

2363

CONFIDENTIAL

10 DOWNING STREET

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FILE TITLE:

RELATIONS

SERIES

WALES

PART:

7

PART BEGINS:

29 NOVEMBER 2000

PART ENDS:

15 MARCH 2001

CAB ONE:

~~PART CLOSED~~

LABOUR ADMINISTRATION

PREM 49/2363

CONFIDENTIAL

PART
7
CLOSED

DATE CLOSED

15 MARCH 2001

Series : WALES

File Title : Policy

Part : 7

Date	From	To	Subject	Class	Secret
06/03/2001	MS/DETR	DPM	Children's Commissioner for wales bill	U	0
07/03/2001	SOC	PM	Governments Plans for The office of Secretary of State for Wales	R	0
07/03/2001	EA/PS	DTI	CORUS - Planned Closure discussions	R	0
08/03/2001	SS/CMS	SS/WO	Memorandum of evidence to the Welsh affiars committee on the Pri	C	0
09/03/2001	PU	PM	Corus round up	C	0
12/03/2001	Ch.Staff	SOC	Secretary of state for Wales	C	0
12/03/2001	LP	SS/WO	Memorandum of evidence to the welsh affairs committee on the prim	C	0
15/03/2001	DPM	SS/WO	Memorandum of evidence to the Welsh Affairs Committee	U	0
15/03/2001	DPM	SS/WO	Children's Commissioner for Wales Bill	U	0

Series : WALES

File Title : Policy

Part : 7

Date	From	To	Subject	Class	Secret
30/11/2000	DPM	HS	Parliamentary Boundary Commission for Wales:Appointment of Depu	U	0
30/11/2000	SS/WO	PUS/HO	Millennium Grant of City Status	U	0
04/12/2000	PA/PS	HO	Parliamentary Boundary Commission for Wales:Appointment of Depu	U	0
13/12/2000	SOC	PM	Appointment of Paul Silk - Clerk of the National Assembly for Wale	R	0
13/12/2000	SS/WO	EST	The Census in Wales	U	0
15/12/2000	PU	PM	Meeting with Paul Murphy - Brief	R	0
18/12/2000	LC	LP	Guidance on Post devolution primary legislation affecting wales	U	0
18/12/2000	PA/PS	PS/SOC	Appointment: clerk of the natinal assembly for Wales	C	0
12/01/2001	PU	PM	Corus	C	0
15/01/2001	WO		Note of discussion between the first Minister and Hywel Jones of Pric	C	0
16/01/2001	First Min/NAW	SS/DTI	Support package for Corus	U	0
16/01/2001	DPM	LC	Guidance on Post Devolution Primary Legislation affecting Wales	U	0
19/01/2001	SS/DTI	PM	Corus brief for meeting on 22/1	C	0
19/01/2001	SS/DTI	PM	Corus	R	0
19/01/2001	PU	PM	Corus	C	0
22/01/2001	WO	CST	Corus Dealing with the consequences of any closure	C	0
23/01/2001	LP	LC	Guidance on primary legislation affecting Wales	C	0
23/01/2001	PU	PM	Corus: Aide Memoire	R	0
25/01/2001	DETR	DETR	Corus: Dealing with the Consequences of Closure	C	0
26/01/2001	PU	PM	CORUS - Announcement of Closures	R	0
26/01/2001	Cab Off	EA/PS	CORUS - Provisional Proposals for Governments Response to Closu	R	0
30/01/2001	MS/DETR	DPM	St David's Day additional Bank Holiday	U	0
31/01/2001	HMT	DTI	CORUS: Draft Press Notice	U	0
01/02/2001	HMT	DTI	Discussions between AEEU, Corus and EXI	C	0
01/02/2001	WelshAss		Press Release: Rhodri Morgan slams Corus over "appalling decision"	U	0
01/02/2001		SS/DTI	Corus news release: Strategic Review and New Financing Structure	C	0
02/02/2001	EA/PS	PM	Billet Dux-CORUS Package	U	0
02/02/2001	Cab Off	EA/PS	CORUS - Proposals for Government Response	R	0
02/02/2001	PU	PM	CORUS - Round up	R	0
02/02/2001	HS	DPM	St David's Day Additional Bank Holiday	R	0
03/02/2001	SS/DoH	SS/WO	St David's Day additional Bank Holiday	U	0
05/02/2001	LC	LP	Guidance on Post-Devolution Primary Legislation Affecting Wales	U	0
05/02/2001	WelshAss	DfEE	Corus: Meeting between Mr Rhodri Morgan and Mr Blunkett	U	0
05/02/2001	WelshAss	WO	Corus	U	0
07/02/2001	SS/DfEE	SS/WO	St David's Day Additional Bank Holiday	U	0
09/02/2001	SS/DTI	PM	CORUS - Assistance to people affected & regeneration of the areas i	R	0
13/02/2001	PU	PM	Corus	R	0
15/02/2001	Cab Off	DTI	CORUS training costs	C	0
16/02/2001	PU	PM	Corus: Update	R	0
19/02/2001	SS/WO	DPM	St David's Day Bank Holiday	U	0
21/02/2001	DTI	FCS	Sony, their future in Wales - and other companies	C	0
23/02/2001	SS/WO	DPM	Children's Commissioner for Wales Bill	U	0
27/02/2001	SS/DTI	First Min/NAW	CORUS	C	0
28/02/2001	HS	DPM	St David's Day Bank Holiday	U	0
28/02/2001	EA/PS	PM	Wales: Background Briefing	U	0
28/02/2001	Cab Off	DTI	Discussion of training package with CORUS unions	C	0
02/03/2001	DPM	SS/WO	ST Davids Day Bank Holiday	U	0
02/03/2001	SS/DoH	SS/WO	Childrens Commissioner for Wales bill	U	0
02/03/2001	SS/WO	DPM	Memorandum of evidence to the Welsh affairs committee on the Pri	U	0
05/03/2001	LP	DPM	Childrens Commissioner for Wales Bill	U	0
05/03/2001	LC	SS/WO	Children's Commissioner for Wales Bill	U	0

FROM THE DEPUTY PRIME MINISTER



The Rt Hon Paul Murphy MP
Secretary of State
Welsh Office
Gwydyr House
Whitehall
LONDON
SW1A 2ER

DEPARTMENT OF THE ENVIRONMENT,
TRANSPORT AND THE REGIONS

ELAND HOUSE
BRESSENDEN PLACE
LONDON SW1E 5DU

TEL: 0207 944 3011
FAX: 0207 944 4399

OUR REF: IDC 48/01

15 March 2001

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e: ON
PU
CS

CHILDREN'S COMMISSIONER FOR WALES BILL

This letter gives you HS clearance to proceed as you proposed in your letter to me of 23 February, subject to the points raised by colleagues recorded below. Margaret Beckett has already responded, giving you LP clearance, but with comments on how you should proceed.

You sought agreement for a Government amendment to the Children's Commissioner for Wales Bill which you considered necessary to avoid the possibility of a defeat in the House of Lords. You also sought agreement in principle for three small technical amendments which might be necessary to ensure that the Bill had the intended effect.

Replies were received from Margaret Beckett, Hilary Armstrong, Alan Milburn, Derry Irvine, Alistair Darling, Paul Boateng and David Blunkett. David was content with your proposals. Margaret, Derry and Alistair were broadly content, but raised points which they wished you to take into account. Alan and Hilary could agree only to the amendment empowering the Commissioner to make representations to the Assembly.

Margaret said she was satisfied that the business management case for these amendments was well made. The Bill was likely to have a difficult passage in the Lords without some concession on this issue. She therefore gave you LP agreement to prepare and draft the amendments for Committee stage, but said you should on

no account table the amendments without prior consultation with the Government Whip's Office in the Lords.

Hilary said that DETR supported the principles behind this Bill but was concerned to restrict the Commissioner's review powers to the Assembly itself and other bodies for which it had devolved responsibility in Wales. This proposal would appear to depart from that policy. However, a power to make representations fell far short of a power to investigate a Government Department or a non-devolved public body. Paul's alternative amendment would ensure that the Commissioner remained responsible to the Assembly and for matters affecting Wales. It would not require an extension of the Assembly's own powers, and she therefore believed she could support your amendment. She also agreed to the three further technical amendments.

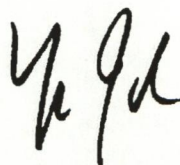
Alan said in order to avoid a defeat, he was prepared to agree to an amendment empowering the Commissioner to consider and make representations only to the Assembly about any matter affecting children in Wales. He said that he would not be able to agree to the Commissioner being empowered to make representations to whomsoever he considered it to be appropriate to do so, including Government Departments. As the Assembly was already entitled to make such representations on non-devolved matters, a route for communicating the Welsh Commissioner's concerns on non-devolved matters already existed in law.

Derry was content, but made it clear that the Commissioner could not intervene in the decisions of the courts or the Legal Services Commission. He said it might be that the only significance of the amendments was that the Commissioner might have the right to make representations to the Legal Services Commission in the granting/refusing of public funding.

Paul was content. He said that he would appreciate if officials in the Welsh Assembly would keep in close contact with officials in the Children and Young People's Unit as they undertook work on behalf of the Ministerial sub-committee on Children and Young People's Services.

Alistair said that he agreed with the alternative amendment, along the lines of that tabled by Win Griffiths and Julie Morgan in Commons Committee, which would allow the Commissioner to make representations to UK Ministers through the National Assembly for Wales. The proposal for direct representations was more problematic. However, he said if you were absolutely sure you needed to give up this point then he would reluctantly agree.

