

STOCKTON-ON-TEES BOROUGH COUNCIL

CABINET RECOMMENDATIONS

PROFORMA

Cabinet Meeting17th December 2009

1. Title of Item/Report

Corus

2. Record of the Decision

Cabinet considered a report relating to the announcement on 4th December 2009 that the Redcar blast furnace, Lackenby steelmaking and the South Bank coke ovens would be mothballed at the end of January 2010 with the loss of 1700 jobs.

The Leader (Chair) had requested that this report be presented at the meeting due to its urgent nature and significance to the Borough.

. Cabinet had received regular Economic climate reports since December 2008 which had included frequent updates on the Corus situation in the Tees Valley.

Announcements were made in February 2009 that Corus was to lose 2500 jobs in the UK, however at the time it was also stated that a buyer was to take a majority share in the Redcar plant which would see it secure to 2014.

In May/June 2009 it was reported that a consortium of purchasers of steel from the plant had pulled out of the agreement, placing the future of the plant at risk.

A response Group was established in May 2009 of the key stakeholder public, private, and employee groups to work with Corus, to support the workforce, and seek strategic input into helping secure the future of the operation in Redcar.

The group had been chaired by One North East (the Regional Development Agency) and included TVU representing the five Tees Valley Local Authorities taking a central and active part in the work of this group.

In addition the group had included, trade unions, Engineering Employers Federation, Business Link NE, Government Office, Vera Baird MP

amongst others.

The group agreed on 6 work streams of concentrated activity/planning which are ; HR/Workforce , Supply Chain, Communications, Investment Acceleration, Strategic Economic Impact, and Community Impact. TVU/TVR had led on three of the task groups handling the work streams. Some of the key issues explored and plans in place included:

- Apprenticeships, and continuing the learning and employment opportunities for young people, numbers of JCP advisers available to hold on-site surgeries and advice clinics if necessary, available funds from a variety of sources to support the workforce through training etc, analysis of supply chain businesses and likely impact, current inward investment projects and opportunities to facilitate securing them, impact on families, benefits advice etc.

364 main suppliers had been identified of which 98 were in the North East, and 8 had a high dependency on Corus as a customer. A meeting was arranged with BENE to further establish the local supplier impact and support to be provided to those businesses.

Of the initial 2000 planned job losses originally indicated, at that time Middlesbrough and Redcar residents represented the highest numbers affected, with Stockton numbers being 228. As people were still seeking to preserve the plant, and negotiations were underway with Trades Unions it was not possible to identify further detail of who would be affected until further consultation was completed. It was also unlikely that the JCP led response and advice team for the workforce would be going on site before Christmas for the same reasons, but was resourced and ready to go.

An emergency enquiry had been launched, for completion by end of January 2010, by the North East Regional Committee of the House of Commons, into both help for the workforce as well as what can be done to prevent the plant's closure, and its impact on the region's economy. They were seeking written and oral responses during January.

Vera Baird MP had been involved in meetings with the purchasing consortium to press for reinstatement of their commitments. Local MPs had written to Government departments asking what procurement they could bring forward to create demands for steel.

The company and its employees had been leading on investigating efficiencies to improve cost competitiveness of the product.

The unions and MPs were leading on continuing to seek interest from

potential buyers of the plant and operation.

Latest statements were that it was planned to mothball the plant, which involved a gradual shutdown of the furnace. This meant that it could be brought back into use should the current situation change, however, the longer it remained in this state the more prohibitive the cost and difficulty of recommencing production at a future time.

In light of some of the recent press comment and speculation about gains that may benefit the company closure through Carbon Trading allowances, Vera Baird was pursuing clarity from the Environment Agency as to the factual position in terms of this possible issue.

Government announced a £60m support package for Tees Valley on the back of the Corus situation combined with difficulties facing parts of the Chemicals Industry in the Tees Valley.. Some of the funding would directly support the work of the Corus response group. Around £10m was for apprenticeships and support for people to start businesses. The enterprise element would be targeted primarily at redundant workers. Up to £20m would be invested in Wilton International to strengthen and sustain competitiveness and employment. The remaining £30m would be used to help Tees Valley businesses move beyond traditional heavy industry to become part of the low carbon economy. Investments would spread across a range of interventions but were likely to include land and infrastructure, bio-based technologies, reducing energy use and carbon capture and storage.

Cabinet discussed issues surrounding the announcement and particularly the effects it would have on workers employed by Corus and those employed by companies in the supply chain to Corus. Cabinet also discussed the significant effect on the Tees Valley local economy.

The Leader of the Council asked Cabinet to agree the following all party statement on behalf of the Council with regards to the announcement by Corus:-

“Stockton Borough Council wishes to express its disappointment and concern at the announcement by Corus, part of the global Tata Steel group, that they intend to “mothball” the Teesside Cast Product’s blast furnace facility at Redcar at the end of January 2010 with the loss of 1700 jobs.

The Council recognises the importance of steel making in Tees Valley, and the region, and supports the work force in calling on the Government to do all in its power to ensure that steel production is retained in the Tees Valley.

The Council does acknowledge the injection of finance to support the future development opportunities in the low carbon and manufacturing sectors and supports Tees Valley Unlimited in its efforts to safeguard the Corus workforce and the thousands of local jobs in the supply industries. However, government should continue to search for a long term solution and ensure, as far as possible, that the skill base is retained to allow the plant to be re-commissioned as soon as markets for the plant's products are identified."

RESOLVED that:-

1. the update and work that has taken place in respect of the Corus situation in the Tees Valley be noted.

2. the all party statement of support be agreed.

3. Reasons for the Decision

To update members on the Corus situation and agree the statement of support.

4. Alternative Options Considered and Rejected

None

5. Declared (Cabinet Member) Conflicts of Interest

None

6. Details of any Dispensations

Not applicable

7. Date and Time by which Call In must be executed

Not later than Midnight on Tuesday, 29th December 2009

Proper Officer

21 December 2009