

Industrial Communities Cross Party Group

Minutes of the Meeting of the Industrial Communities Cross Party Group held on 8th November 2023 via Microsoft Teams

1. Present

Vikki Howells MS (Chair); Alex Davies Jones MP (Speaker); Steve Fothergill (Speaker), ICA National Secretariat; Chris Whitwood (Speaker), ICA National Secretariat; David Rees MS; Laurie Sutcliffe, (Office of Alex Davies Jones MP); Robin Lewis, Office of Vikki Howells MS; Cllr Gareth Jones, Rhonda Cynon Taf CBC; Cllr Neelo Farr, Bridgend CBC; Cllr Andrew Dacey, Neath Port Talbot CBC; Cllr Rob Jones, Neath Port Talbot CBC; Cllr Andrew Barry, Merthyr Tydfil CBC; Cllr James Pritchard, Caerphilly CBC; Amanda Murphy, Office of Lee Waters MS; Helen Parfitt, Office of Peredur Owen Griffiths MS; Jordan Griffiths, Office of Luke Fletcher MS; Ryland Doyle, Office of Mike Hedges MS; Adil Pirmohamed, Neath Port Talbot CBC; Paul Hudson, Caerphilly CBC, Dawson Evans, Torfaen CBC, Michelle Rowson, Coalfields Regeneration Trust; Meirion Thomas, ICA Wales;

2. Apologies

Lee Waters MS; Luke Fletcher MS: Cllr Anthony Hunt, Torfaen CBC; Mike Hedges MS; Cllr Steve Hunt, Neath Port Talbot CBC; Cllr Andrew Morgan, Rhondda Cynon Taff CBC; Cllr Michelle Symonds. Merthyr Tydfil CBC.

3. Minutes of previous meeting held on 28th June 2023

Approved without amendment.

4. “Next Steps in Levelling Up the Former Coalfields”

An update on the APPG Report given by Alex Davies Jones MP and Chris Whitwood of the Industrial Communities Alliance Secretariat.

The Chair welcomed our two speakers and thanked them for their participation.

Alex Davies Jones MP explained the background of the report and gave the meeting an update on the responses received from those bodies and government departments either mentioned in the report or responsible for the areas concerned.

Alex Davies Jones explained that the report was commissioned and written by the All-Party Parliamentary Group (APPG) - with the support of the Industrial Communities Alliance Secretariat, in particular Chris Whitwood - and sets out a broad agenda with twelve actionable recommendations.

Following the report's Westminster launch in June, letters were sent to the Secretaries of State and Shadow Secretaries of State of relevant departments and to other relevant organisations. Responses have so far been received from, amongst others:

- Department for Energy Security and Net Zero
- Department for Education
- The three Lottery distributors who were contacted – National Lottery Heritage Fund, National Lottery Community Fund and Arts Council England

- Department for Levelling Up, Housing and Communities – written response from current Minister for Levelling Up in addition to the previous minister attending a meeting of the all-party group.
- Coal Industry Social Welfare Organisation (CISWO)

A constructive meeting has also been held with the Coal Authority and a visit arranged to the Gateshead geothermal pilot facility. A similar visit to the Neath valley centre for rail excellence is under discussion.

Alex Davies Jones was able to report to the CPG that engaging with the Coal Industry Social Welfare Organisation (CISWO) has proved particularly challenging. However, a response had recently been received and it is now envisaged that a follow-up meeting to discuss the APPG's findings and recommendations directed at CISWO will be arranged with that organisation.

The Chair opened up the meeting for questions and discussion points.

Cllr Gareth Jones (RCT) said that he was particularly pleased to hear that CISWO has now responded. He reminded the meeting that he had been expressing concern for some time about the lack of transparency and accountability that CISWO seems to be able to maintain despite frequent requests for information from elected representatives and community groups in the South Wales coalfield communities.

The Chair (Vikki Howells MS) sought further information regarding the opportunities for harnessing geothermal energy from redundant coal workings.

Alex Davies Jones MP noted that the aim of the APPG has been to learn more about the state of the technology. In this regard the Group has been reassured that research and piloting of schemes has been taking place but noted that these remain early days. Expectations also need to be managed because not all sites are feasible nor suitable for the investment needed to make geothermal schemes viable.

Chris Whitwood (ICA) commented that in meetings with the Coal Authority they had reported that 'heat maps' of the South Wales coalfields have been done to test where it may be feasible to implement geothermal schemes. This is now in discussion with the Welsh Government where the Minister for Economy (Vaughan Gething MS) has reportedly shown a great deal of interest.

The CPG Secretary (Meirion Thomas ICA) asked whether, in discussions with the UK Government, there had been any change to the UK Government's stated position on coal tip safety that it is a devolved matter and that the Welsh Government has funds to discharge its responsibilities in this area.

Alex Davies Jones reported that there were as yet "no cracks appearing in the government's position". The Chair noted that Welsh Government letters have been sent to landowners across Wales who own properties (including land that may sit on or could be affected by coal tip movements in the future. In this instance, the Chair understands that the Secretary of State for Wales had declined to add his name and his UK Government office to the letter.

The Chair thanked Alex Davies Jones MP and Chris Whitwood for their contributions to the meeting and the subsequent discussion and asked if the CPG could be kept informed of future developments and responses.