I am copying this letter to the Prime Minister, members of HS and LP Committees,
and Sir Richard Wilson and First Parliamentary Counsel.

A handwritten signature in black ink, appearing to read 'John Prescott' in a cursive style.

JOHN PRESCOTT

FROM THE DEPUTY PRIME MINISTER



The Rt Hon Paul Murphy MP
Secretary of State for Wales
Wales Office
Gwydyr House
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DEPARTMENT OF THE ENVIRONMENT
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OUR REF: P/006146/01
YOUR REF: 01(sub)630

15 MAR 2001

**MEMORANDUM OF EVIDENCE TO THE WELSH AFFAIRS
COMMITTEE: THE PRIMARY LEGISLATIVE PROCESS AS IT AFFECTS
WALES**

Thank you for your letter of 2 March seeking agreement to your issuing the attached Memorandum of Evidence to the Welsh Affairs Committee.

I am happy for the Memorandum to be issued, subject to one relatively minor comment.

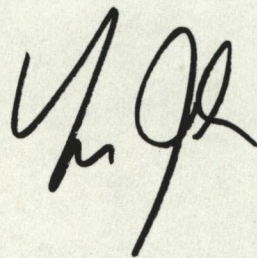
Paragraph 3.2 appears to go slightly further than existing advice in saying that Ministers will write to the relevant Assembly Minister *at the same time* as writing to UK Cabinet colleagues. While this is certainly the normal practice, there may be occasions where Ministers need to sound out colleagues in advance of writing to devolved administrations. I would feel happier if the word "normally" were inserted before "at the same time".

I hope you can agree to that one small change. In other respects I am very happy that the Memorandum represents our collective position.



INVESTOR IN PEOPLE

I am copying this to the Prime Minister, Cabinet Ministers consulted by the Welsh Affairs Committee, members of DP and Sir Richard Wilson.

A handwritten signature in black ink, appearing to be 'J.P.' or similar, written in a cursive style.

JOHN PRESCOTT



MATRIX

CS
J:SV
RU

The Rt Hon Margaret Beckett MP

PRIVY COUNCIL OFFICE
2 CARLTON GARDENS LONDON SW1Y 5AA

12th March 2007

Dear Paul,

**MEMORANDUM OF EVIDENCE TO THE WELSH AFFAIRS COMMITTEE
ON THE PRIMARY LEGISLATIVE PROCESS AS IT AFFECTS WALES**

I have seen your letter of 2 March to John Prescott, seeking agreement to the issuing of your draft memorandum of evidence to the Welsh Affairs Committee. I am content for this to issue, subject to the following points.

At paragraph 3.1 of the draft and elsewhere, it states that 'The Assembly Cabinet and officials are always consulted on the content of relevant Bills before they are included in the Government's programme.' As drafted this could be misleading – as you know, the Government's programme for next Session will be provisionally agreed by Cabinet on Wednesday, and I very much doubt the Assembly Cabinet has already been consulted about the content of all the Bills LP has recommended for inclusion! I think it would be more accurate, and better reflect the devolution guidance note, to refer to the consultation having occurred before each Bill is introduced.

A similar point arises in relation to para 3.3 – this states consultation will always occur unless made inappropriate by the Bill's content. My understanding is that the Secretary of State's discretion is a bit wider than that, and you could for instance not consult on a Bill because of political or other sensitivities. I think the wording here needs to be a little broader.

In para 4.3, which notes you are a member of LP, I think it is worth referring to LP's role in clearing Bills for introduction as well as its role in considering Bills for inclusion in the Government's programme.

Finally, I think we need to make it clear that this document describes current detailed practice and is not a commitment to continue on exactly the same basis indefinitely if it seems sensible or politically desirable to change.

I am copying this letter to the Prime Minister, Cabinet Ministers consulted by the Welsh Affairs Committee, members of DP and Sir Richard Wilson.

Repside

Margaret

MARGARET BECKETT

The Rt Hon Paul Murphy MP
Secretary of State for Wales

RESTRICTED

From: Jonathan Powell
Date: 12 March 2001

SIR RICHARD WILSON

SECRETARY OF STATE FOR WALES

The Prime Minister was grateful for your minute of 7 March. He agrees that we should stick to the line that we have no plans to change the current arrangements.



JONATHAN POWELL

RESTRICTED

From: Geoffrey Norris

Date: 9 February 2001

PRIME MINISTER

cc: Jonathan Powell
Alastair Campbell
Jeremy Heywood
Simon Virley
David Miliband
Sally Morgan

CORUS: ROUND UP

- Yes but are you sure it is of the same mind?*
- Ministers met on Thursday to discuss employment and regeneration initiatives. Their conclusions: **First**, we need to put together a bigger package for Scunthorpe (Taking this year's and last year's announcements together it will have lost 1100 jobs out of a workforce of 4700). **Second**, we need rough parity in what we are proposing to spend between England and Wales, although the Welsh are arguing that their half of the six thousand job losses will have a bigger economic impact. As the Welsh are currently talking of a package worth £78 million compared to £45 million for the English package, one is going to have get bigger or the other smaller. The point of **disagreement** is that the NAW with Paul Murphy's support wants to make a claim on the reserve for £35 million. Andrew Smith is stoutly resisting. DTI and DETR are saying that they will fund their proposals from existing allocations, but if the Welsh are getting access to the reserve they want it as well. There is also disagreement between HMT and DfEE on including a wage "Top up" element in their proposing new training scheme. **I am assuming you are with HMT on this, is that right?**
 - The ISTC and AEEU met with DTI officials this morning. They are looking for Government financial support to back a proposal they want to make to Corus next week to put the workforce on short-time working as an alternative to closure. This proposal is unlikely to have any attraction to Corus and would be pretty unlikely to get state aid clearance from Brussels. The second proposal is that in the event of Corus proceeding with the job cuts it will agree to pay Corus employees full salaries while they go on training schemes. European Social Fund money may be available for such a scheme and Brian Moffat indicated to Stephen Byers when we met him this week that he might be interested in such a scheme. The unions also talked about the possibility of a new ISERBS.
- Oh if we can do it.*

- At Wednesday's meeting with Stephen Byers, Bryan Moffat gave no indication he has plans to think again about last week's announcement. Stephen repeated our request to do so, but did not labour the point. Most of the meeting was a discussion of how we could co-operate on regeneration. Stephen also pressed Sir Brian to have a concession ready to make to the unions when they meet with the company next week.
- A couple of questions: **Do you want to speak to Moffat again ahead of the meeting with the unions?**

Do you want to talk to Swraj Paul about Lackenby to follow up Dari Taylor's suggestion on Thursday evening?

I can do.

- Finally, I have attached a table showing the total job losses plant by plant following this year's and last year's closure and redundancy announcements. **In total 10,000 jobs will be lost.** Over the whole period the plants in the Tees Valley will lose 2000 jobs from a 4500 workforce.

happy.

GEOFFREY NORRIS

*No but I'd
speak with again on
our behalf: is there
any time we can do to
change his mind?*

Plant	Estimated workforce at start of 2000¹	2000 cuts	2001 cuts	Total cuts 2000 & 2001	Estimated workforce after projected cuts²
Corus strip					
Llanwern	3170	450	1540	1990	1180
Port Talbot	3500	550	-	550	3000
Lackenby (Teeside)	234	-	234	234	Closure
Corus colors					
Shotton - (N Wales)	1240	150	319	469	771
Bryngwn (Llanelli)	172	45	127	172	Closure
Construction/Industrial					
Teeside	3607	637	648	1285	2322 ³
Scunthorpe	4717	677	436	1113	3604
Dalzell (Scotland)	402	87	2	89	313
Engineering steels					
Rotherham	2760	1250	87	1337	1423
Stocksbridge	835	-	45	45	790
West Midlands & others	300	-	258	258	42
Stockholding					
Small works across UK	2169	39	292	331	1838
Workington					
Rail	438	168	27	195	243
Special Profiles	340	-	46	46	294
Tubes					
Corby	960	60	141	201	759
Hartlepool/Stockton	740	20	142	162	578
West Midlands	200	60	15	75	125
Packaging					
Ebbw Vale	1080	300	780	1080	Closure

¹ Estimate only, these figures are a guide.

² Estimate - job losses to take place at different rates and on unknown dates.

³ We understand majority of the 400 white-collar jobs to be lost at Teeside - projected workforce nearer 2000

Euro steels					
Various locations	1300	-	276	276	1024
Special strip					
Rotherham, Newport & West Midlands	660	-	35	35	625
Corporate centre					
Port Talbot, Teeside & Rotherham	505	140	200	340	165
White collar					
Teeside, Scunthorpe, Rotherham	⁴	-	400	400	⁵

Major losses:

Llanwern:

- 1540 losses this year plus 450 in year 2000 – i.e. nearly 2000 job losses in a workforce of 3000.

Tees Valley:

- Main Teeside plant cut 637 jobs last year and 648 this: a total loss of 1285 in a workforce of 3607.
- Lackenby: closure announced this year: 234 job losses.
- 162 losses in Hartlepool/Stockton in a 740 workforce.
- Likely loss of nearly 400 white-collar workers at Teeside main plant.
- Tees Valley area projected to lose over 2000 jobs in a 4500 workforce.

Scunthorpe - over 1000 job losses in last two years.

Rotherham - over 1000 job losses in last two years.

