstances is capped at £800 and therefore if the employee is owed in excess of £800 he/ she will rank alongside ordinary creditors in respect of any excess.

Outstanding pension contributions

An employee who is made redundant due to insolvency of an employer has the right under part 12 of the Employment Rights Act to have the Secretary of State make up unpaid employee's contributions to an occupational pensions scheme. These payments are made out of the National Insurance Fund. In these circumstances applications may be made for both payment of arrears for employers contributions and employees contributions.

Application for a payment out of the national insurance fund

There are certain guarantees provided by the State to ensure that payment of redundancy money is made to a redundant employee where the employer cannot make payment due to

insolvency or where the employer refuses to pay. In these circumstances, an employee may apply to the Department for Trade and Industry, for payment out of "the National Insurance Fund".

Under Part 12 of the Employment Rights Act, the National Insurance Fund may be used to pay certain debts to an employee, therefore guaranteeing that the employee receives at least some remuneration. An employee may claim an "Employer's Payment". This includes:

- a statutory redundancy payment; or
- a payment due from the employer under an ACAS conciliated settlement or a formal compromise agreement; or
- an agreed payment under a collective agreement approved under the collective contracting out provisions.

An employee may also claim the following from the National Insurance Fund;

- Up to 8 weeks arrears of pay. The employee is not restricted to the most recent eight weeks preceding the insolvency but may choose payment for unpaid weeks most favourable to him. This means that if over a period of time, for example, an employee was unpaid in respect of 10 individual weeks he may choose to apply to recover payment from the eight weeks he chooses.
- Minimum pay during notice or damages for failing to give notice
- up to six weeks holiday pay accrued over the last 12 months
- basic award for unfair dismissal
- reasonable reimbursement of fees

Required circumstances for claims

"Employer's Payments" may only be claimed in circumstances where either the employer steadfastly refuses to pay or where the employer is "insolvent". "Guaranteed debts" are only recoverable where the employer is "insolvent".

Qualification

A right to a redundancy payment on termination of employment for reasons of redundancy and

any application for a guarantee from DTI does not arise until an employee has completed 2 years continuous employment.

6.4 EDC 24/04/02 – item 5.13

Payments Made by Cardiff Harbour Authority for Flooding

Over 8000 property surveys have now been completed under the Groundwater Protection Scheme and only one property has been identified as having groundwater damage which was shortly after impoundment in November 1999. A formal claim for compensation has not been made but the former Cardiff Bay Development Corporation supplied the owner of the property with a pump, at a cost of £900. Cardiff Harbour Authority is continuing to monitor the situation.