(Alex Davies Jones MP and Laurie Sutcliffe left the meeting at this point.)

5. Recent announcements regarding the future of the UK Steel industry.

The Chair welcomed Professor Steve Fothergill, National Director of the Industrial Communities Alliance who had been invited to provide the CPG with an update on the recent announcements on the future of the UK Steel industry in general and the Tata Steel making plant at Port Talbot in particular.

A paper drafted by the Industrial Communities Alliance - "The Wrong Deal for Steel" - had been circulated in advance to CPG members and those invited to join the meeting.

Prof Fothergill told the Group that the paper had been developed after consultations with its member authorities (and in particular the local authorities likely to be most affected by the Port Talbot situation); the local South Wales MPs and directly with UK Steel (the representative body for UK steel producers).

Prof Fothergill highlighted the arguments that summarise why the ICA believes that the deal on the table - to substantially reduce or replace blast furnace steel production at Port Talbot with electric arc furnace (EAF) production using only scrap steel – is the wrong deal for Port Talbot and for the wider UK steel industry:

- i. The deal will undoubtedly lead to significant job losses in the Port Talbot and surrounding areas at a time that and in an area where the communities affected are least able to deal with the impacts.
- ii. The discussion about job losses focused on the Port Talbot workforce greatly under-represents that supply chain job losses and the job losses in 'downstream' industries – tinplate, rolling mills, fabrication etc. – that will not be able to competitively source the type of steel that can only be made by blast furnace steel production.
- iii. The loss of basic steel production, if replaced only by EAF production, will severely restrict the UK's ability to produce steel and lead to a loss of the UK's sovereign capability in a competitive global economy. The UK will be substantially or even totally reliant on imports of basic steel products for its manufacturing and construction industries.
- iv. The move to EAF production does not conclusively mean that the steel industry will become a 'green steel' industry since electric arc production requires very large quantities of electricity that, in the short to medium term at least, will need to come from gas fired power stations in the UK.
- v. Further, since basic steel products will need to continue to be imported to meet the UK's manufacturing and construction needs, the carbon emissions will be 'offshored' to other steel producing countries rather than eliminated totally.

Prof Fothergill noted that there is, in the view of the ICA and as an alternative approach that is gaining traction with others.

This, in simple terms, is to go ahead with the EAF investment **PLUS** investing in Direct Reduction Iron (DRI) processes that are already proven in European plants. DRI will replace blast furnace / coke plants with plants powered by alternative fuels – likely to be gas in the short to medium term but available to be replaced by hydrogen fuels in the medium to long term.

The alternative approach however requires the UK Government to set out and commit to the investment and long term planning and vision for a future for UK steel making.

Opening up the discussion, David Rees MS, (also Chair of the Steel CPG) welcomed the analysis of the situation set out by Prof Fothergill. Further, he agreed with the alternative approach outlined in the presentation noting that there needs to be meaningful consultation with Tata and the UK government involving the Welsh Government, the local authorities and, crucially, the unions representing the Port Talbot workforce.

Cllr Gareth Jones supported the analysis and approach and was particularly struck by the strategic implications of the loss of basic steelmaking capacity at a time when the world is an uncertain place and the impacts of our loss of energy security has been highlighted by the war in Ukraine.

Cllrs Rob Jones (NPT) and Andrew Dacey (NPT) echoed the comments made by David Rees MS and Cllr Jones.

Adil Pirmohamed (NPT Council) commented as a member of the Transition team put in place under the leadership of the Secretary of state for Wales. The number of people affected by a potential ending of steel making at Port Talbot is likely to be in the region of 4000 at the plant, a further 18,000 in the supply chain in Wales and up to 32,000 in the UK supply chain and downstream industries.

Mr Pirmohamed also noted that the timing of any transition to EAF or a move from coal powered blast furnace production to a DRI replacement is crucial. Currently they are not well aligned. There will also need to alignment with the potential Celtic Freeport and Floating Offshore wind capacities being planned that will be needed to underpin both an EAF and a DRI future for steel making at Port Talbot.

The chair welcomed the comments and broad agreement with the analysis and alternative approach set out in the paper that Prof Fothergill had summarised.

Prof Fothergill reiterated that the Alliance wants to work with the industrial communities affected, their local authorities and the political representatives at the Senedd and at Westminster.

6. CPG Annual General Meeting

The meeting was paused so that the AGM could be conducted.

7. Any other business

Cllr Gareth Jones raised an issue that concerns him regarding the South Wales Miners Benevolent Fund and its investment in hotels with seeming little benefit to ex miners. He asked if it is possible for the matter to be raised by the CPG. The Chair acknowledged the concerns expressed and suggested that, given the APPG report on 'Levelling up the Coalfield communities', the issue may most appropriately be linked to the further representations being made by the APPG.

The Secretary reported that colleagues providing support to the Scottish Parliament's Industrial Communities Cross Party Group would like to discuss convening a joint Scotland/Wales CPG session in 2024. The Chair suggested that we should open discussions in this regard to explore the possibilities and bring forward proposals.

8. Close of meeting

There being no other business, the Chair thanked everyone for their participation and declared the meeting closed.