Ebbw Vale - over 1000 job losses in last two years.

⁴ Original and projected workforce unavailable for white-collar workers, these figures are within totals for the three plants concerned. However, the 400 are additional to the other job losses in the table.

⁵ See footnote four, above.

C00/29196/12018/mk

Rt Hon Paul Murphy MP
Secretary of State for Wales
Office of the Secretary of State for Wales
Gwydyr House
Whitehall
London
SW1A 2ER

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08 March 2001

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C. CS
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Dear Paul

**MEMORANDUM OF EVIDENCE TO THE WELSH AFFAIRS COMMITTEE ON THE
PRIMARY LEGISLATIVE PROCESS AS IT AFFECTS WALES**

Thank you for sending me a copy of your letter of 2 March to John Prescott enclosing a copy of the Memorandum of Evidence to the Welsh Affairs Committee.

My officials have been consulted in the drafting of the Memorandum, and I note that the Culture and Recreation Bill is correctly included in the list at Annex C. I am content for you to send the Memorandum to the Committee.

I am sending a copy of this letter to the Prime Minister, Cabinet Ministers consulted by the Welsh Affairs Committee, members of DP, and to Sir Richard Wilson.

*Yours ever
Chris*

CHRIS SMITH



RESTRICTED



Secretary of the Cabinet and Head of the Home Civil Service

SV

C.C.S

J.P.

J.S.H.

R

✓ No plans to change it

PRIME MINISTER

SECRETARY OF STATE FOR WALES

There has been speculation in the press, and some discussion in the House, about the Government's plans for the office of Secretary of State for Wales. You will wish to consider whether you wish to react to this debate, and if so, how. I would recommend you to say that you have no current plans to amalgamate the post, and then make your policy clear at the beginning of the election campaign.

2. The debate about the Government's plans was prompted by an article in last weekend's *Wales on Sunday*, in which Mr Hague announced that a Conservative Government would preserve the office but combine it with an additional UK role within the Cabinet. He said that it was widely believed that the Labour Party would abolish the office and create a new Ministry led by a Secretary of State for the Union with responsibility in the Cabinet for Scotland, Wales and the English Regions. The issue was picked up on Tuesday by *The Times* and *Western Mail*.

3. Paul Murphy, during the Welsh Day debate on Monday, took the line that Cabinet positions were a matter for the Prime Minister but that there were no plans to change the position of Secretary of State for Wales, which was based on the devolution settlement. I understand that he does, however, expect this to be a lively issue within Wales during any election campaign.

4. You and I have discussed the future of the territorial Secretary of State offices a number of times over the last 18 months. At present there are no plans to amalgamate the post after the Election as is being described in the press. However, this possibility is still under consideration as an option for the longer term.

Ref: A02001/599

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5. One option would be for you to make a statement now ruling out amalgamation of the post of Secretary of State for Wales into a post of Secretary of State for the Union after the Election. This would have the advantage of shutting down the current debate. However, there is a great deal of machinery of government speculation of this kind around at the moment, and you might take the view that it would be unwise to set a precedent of responding to such speculation. You would also wish to be careful, if you did go down this route, to avoid closing off the option of amalgamating the post at a later date.

6. Another option is clearly for you to say nothing at this stage. This would though, allow press speculation to continue, and leaves Paul Murphy in a difficult position.

7. A third possibility would be to dismiss press speculation now by holding the line that you have no current plans to amalgamate the post, and then make your policy clear at the beginning of the election campaign. This is the approach that I would recommend.

RW:

RICHARD WILSON

07 March 2001



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

7 March 2001

Dear David

CORUS

The Prime Minister, Paul Murphy and Rhodri Morgan met union representatives, Welsh MPs and Assembly Members in Swansea on 2 March to discuss the planned closure by Corus of steel works in Wales. A full list of attendees is attached.

Mick Leahy said he very much appreciated the efforts the Government was making to try to save the steel industry in Wales and elsewhere. His fear was that the announcements made by Corus were the beginning of the end for the steel industry in the UK. The more he looked at the plans Corus had produced, the more he was sure they did not stack up. It did not make sense to transport steel from Teeside to Llanwern. The key now was to provide alternative plans that made commercial sense. That would need both money and support from the Government. But it was possible if the political will was there. In particular, there was a need to get round the problems presented by the EU State Aid rules. He said the intention was to discuss local level plans over the next few weeks with Corus, with the overall strategy presented before 27 March.

Bob Shannon reported that all the local plans were now close to being ready. There was a need to engage Corus in discussions about these plans and to be completely open with the workforce. The timing of any announcements would be crucial. But all the local plans would be commercially viable.

David Davies said he was grateful for all the support the Government and the Assembly had provided. He believed that orders could and should remain at Ebbw Vale. The local plan being drawn up would involve redundancies, but would ensure the survival of the plant until the expected upturn in the steel market in 12-18 months materialised.

Steve Cannon said there was no reason for Corus to shut the Ebbw Vale plant. Following recent rationalisations, the plant was now operating profitably.

RESTRICTED - POLICY

- 2 -

Closing it down would be disastrous for the local area where there were very few well paid jobs. Llew Smith agreed. It would be a catastrophe for Blaenau Gwent if the Ebbw Vale plant shut. There needed to be a greater spotlight put on Corus and efforts stepped up to get them to change their plans. Peter Law said that Ebbw Vale had one of the highest unemployment rates in Wales. The area had not recovered since the last closures some 25 years ago. There was no alternative industry in the vicinity, so the need to keep the steelworks alive was very pressing indeed.

Jim Mullins reported on the position at Shotton. The plant there faced the invidious position of not only losing some capacity, but also seeing the transfer of some work from other plants in Wales. The plant for Shotton depended on Llanwern staying open. There were some alternative employment opportunities in the area, but very few paid the wages that Corus offered. Alan Howarth said that if the closures went ahead, the costs to the Exchequer would be much greater than the potential costs of any support package.

Summing up the discussion, the Prime Minister said that the pressure should be kept up on Corus to rethink its plans. The Government would continue to work with the unions to try to find an alternative solution. These plans needed to be firmly grounded in commercial realities. Every effort would be made to try to find a way round the state aids problems that had been identified. He said the Government was developing retraining and regeneration packages for the areas affected should Corus not be persuaded to alter its plans. But there was no weakening of the resolve to try to find a better solution. The local level plans should be given every chance of succeeding.

I am copying this letter to Simon Morris (Wales Office), Lawrence Conway (Office of the First Minister, National Assembly for Wales), Mark Bowman (HMT), Nicola Willey (DETR), Kevin Rennie (DfEE), Paul Britton and Richard Abel (Cabinet Office).

Yours ever



SIMON VIRLEY

David Snell
DTI

RESTRICTED - POLICY

ATTENDEES AT STEEL MEETING,
FRIDAY 2 MARCH 2001

Prime Minister
Paul Murphy
Rhodri Morgan

MPs/AMs

Llanwern
MP: Alan Howarth
AM: John Griffiths
Ebbw Vale
MP: Llew Smith
AM: Peter Law
Gorseinon
AM: Edwina Hart
Shotton
AM: Tom Middlehurst

Unions

ISTC
Michael Leahy, National Officer
Kieran Bender (Llanwern)
Jim Mullins (Shotton)
Vernon Lewis (Ebbw Vale)
AEEU
Bob Shannon, National Officer
Shaun Corten (Llanwern)
David Davies (Ebbw Vale)
Charles Radcliffe (Steel Industry Managers Association)
T&G
Randall England, National Officer
Eddie Lang (Ebbw Vale)
Steve Cannon (Bryngwyn)

②

FROM THE RT HON HILARY ARMSTRONG MP
MINISTER FOR LOCAL GOVERNMENT AND THE REGIONS



DEPARTMENT OF THE ENVIRONMENT
TRANSPORT AND THE REGIONS

ELAND HOUSE
BRESSENDEN PLACE
LONDON SW1E 5DU

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The Rt Hon John Prescott MP
Deputy Prime Minister and Secretary of
State for the Environment, Transport and
the Regions
Eland House
Bressenden Place
LONDON
SW1E 5DU

OUR REF: IDC 48/01

WWW.DETR.GOV.UK

- 6 MAR 2001

Dear John

CHILDREN'S COMMISSIONER FOR WALES BILL

I have seen Paul Murphy's letter of 23 February to you seeking a Government amendment to this Bill, so as to forestall an Opposition amendment which he feels might be carried in the Lords.

The effect of either amendment would be to empower the Children's Commissioner for Wales to make representations on any matter affecting the rights or welfare of children in Wales, whether or not it is within the National Assembly's devolved responsibilities. Under the Opposition amendment, tabled by Lord Roberts of Conwy and Baroness Hanham, the Commissioner would be able to make representations to the Secretary of State or any statutory body. Paul is proposing that he should only have the power to make representations to the National Assembly. The Assembly already has a power to make representations about any matter affecting Wales.

You will recall that we supported the principles behind this Bill, but were concerned to restrict the Commissioner's review powers to the Assembly itself and other bodies for which it had devolved responsibility in Wales. This proposal would appear to depart from that policy; however a power to make representations falls far short of a power to investigate a Government Department or a non-devolved public body. Paul's alternative amendment would ensure that the Commissioner remained responsible to the Assembly and for matters affecting Wales. It would not require an extension of the Assembly's own powers.

I therefore believe we can support the amendment proposed by Paul Murphy.

Paul also mentions three further technical amendments for which he seeks clearance. I do not think these raise any issues for this Department, and would not have any difficulty in agreeing to these.



I am copying this letter to the Prime Minister, members of LP and HS Committees and Sir Richard Wilson.

Yours
Hilary

HILARY ARMSTRONG

Top: HAPS

EA/PS
PO



HOUSE OF LORDS,
LONDON SW1A 0PW

(1)

The Rt Hon Paul Murphy MP
Secretary of State for Wales
Gwydyr House
Whitehall
London SW1A 2ER

5 March 2001

Dear Paul,

CHILDREN'S COMMISSIONER FOR WALES BILL

You wrote to the Deputy Prime Minister on the 23rd February seeking agreement to a Government amendment to the above Bill.

I support your proposed amendment and, if necessary as a fallback, the amendment tabled by Lord Roberts and Lady Hanham. I also agree to the three technical amendments.

I should, however, make it clear that the Commissioner cannot intervene in the decisions of the courts or the Legal Services Commission. It may be that the only significance of the amendments is that the Commissioner may have the right to make representations to the Legal Services Commission in the granting/refusing of public funding.

I am copying this letter to the Prime Minister, members of LP and HS and Sir Richard Wilson.

Yours
ewh,
Smg



The Rt Hon Margaret Beckett MP

PRIVY COUNCIL OFFICE
2 CARLTON GARDENS LONDON SW1Y 5AA

- 5 MAR 2001

Dear John,

CS
cc: SV
PU

CHILDREN'S COMMISSIONER FOR WALES BILL

I have seen a copy of Paul Murphy's letter of 23 February to you. I am writing to give Paul LP approval to prepare the amendments and then discuss the way forward with Denis Carter.

Paul sought approval for an amendment to the Children's Commission for Wales Bill to widen the scope of the Commissioner's powers to allow him to make representations on non-devolved matters, for example youth justice and welfare benefits. He also sought approval for three 'tidying up' amendments, which might prove necessary to ensure the Bill had its intended effect.

I am satisfied that the business management case for these amendments is well made. The Bill is likely to have a difficult passage in the Lords without some concession on this issue. I can therefore give Paul LP approval to prepare and draft the amendments for Committee stage, but he should on no account table the amendments without prior consultation with the Government Whips Office in the Lords.

I am copying this letter to the Prime Minister, members of HS and LP Committees, and to Sir Richard Wilson and First Parliamentary Counsel.

Regards
Margaret

MARGARET BECKETT

The Rt Hon John Prescott MP
Deputy Prime Minister and Secretary of State for
Environment, Transport and the Regions



Ysgrifennydd Gwladol Cymru
Secretary of State for Wales

Bf CS / uae CS
Wales Office | Swyddfa Cymru CS
CSV PJ

Office of the Secretary of State for Wales
Gwydyr House
Whitehall
London SW1A 2ER

Rt Hon Paul Murphy MP

Tel: 020 7270 0549
Ffon: 020 7270 0549
Fax: 020 7270 0570
Ffacs: 020 7270 0570

Liz Huddleston
FAXED
?do you have any thoughts
on this.

Swyddfa Ysgrifennydd Gwladol Cymru
Tŷ Gwydir
Whitehall
Llundain SW1A 2ER

Clare Dwyer

Our Ref: 01(sub)630

6/03

2nd March, 2001

Dear Deputy Prime Minister

**MEMORANDUM OF EVIDENCE TO THE WELSH AFFAIRS
COMMITTEE ON THE PRIMARY LEGISLATIVE PROCESS AS IT
AFFECTS WALES**

To seek your agreement to the issuing of the attached memorandum of evidence to the Welsh Affairs Committee on the primary legislative process as it affects Wales. Colleagues will have seen the Chairman of the Committee's letter of 7th February. I regret that I must ask for colleagues' agreement BY MONDAY 12TH MARCH.

The Committee's request for memoranda on this subject follows on from its announcement that it will be conducting an inquiry into the "way in which Welsh interests, including the interests of the National Assembly, are taken into account in the drafting of primary legislation and its passage through Parliament".

Although the Committee has written to Ministers in all of the departments listed at Annex A to this letter, it has been agreed on advice from Cabinet Office Constitution Secretariat that I should issue a single Government response. This approach has been agreed with the Clerk to the Committee.

The draft memorandum has been agreed by officials through the DP(O) net.



I apologise to colleagues for the exceptionally short turn-around. The Welsh Affairs Committee set a deadline of four weeks and there has been a considerable amount of work involved in drafting and co-ordinating responses from other departments.

I am copying this letter to the Prime Minister, Cabinet Ministers consulted by the Welsh Affairs Committee, members of DP and Sir Richard Wilson.

Yours sincerely

P. L. Clarke,

Dictated by the Secretary of State
And signed in his absence

Rt Hon John Prescott
Deputy Prime Minister
Department of the Environment, Transport and the Regions
Eland House
Bressenden Place
London SW1E 5DU



Annex A

LIST OF DEPARTMENTS CONSULTED BY THE WELSH AFFAIRS COMMITTEE

Department of the Environment, Transport and the Regions

Department of Trade and Industry

Home Office

Cabinet Office

Foreign and Commonwealth Office

Lord Chancellor's Department

Department for Education and Employment

Department of Health

Department of Culture, Media and Sport

Ministry of Agriculture, Fisheries and Food

Ministry of Defence

HM Treasury

Department for International Development

Department of Social Security

Wales Office

Introduction

1.1. The Government's White Paper *A Voice for Wales* (Cm 3718) stated:

"Parliament will continue to be the principal law maker for Wales. The Assembly will need to establish a close partnership with Members of Parliament representing Welsh constituencies. They will continue to be involved in considering new legislation that applies to Wales...."

(Paragraph 3.37)

The Paper went on to say:

"The Government's proposals will allow the Assembly to seek to influence legislation which is being considered at Westminster." (Paragraph 3.38)

1.2. The Secretary of State for Wales is under a duty to consult the Assembly on the Government's legislative programme (see paragraph 3.3 below). Beyond this, the Memorandum of Understanding between the UK Government, Scottish Ministers, the Cabinet of the National Assembly for Wales and the Northern Ireland Executive Committee (Cm 4806, July 2000) commits all four administrations to the principle of good communication with each other, especially where one administration's work may have some bearing upon the responsibilities of another administration. This commitment applies to legislative proposals just as it does to other proposals for action. To that end, the Government has undertaken to consult the Assembly Cabinet at an early stage on all relevant proposals for primary legislation.

1.3. In addition, the Joint Ministerial Committee (at its first plenary meeting in September 2000) recognised specifically the importance of management of the relationship between the respective UK and devolved legislative programmes. The Committee stressed the importance of early sharing of information between administrations and consultation on policy options and common interests as envisaged in the Memorandum of Understanding, so that any problems are identified and addressed as early as possible.

1.4. Two Cabinet Office guidance notes (part of a wider suite of Devolution Guidance Notes, available on the Cabinet Office Web Site at www.cabinet-office.gov.uk/constitution) provide advice for UK Government departments on giving effect to these commitments:

- *Primary Legislation Affecting Wales* (DGN 9); and
- *The Role of the Secretary of State for Wales* (DGN 4).

Copies of these two Guidance Notes are attached at Annexes A and B respectively.

**THE PRIMARY LEGISLATIVE PROCESS AS IT
AFFECTS WALES**

**A MEMORANDUM OF EVIDENCE BY THE
GOVERNMENT TO THE WELSH AFFAIRS COMMITTEE**

**PRESENTED BY THE RT HON PAUL MURPHY MP
SECRETARY OF STATE FOR WALES**

How and at what stage in the drafting process, is it determined whether or not a proposed piece of legislation is likely to impinge on the interests of the Assembly?

2.1. As stated in DGN 9 (see above), the UK Government, through the lead UK department, should consult the Assembly Cabinet at an early stage on the development of legislative proposals, in order to identify the level of interest for the Assembly and to ensure that the Bill is handled properly in relation to Wales. In all but a few exceptional cases, such as on Bills relating to certain aspects of the Budget, the Assembly Cabinet should always be consulted on Bills which:

- confer new functions on the Assembly
- alter the Assembly's existing functions; or
- otherwise affect areas which are the responsibility of the Assembly, including where the Assembly will be responsible for implementation in Wales, though policy control remains with the UK Government.

This ensures that the Assembly Cabinet and officials are consulted before on relevant Bills before they are included in the Government's legislative programme.

2.2. In practice, departments often find it helpful to consult the Assembly Cabinet on other Bills, although as the guidance makes clear, there is no absolute requirement to do so. Likewise, the Assembly Cabinet may wish to make representations about such Bills.

2.3. Where necessary, officials of the lead department seek advice from the Wales Office in determining when and how they should consult Assembly officials and the Assembly Cabinet.

How and at what stage in the drafting process, are the views of the Assembly sought? In what proportion of Bills introduced since devolution have the views of the Assembly been formally sought?

3.1. As set out at paragraph 2.1, the lead department consults the Assembly Cabinet and Assembly officials at an early stage on all relevant legislative proposals and consultation continues throughout the drafting process. The Assembly Cabinet and officials are always consulted on the content of relevant Bills before they are included in the Government's programme.

- 3.2. line with existing guidance, when clearing policy or seeking views on relevant proposals, a UK Minister will write to the relevant Assembly Cabinet Minister at the same time as he or she writes to UK Cabinet colleagues. This ensures that the views of the Assembly Cabinet will be taken into account when finalising proposals.
- 3.3. Section 31 of the Government of Wales Act places a duty on the Secretary of State for Wales to consult the full Assembly after the beginning of each session on the legislative programme and on non-programme Bills for introduction subsequently (unless this consultation is made inappropriate by the content of the Bill). The Assembly as a body corporate has therefore been consulted on all Bills introduced since devolution.

How and at what stage in the drafting process are the views of the Wales Office sought?

- 4.1. The Secretary of State for Wales is consulted on all proposals for primary legislation through two specific and formal routes:
- 4.2. The Secretary of State and the Parliamentary Under Secretary of State between them sit on the majority of cabinet policy committees. Through their membership of these committees they are consulted on the proposed policy content of all relevant Bills. They are also consulted on any Government policy changes which might result in amendments to the Bills during their passage through Parliament.
- 4.3. The Secretary of State also sits on the Cabinet Committee on the Legislative Programme which considers Bills for inclusion in the Government's programme.
- 4.4. As described at paragraph 2.3, Wales Office officials are often consulted early by the lead Department for advice on what consultation with the Assembly Cabinet is required.
- 4.5. Wales Office Ministers will wish to be supported in their role of representing Wales in the Cabinet and during the passage of Welsh clauses through the House. They will wish to be content that adequate consideration has been given to the arrangements for Wales in the drafting of all Government Bills. For this reason, the lead department makes Wales Office officials aware of any consultation with the Assembly Cabinet or officials. Existing guidance requires that the Secretary of State be copied into any formal letters of consultation sent to the First Minister, such as described at paragraph 3.2.

On what principles is it decided whether to give functions to the Assembly or to provide the Assembly with powers of secondary legislation? How are these principles established?

5.1. The White Paper *A Voice for Wales* stated that:

"The Government will consider, in drafting each Bill that it introduces into Parliament, which of the new powers it contains should be exercised in Wales... As a general principle, the Government expects Bills that confer new powers and relate to the Assembly's functions, such as education, health and housing, will provide for the powers to be exercised separately and differently in Wales; and to be exercised by the Assembly." (Paragraph 3.39)

- 5.2. Clearly, the precise powers to be conferred on the Assembly will depend on the nature of the policy which the legislation is intended to implement. An important consideration will be the extent to which existing functions in that area are already transferred.
- 5.3. Moreover, as already explained, the Assembly Cabinet and Assembly officials are consulted early on in the drafting process and as part of their input to the process will often make proposals to the lead department on the nature and extent of powers and functions to be given to the Assembly.

Provision for powers to be exercised differently by the Assembly

- 5.4. Although powers given to the Assembly will often reflect the parallel powers given to a Minister of the Crown in respect of England, they may also differ in a number of respects. Parliamentary procedures will be disapplied for the Assembly and the Assembly may also be given more flexibility to develop its own policy within the scope of the Bill.
- 5.5. For example the majority of the proposals in the Learning and Skills Act made separate provision for England and Wales. This included the creation of two separate funding councils for England and Wales with broadly similar powers, duties and functions, and a similar role for the Assembly in Wales and the Secretary of State in England in relation to these councils. The separate Welsh clauses also gave the Assembly the opportunity to implement other Education and Training Action Plan proposals and to develop a distinctive and separate youth service in Wales.
- 5.6. In the case of the Care Standards Act, provision was made for the Commission for Care Standards in Wales to be part of the Assembly rather than a sponsored body, as for England. Most significantly, the Act provided for a Children's Commissioner for Wales, resulting in powers for the Assembly which are not paralleled by powers of the

Secretary of State in England. The inclusion of this amendment paved the way for the first Wales-only bill after devolution.

- 5.7. A list of the Acts passed and Bills introduced since devolution which contain Welsh clauses (that is, clauses making different provision for Wales) is provided at Annex C to this memorandum.

Powers to make secondary legislation

- 5.9. As a general rule, powers to make secondary legislation in Wales are conferred on the Assembly where the Bill confers a parallel power for England on UK Government Ministers. The key exception is where the powers allow amendment of primary legislation. Since as part of the devolution settlement Westminster continues to be the principal law maker for Wales, the Government believes it is generally inappropriate for the Assembly to exercise widely drawn powers to amend primary legislation through secondary legislation (so-called "Henry VIII" powers).
- 5.10. This principle has been applied, for example, in the preparation of the Regulatory Reform Bill, where the Assembly will not have powers to make Regulatory Reform Orders. Similarly, some of the powers to amend primary legislation given in the Local Government Act 2000 were thought too broad to be conferred on the Assembly. But in both cases the legislation provides safeguards for the Assembly's position.
- 5.11. Less widely drawn powers to amend primary legislation have been granted to the Assembly in certain cases, for example, to allow the Assembly to make transitional and implementing arrangements when bringing the legislation into force in Wales. The Transport Act 2000 granted the Assembly such consequential powers.

To what extent does practice vary significantly between Departments?

- 6.1. The Government's intention is that all Departments adhere to central practice in ensuring that the interests of Wales are properly reflected in primary legislation. However, the Joint Ministerial Committee recognised at its meeting in September that the new arrangements following devolution had been mixed, but this was understandable given the scale of the changes following devolution and the inevitable learning period as all sides familiarised themselves with the new arrangements.
- 6.2. As stated above, guidance provides that all departments consult the Assembly Cabinet at an early stage to ensure that Welsh interests are fully accounted for. Thereafter, however, handling will depend to a large extent on the specific nature of the policy which the legislation is intended to implement.

How does practice for Wales compare with legislation on non-devolved matters for Scotland?

- 7.1. In practice, whether the Government is considering legislating on non-devolved matters for Scotland or Wales, as a matter of course the lead Government department consults the relevant devolved administration in line with the commitments in the Memorandum of Understanding, particularly in respect of any impact that the legislation might have on the responsibilities of that administration.
- 7.2. The precise nature of this consultation will of course vary widely according to the subjects that are covered by the proposed legislation. Differing practices between consultation with Scotland and with Wales should also be expected owing to the considerable difference between the two devolution settlements.

Wales Office (March 2001)

DEVOLUTION GUIDANCE NOTE 9: POST-DEVOLUTION PRIMARY LEGISLATION AFFECTING WALES

Introduction

1. This note sets out guidance for UK Government Departments on consulting the Cabinet of the National Assembly for Wales on new legislation affecting the Assembly's responsibilities. The UK Government has agreed with the Cabinet of the National Assembly that they will normally consult each other from an early stage on the development of relevant legislative proposals, in confidence where necessary. (See Devolution Guidance Note 1, which should be separately read if you are unfamiliar with it, in particular paragraphs 5.3 to 5.6). This means that the Assembly Cabinet should always be consulted on Bills which:

confer new functions on the Assembly;

alter the Assembly's existing functions (including legislation on, for instance, freedom of information, which would affect the overall discharge of its duties and those of public bodies for which it is responsible); or

otherwise affect areas which are the responsibility of the Assembly, including where it will be responsible for implementation in Wales, though policy control remains with the UK Government.

Departments should make clear when information is being passed in confidence.

There is no absolute need to consult the Assembly Cabinet on other Bills, although departments might find this useful in some circumstances and the Assembly Cabinet might likewise wish to make representations about such matters itself.

2. The purpose of this guidance is to facilitate the efficient conduct by the UK Government of its legislative business. Disagreements are an impediment to that and it is in the Government's interests that potential disagreements are identified as early as possible through consultation. Potential points of disagreement with the Cabinet of the National Assembly should be fully explored and wherever possible resolved before legislation is introduced or, in the case of Bills which are advance drafted, before Bills are published. Departments will be expected therefore to make every effort to ensure that the Legislative Programme Committee (LP) is fully aware of any potential difficulties which might be material to their decisions.
3. Consistently with the separation of functions between LP on the one hand and policy committees, such as EA (Economic Affairs) and HS (Health and Social Affairs), on the other, this note is not concerned with the process by which the Assembly Cabinet is consulted about policy. Arrangements for this are set out in the Memorandum of Understanding, the agreement on Common Working Arrangements (Devolution Guidance Note 1) and the

various bilateral concordats between Departments and their counterparts in the Assembly.

Government of Wales Act

4. Section 31 of the Government of Wales Act 1998 places a duty on the Secretary of State for Wales to consult the Assembly after the beginning of each Session on the legislative programme and on non-programme Bills agreed for introduction subsequently (unless there are considerations relating to the Bill which make such consultation inappropriate). The duty includes one of personal attendance by the Secretary of State for Wales. It will provide an opportunity to consider the content of individual Bills, in addition to the Government's choice of priorities. More guidance on the role of the Secretary of State for Wales, including the role in relation to primary legislation, is given in Devolution Guidance Note 4.

Government Bills - LP

5. There may need to be consultation with the Assembly Cabinet on a proposed Bill during or prior to consideration by LP of the content of the legislative programme. In many cases, such consultation will occur naturally, at the same time as consultation takes place on policy content. Where that is not the case, Departments should consider alternative means of obtaining the Assembly Cabinet's views, to feed into their thinking about the priorities which they would put to LP. Where the possibility of particular legislation has not been publicly announced, information going to the Assembly Cabinet should be passed in confidence. It will be a matter for agreement whether, and to what extent, confidentiality must constrain wider consultation by the Assembly Cabinet and in no circumstances will the Assembly Cabinet circulate or allude to Bill material without the consent of the lead Department – such agreement, if reached, may depend on the duty of confidentiality extending to any other bodies consulted by the Assembly Cabinet. Additional guidance on confidentiality is given in Part 1 of the Memorandum of Understanding - paragraph 11, agreed between the UK Government and the devolved administrations.
6. Consultation with the Assembly Cabinet can be facilitated if departments ensure that Bill material deals accurately with the Assembly and addresses certain common features of the devolution settlement. The annex to this note lists some of the main aspects of this. While this is not prescriptive, and is no substitute for detailed discussions, it should ensure that such discussions can focus on any substantive sticking points and are not dominated by relatively minor and technical matters.

Preparation of Bills and Submission to LP

7. The essential requirement is that by the time proposals to introduce legislation reach LP, all devolution-related issues are to have been addressed and so far as possible resolved (significant unresolved issues may affect LP's view of the readiness of the Bill for introduction). Papers for LP must contain a statement to that effect. In addition papers to LP should:

explain any provision proposed in respect of Wales which differs from the provision proposed for England or the rest of the UK;

identify any exception to the general rule that a new function created by the Bill will pass to the Assembly in cases where it already exercises similar functions within that subject area and identify the policy clearance for that decision;

identify any change to the existing functions of the Assembly, including any new function being vested in the Assembly which might raise issues of general principle, and the policy clearance for the change; and

confirm that the Assembly Cabinet has been consulted on the draft clauses as necessary (including commencement and other transitional provisions), summarise the Assembly Cabinet's view and indicate whether DP or the Joint Ministerial Committee are likely to become involved (either in correspondence or through a meeting)

8. There should, in addition to any earlier policy discussions, also be consultation with the Assembly Cabinet as part of the process of formulating instructions to Parliamentary Counsel, where these touch on the Assembly's responsibilities, so that their interests are understood from the outset and any dispute resolution process undertaken in good time.

Pre-Legislative Draft Bills

9. The procedures described above should also be followed for Bills being published in draft.

Private Members' Bills

10. The same procedures should be followed for Government Hand-out Bills as for Bills in the main programme. For other Private Members' Bills, if the Government intends to support the Bill, the Assembly Cabinet should likewise be consulted on any matters which affect the Assembly's responsibilities. It is not absolutely necessary to inform the Assembly if it is clear that the Government cannot support a Private Members' Bill. However it will frequently be helpful for officials in Wales to be aware of this if the Bill covers functions which are the responsibility of the National Assembly.

Constitution Secretariat, Cabinet Office

January 2001

The Annex to this Guidance Note, which deals with technical points on constructing references to the Assembly in primary legislation, can be viewed on the Cabinet Office devolution website at: <http://www.cabinet-office.gov.uk/constitution/devolution>

**DEVOLUTION GUIDANCE NOTE 4:
THE ROLE OF THE SECRETARY OF STATE FOR WALES**

1. From 1 July most of the functions of the Secretary of State for Wales and all but 30 of his staff transferred to the National Assembly for Wales. Primary legislation for Wales remains with Westminster, so it is not possible to distinguish between reserved and devolved matters as it is for Scotland. However, as the Secretary of State has no programme budget, it can safely be assumed that all implementation of policy in Wales which does not remain with a UK Department is a matter for the Assembly.
2. The new role of the Secretary of State for Wales is:

to act as guardian of the devolution settlement in Wales

to ensure that the interests of Wales are fully taken into account by the UK Government in making decisions which will have effect in Wales

to represent the UK Government in Wales

This note considers some of the implications of that role for other Departments.

Guardian of the devolution settlement

3. This does not mean that the Secretary of State is a channel of communication between the UK Government and the Assembly. Normally Departments should deal with the Assembly direct. The Secretary of State and his Department will:

give advice on the handling of business in the light of devolution;

act as honest broker should there be any dispute between the Assembly and Whitehall or Westminster;

explain the nature and consequences of devolution to the Assembly on behalf of the UK Government.

4. It would be helpful if Departments would copy to the Secretary of State or his Department all correspondence between Ministers and Assembly Secretaries and between senior officials.

Voice of Wales in the Cabinet

5. The Secretary of State for Wales will speak for Wales in the UK Cabinet and will ensure that decisions are taken with full regard to any matters where Wales has particular interests or concerns. He will not be a mouthpiece for the Assembly but he will need to know the views of the Assembly Cabinet before deciding his own line. This is particularly important in relation to proposals for primary legislation that affect Wales.

6. Bearing this in mind, it is essential if there is to be no delay in reaching decisions that Assembly officials and the Assembly Cabinet are consulted at an early stage in the development of policy. Any necessary consultation of Assembly members must, of course, wait until the proposals are made public.

7. Colleagues are asked therefore:

that officials should take soundings of Assembly officials as soon as possible. If these indicate that there may be clauses in the legislation dealing specifically with Wales or particular issues relating to Wales, officials in the Secretary of State's Department should be alerted.

that whenever possible the relevant Assembly Secretary should be asked for his or her views on a proposal at the same time as policy clearance is sought from Cabinet colleagues. It would not be appropriate for the Assembly Cabinet to be aware of internal UK Cabinet discussions, so the most useful way of achieving this is to write to the Assembly Secretary in similar terms asking for comments rather than agreement. However, in setting deadlines, colleagues should recognise that the Secretary of State for Wales will wish to know the Assembly's view before writing himself, whether or not he supports that view.

While this is particularly important for proposals for primary legislation, the principle should be applied to any Government initiative that affects Wales.

8. None of this affects the Secretary of State's duty under the Government of Wales Act 1998 to consult the Assembly on the Government's legislative programme. This clearly means consultation with Assembly Members and will be carried out in a formal and public way. However if there has been adequate consultation with the Assembly Cabinet, the consultation with the Assembly as a whole is less likely to raise issues which have to be addressed during the passage of legislation.

9. It will be the responsibility of the Secretary of State to steer through Parliament any clauses in legislation relating solely to Wales. Such clauses will have been included at the request of the Assembly, with the agreement of the lead Minister, the Secretary of State and Cabinet colleagues. However, the Secretary of State will not be in a position to draft instructions to Counsel; that will be for the lead Department's Bill team after consultation with Assembly officials and lawyers. It would not be appropriate for Parliamentary Counsel to take instructions direct from Assembly lawyers.

10. During the passage of a Bill through Parliament, the Secretary of State's officials will commission appropriate support; this could be from the Assembly or from the lead Department. It should be noted that with one junior Minister and an interest in most Bills, the Secretary of State's

Department will need to look for flexibility in membership of standing Committees.

Voice of the UK Government in Wales

11. With the agreement of colleagues, the Secretary of State has always presented the UK Government's policy on matters that are of significance to Wales even if lead responsibility is formally with one of his colleagues. This should remain the case for issues which have not been devolved but in which the Assembly has a strong interest either because matters which are its responsibility are affected by UK Government actions – e.g. negotiations with Europe on the Assisted Areas map, Structural Funds and the CAP – or because it has responsibility for implementing all or part of UK policies – e.g. New Deal and Social Inclusion.
12. If colleagues are making announcements on non-devolved matters which will have a major effect in Wales, they should consider how the Secretary of State for Wales should present the policy in Wales. There are various possibilities:

Joint announcements/consultations. If this is appropriate, the timetable must allow for them to be bi-lingual in Wales.

The Secretary of State for Wales formally to consult the Assembly on behalf of the UK Government by sending them the document prepared by the lead Department.

The Secretary of State to make a parallel announcement to the Welsh media focusing on the effect in Wales. Once again, there must be sufficient warning for this to be bi-lingual, but translation of a press notice does not take long.

13. Colleagues should also be aware that, while Assembly officials are able to give the Secretary of State factual briefing under the concordat with his Department, they are not in a position to give him the UK Government line to take. Officials from his Department will need to call on colleagues for this more frequently than in the past in a variety of circumstances, such as parliamentary questions, speeches, briefing for meetings, replies to MPs and members of the public etc.

Wales Office (September 1999)

**ACTS PASSED AND BILLS INTRODUCED SINCE DEVOLUTION WHICH
CONTAIN WELSH CLAUSES**

1999-00

Care Standards Act 2000

Local Government Act 2000

Learning and Skills Act 2000

Transport Act 2000

Countryside and Rights of Way Act 2000

Freedom of Information Act 2000

Electronic Communications Act 2000

Government Resource and Accounts Act 2000

Political Parties, Elections and Referendums Act 2000

2000-01

Children's Commissioner for Wales Bill

Special Educational Needs and Disability Bill

Culture and Recreation Bill

Commonhold and Leasehold Reform Bill

Homes Bill

Health and Social Care Bill

Regulatory Reform Bill



(t)

Richmond House 79 Whitehall London SW1A 2NS Telephone 0171 210 3000
From the Secretary of State for Health

IMC: 16350

The Rt Hon Paul Murphy MP
Wales Office
Gwydyr House
Whitehall
London
SW1A 2ER

2 March 2001

DN
cc: CS
SV
PJ

Dear Paul

CHILDREN'S COMMISSIONER FOR WALES BILL

I was grateful to be copied in to your letter to the Deputy Prime Minister about the above matter. I was concerned to hear that the Bill is facing the possibility of a defeat in the House of Lords.

You have asked for a an amendment to give the Commissioner the specific power to make representations on any matter affecting children in Wales, including matters that do not fall within the National Assembly for Wales's devolved fields of responsibility. In order to avoid a defeat I am prepared to agree to an amendment empowering the Commissioner to consider and make representations only to the Assembly about any matter affecting children in Wales.

I would not be able to agree to the Commissioner being empowered to make representations to whomsoever he considers it to be appropriate to do so, including Government Departments. As the Assembly is already entitled to make such representations on non-devolved matters a route for communicating the Welsh Commissioner's concerns on non-devolved matters already exists in law.

I am copying this letter to members of HS and LP.

Alan Milburn

ALAN MILBURN



DEPARTMENT OF THE ENVIRONMENT,
TRANSPORT AND THE REGIONS

ELAND HOUSE
BRESSENDEN PLACE
LONDON SW1E 5DU

TEL: 0207 944 3011
FAX: 0207 944 4399

OUR REF: IDC 49/01

The Rt Hon Paul Murphy MP
Secretary of State
Welsh Office
Gwydyr House
Whitehall
LONDON
SW1A 2ER

Andrew...

2 March 2001

ST DAVID'S DAY BANK HOLIDAY

This letter gives you HS clearance to proceed as proposed in your letter to me of 19 February, subject to the views of colleagues recorded below.

You sought agreement to send a letter to the National Assembly for Wales explaining that the Government is undertaking a Regulatory Impact Assessment (RIA) on the exchange for a present bank holiday to a St David's Day Bank Holiday in Wales. You noted that the letter you would send would make clear that undertaking such an RIA did not commit the UK Government to agree the proposal.

You received replies from Mo Mowlam, Stephen Byers, Hilary Armstrong, Jack Straw and Helen Liddell.

Helen and Hilary were content. Mo was content. She said that her officials in the Regulatory Impact Unit were ready to offer advice on preparing the RIA. Stephen was content. He said that it should also be made clear to the Assembly that the Government would not, under any circumstances, consider the creation of an additional Bank Holiday on St David's Day. Jack was content. He said that it should be made clear from the outset that both a new bank holiday on St David's Day would have to be substituted for one existing bank holiday in Wales, and that undertaking the RIA did not commit the Government to agree to the proposal.

I am copying this letter to the Prime Minister, members of HS Committee, Melanie Johnson and Sir Richard Wilson.

A handwritten signature in black ink, appearing to be 'JP', written in a cursive style.

JOHN PRESCOTT

From:
Helen Fleming
Economic & Domestic Secretariat
Room 417A, 70 Whitehall
Tel: 270 0306
Fax: 270 0057

To:
Bernadette Kelly, DTI

Copies:
Simon Virley, No 10
Tom Scholar, HMT
Mike Wardle, DfEE
Cherie Jones, WO
Lucy Makinson, HMT
Dan Jefferson, DfEE
Rose Stewart, NAW
Geoffrey Norris
Suma Chakrabarti
Richard Abel
Paul Britton
Chris Wood

28 February, 2001

DISCUSSION OF TRAINING PACKAGE WITH CORUS UNIONS

Officials met representatives from the Corus unions today to discuss a possible training package for Corus employees. Our understanding of the union proposals has improved although we still have no clear idea of their cost. We have agreed to keep working together on the proposals, including checking the legality of some of the measures, and to meet again soon. However, the unions are not convinced that this measure, if agreed, will be enough to halt Corus closures: they think the Government will need to offer a real financial incentive to accept the scheme.

Detail

2. Officials from Cabinet Office, DTI, DfEE, Wales Office, National Assembly for Wales and Government Offices for the North East and Yorkshire and Humberside met representatives of the ISTC, AEEU, SIMA and TGWU. The unions will meet Corus on 27 March to put forward their proposals. They want to have a package that has been agreed with Government, and is ready to put into action, by that

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date. We discussed the proposal from the ISTC that they hope would stop the full closure of any plant and any compulsory redundancies by Corus by:

- temporarily – and in some cases permanently – cutting production levels at the affected plants and continuing to run plants at e.g. half current levels of production (in the expectation that production will need to pick up when trading conditions change)
- use European Social Fund (ESF) money to retrain those employees still being paid but engaged in full-time production.

3. The number of employees affected would depend on how many individuals chose to take voluntary redundancy, but the ISTC forecast is for 4,500 Corus employees plus 2,500 employees of contractors to be trained over a two year period. The objective is to develop training plans on a plant-by-plant basis to reflect local labour market conditions. No detailed work has yet been done on this (although ISTC developed a model proposal last year on the training needed to give steelworkers the skills to work in administration). There is therefore no basis for assessing the costs of the proposal at present.
4. Further contact between officials in DfEE responsible for policy on ESF and the ISTC to pursue this idea is planned. ESF and other public funding would normally only be available for the retraining element of the package. At the meeting we discussed whether it would be possible for Government to help fund the wage costs of keeping individuals on the books. This seems unlikely given ESF rules, but DfEE officials are checking this point with the Commission.
5. Applications for ESF are normally made at regional level, via the Government Offices and the National Assembly for Wales. The ISTC is keen to see this process centralised so that decisions on funding are not left to multiple regional bodies who do not see the national importance of the scheme. In principle it would be possible to centralise the process for the GOs in England. The system in Wales would remain separate. DfEE is now considering options for using ESF to support Corus employees in the English regions. Under any of these options DfEE will need to get the agreement of the national and regional partnerships charged

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with overseeing the delivery of ESF under the EU Regulations governing the Structural Funds.

6. The unions also raised the proposal that the Government might give Corus support for keeping on employees under a short-time working system. DTI officials have already considered this point and advise that this is highly likely to breach the steel aid code. However, they will recheck this point in the light of the capacity-cutting that we now understand would occur under the ISTC proposals.
7. If we can agree a training package that meets the unions concerns, the question remains of how to persuade Corus to accept it. The ISTC's view is that the Government should provide a financial incentive for them to do so. DTI and NAW officials have already looked at all the options for doing this (I attach at Annex A a list of possible measures). The room for manoeuvre, given the constraints of the steel aid code, is extremely limited. Officials are looking again at this, but they are unlikely to find a new way to support the company.
8. Officials will meet the unions again soon to develop the retraining proposal and report back on the consideration they have given to the legal issues mentioned above. The objective is to agree an approach before the unions/Corus meeting on 27 March.

Helen Fleming

POSSIBLE SUPPORT FOR CORUS

Measure	Potential level of support (£m)	Comments
Business rates – reduced valuations	Up to £12m in rebates and up to £20m reduction over 5 years on current bills at Port Talbot and Llanwern. Overall rate bill at Port Talbot and Llanwern around £15m per annum	NAW are working with Corus in Wales and the Valuation Office Agency to help facilitate early resolution of an appeal by the company in Wales. While business rates are clearly a matter for the Valuation Office if there are similar issues in England HMG would be willing to offer similar facilitation support
Training & Development	£2.4m in Wales. ? in England	Initial approach to the European Commission on the principle of generic funding for training has not been encouraging because training aid not on list of permissible aid within the Steel Aid Code. However, NAW/DTI willing to pursue this matter with the Commission to try and achieve a positive outcome. If Commission approval could be achieved it may be possible, in principle, to secure similar funding from local delivery agencies in England subject to discussion and availability of funding
Research & Development	Up to £3m in Wales for Multi-materials Centre Project. Possible funding for National Metals Centre of Excellence, if there is industry support for such a concept, which would complement work undertaken by metals companies in the UK to enhance their competitiveness. Too	The Multi-materials Centre Project in Wales is at an early stage and funding has not yet been finalised. DTI funding feasibility study for national metals centre of excellence. Results will be known in February. Depending on final outcome, possibility of funding from DTI and other agencies to help create centre (and provide pump priming funding in early years). Any centre could be networked with a facility in Wales as appropriate

¹ To avoid state aid issues any centre would be all metals and not steel/Corus specific

	soon to be specific about funding for National Metals Centre centre ¹	
Environmental Protection	150k to 300k for projects in Wales. ? in England	This refers to just one gas-bleeding project on which Corus have submitted a proposal. Funding for similar projects at other Corus plants will be considered should Corus wish to put these forward
Purchase of surplus land by WDA	Up to £1m at present. Other opportunities amounting to more investment could follow.	Similar opportunities at other Corus sites may be identified.
Business rates – “hardship relief”		European Commission have been approached about this type of relief but consider it to be a state aid as it is discretionary rather than general measure. The Commission is going to ask DETR to formally notify them of this scheme but this will not change the position on steel

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f *SV.*
CSRU

QUEEN ANNE'S GATE LONDON SW1H 9AT

The Rt Hon John Prescott MP
Deputy Prime Minister and Secretary of State
Department of the Environment, Transport and
the Regions
Eland House
Bressenden Place
London
SW1E 5DU

28 FEB 2001

Dear Deputy Prime Minister,

ST DAVID'S DAY BANK HOLIDAY

I have seen Paul Murphy's letter of 19 February setting out revised proposals on handling this issue. I am sorry slightly to have exceeded his deadline for replies.

2. I am content to agree to the suggestion that the Government should inform the Assembly of its intention to carry out a Regulatory Impact Assessment on the basis Paul proposes: that it be made clear from the outset both that a new bank holiday on St David's Day would have to substitute for one of the existing bank holidays in Wales, and that undertaking the RIA does not commit the Government to agree the proposal.

3. I am copying this letter to ^{*The Prime Minister,*} HS colleagues, to Melanie Johnson and to Sir Richard Wilson.

Yours sincerely,
Stephen Hanson

JACK STRAW

(Approved by the Home Secretary and signed in his absence by the Private Secretary).

From: Simon Virley
Date: 28 February 2001

PRIME MINISTER

cc: Alastair Campbell
Jeremy Heywood
Geoffrey Norris
Anji Hunter
Peter Hyman
Alasdair McGowan
Martin Sheehan
Helen Mason

WALES: BACKGROUND BRIEFING

I attach:

- speaking note for the business breakfast at the Cardiff Business Club (flag A);
- speaking note for the opening of the Phoenix centre (flag B);
- lines to take on specific issues, including Corus, miners' compensation, Welsh census and the St. David's Day bank holiday (flag C);
- a general brief covering key facts on the state of the Welsh economy and public services in Wales (flag D).

David North will provide the latest figures on foot and mouth in Wales tomorrow. Lucie McNeil is doing a separate note on the press handling.



SIMON VIRLEY

REMARKS AT CARDIFF BUSINESS CLUB: 2 MARCH

- As you are all only too well aware, the uncertainty over Corus and Foot and Mouth Disease ■ casts something of a shadow over the Welsh economy along with other parts of the country today.
- But Wales' greatest strength, the reason why I believe Wales will overcome these tough times, is the sound fundamentals of the British and Welsh economies.

ECONOMIC STABILITY AND PUBLIC SERVICES

- The most important thing any Government can do, the most effective preparation for economic change like the Corus decision and acts of fate like Foot and Mouth Disease, is to put the economy on a sound and robust footing.
- For years we had violent swings of the economic cycle. Almost four years ago now, we reformed the whole basis of economic policy-making. Bank of England independence. New fiscal rules. Paying off the national debt.
- Not technical changes. But fundamental reforms that have transformed the British economy and its future prospects.
- Inflation is at a 30-year low. Long-term UK interest rates are around their lowest levels for over 35 years. We have cut annual government borrowing by £44 billion, saving around £5 billion in debt and the same again in reduced welfare payments through strong employment. The economy is now enjoying its longest period of uninterrupted growth since the war.

- The Welsh economy has also reaped the rewards of this new stability. The lowest unemployment since 1974, down 25% since May 1997. Employment growing faster than in the UK as a whole. Youth unemployment cut by 75% since May 1997, helped by the New Deal. Manufacturing output up 3.5 per cent last autumn over the previous year; exports up more than 9%. New inward investment since May 1997 worth £2.2 billion, creating over 33,000 new jobs and safeguarding 16,000 more. I am delighted to say that IKEA is announcing its first Welsh store today, which is expected to create 500 new jobs in Cardiff.
- Government set the framework. But those jobs, that success is down to you. Because you invested and expanded your operations in Wales.
- We have laid the foundations of economic stability. We are now rebuilding Britain's public services after decades of chronic under-investment in skills, science and basic infrastructure. Public services that are essential if business is to have the transport, the skilled workforce, the research base, it needs.

MODERN MANUFACTURING

- In Wales, over 5000 small and medium-sized firms in Wales are engaged in manufacturing. For you, and for Britain, manufacturing matters.
- Manufacturing accounts for 20% of our national income and employs 4 million people. At least 2.5 million service sector jobs depend on manufacturing. Manufactured goods make up 60% of the value of UK exports.
- UK manufacturing has faced tough times in recent years. The strength of the pound has been a problem for exporters. Indeed the remarkable thing has been

the resilience of many manufacturers despite the serious pressures of the exchange rate, only now abating a little as the Euro rises.

- We have other challenges: a productivity gap with our leading competitors in key areas and a workforce with great talent but often lacking in the skills we need.

ROLE OF GOVERNMENT

- The role of Government has changed with the economy. We neither need a return to the old 1960s industrial intervention nor laissez-faire. Businesses should run business. Whether a business succeeds or not cannot depend on Government but on the vitality and strength of the business itself.
- But there are certain key things governments can do today to help business prospects. These things can play an essential part in the overall business environment. We still have weaknesses we must remedy.
- First, skills and education. Education and training are central to any modern industrial policy. That is why we've allocated £780 million extra over three years for education and training in Wales. That is why we are strengthening the National Training Organisations, so they work with employers to tailor training and other schemes to meet their skills needs.
- Second, promoting regional growth. The Government is introducing a new Manufacturing Advisory Service. I am delighted that there is strong support in Wales for this initiative and that Wales is preparing to establish its own centre for manufacturing excellence through a partnership involving DTI, the National Assembly for Wales and the Welsh Development Agency.

- Third, business taxation. We have cut corporation tax rates to the lowest levels of any major European economy. Corporation tax receipts are now 3.4% of GDP, down from 3.6% in 1996-97. And we have also reduced Capital Gains Tax to 10% for business assets held for longer than 4 years, to reward long-termism and risk-taking. Some have voiced concerns about the Climate Change Levy. Even though the proposal is overall revenue neutral, I know these are real concerns and we are listening. I would simply point out that overall, we still enjoy business and personal rates of tax well below our main competitors.
- Fourth, science. The health of the science and engineering base is crucial to the economic future of this country. Two years ago the Government announced increases in science spending in partnership with the Wellcome Trust of £1.4 billion over three years. And over the next three years the science budget will grow by nearly another £1 billion, with £252 million going to research in the high-technology sectors upon which the future of manufacturing depends.
- Fifth, regulation. I am aware of business worries on regulation. I want to make just one point. The Regulatory Reform Bill is at the heart of a new framework for striking down unnecessary regulation and for ensuring the business community is properly consulted before any new regulations are passed. It will be legislated for as soon as possible. Together with the Small Business Service and the reorganisation of Whitehall to provide a new focus on preventing and rooting out burdensome and unnecessary regulation, it will, over time, deliver real benefits. The recent White Paper also gives the Office of Fair Trading a new role to assess when laws or regulations are anti-competitive.
- But I do not believe the role of Government should end here. Where companies are facing major change, the Government has acted as a facilitator. Not to try to

run companies; but to enable change, to work with the company to ensure that the disruption to workers and communities is minimised.

- I am optimistic about our future. There is a process of transformation in Britain taking place over many years, from which business can benefit.
 - That is why I believe that despite the tough times, Wales can and will do well. Because of our strengthening economy, we have the best opportunity to raise living standards and prosperity in Wales for over a generation.
-
- I am confident that with your help we will do so.

Word Count: 1,150

REMARKS AT SWANSEA URBAN INITIATIVE: 2 MARCH

- Delighted to be here today to open the Phoenix Centre, and to congratulate everyone involved.
- The Phoenix Centre is a flagship community economic development project. It will help tackle social exclusion and provide a place for the people of the Townhill and Mayhill Wards to retrain and reskill.
- In today's rapidly changing world, more and more people will want to be able to learn new skills to take advantage of the new opportunities that are out there. That's why centres like Phoenix are so important.
- The success of this venture is evidence of the wide partnership involving the European Commission, the National Assembly for Wales, the local authority and local business and community groups.
- The Centre is only the most visible result of the extraordinary success of the Swansea URBAN Initiative in attracting European funding for local regeneration projects. Over of £3.5 million in EU funding has been committed to over 30 projects in the Townhill and Mayhill Wards.
- Like the other URBAN projects, this Centre demonstrates how local communities can benefit from Britain's membership of the EU. The Swansea URBAN initiative is also an excellent example of community regeneration through partnership with local organisations.
- As well as employment, education and training resources, the Centre will provide crèche facilities, offices, a café, and a fitness centre. There will also be 11 workshop units available for co-operative and community based businesses as well as local entrepreneurial activity.
- The Centre is for all the community but I hope young people in particular will make use of the facilities.
- Phoenix is much more than a community economic development project. It is a symbol of hope for the whole area.
- It is with great pleasure that I declare it open.

KEY MESSAGES ON CORUS

- Believe Corus have taken short term view. Their action in stark contrast to recent announcements by Toyota, Ford, Nissan and Vauxhall.
- Very much hope that talks underway between unions and Corus will lead to changes in the plans the company has announced.
- Government stands ready to help in whatever way we can - within of course the confines of the strict state aid rules for steel.
- Whatever the eventual outcome, the Government and the National Assembly will undertake employment, re-training and regeneration initiatives to help the individuals and the communities affected.

Q. What action is the Government taking to prevent the job cuts?

A. We have pressed Corus to engage in a constructive dialogue to identify a better way forward. We and National Assembly for Wales stand ready to help them.

Q. Do you think Corus will change their minds?

A. Corus has confirmed that the 90 day formal consultation process began on 15 February but the company has said that there is still scope for mitigating the effects of their plans through discussions at local level. Hope that the company will still reconsider its actions and give serious consideration to any proposals put forward by the trade unions. We will help where we can.

Q. Why has the Government not announced a package of measures to help those affected?

A. Do not want to cut across the discussions the trade unions are having with the company. As Stephen Byers said on 1 February, the Government will not walk away from the innocent victims of Corus' decision. We are looking to provide help to the individuals who might be affected, as well as the wider community in which they live. This would include new job opportunities, retraining and economic regeneration.

Q. Was the AEEU/Exi announcement a cynical media stunt?

A. No, I don't believe so. It is a genuine attempt to see how workers facing redundancy in one sector can acquire the skills for jobs in new growing sectors of the economy. Recognise it has got a lot to prove but believe it is worth trying innovative approaches.

Q. The announcement on 14 February undermined the ISTC's negotiating position with Corus. Why was it announced on that day?

A. Stephen Byers made it clear (as did Sir Ken Jackson) that the AEEU initiative was not specifically about the proposed redundancies from Corus. Our position was clear that the agreement with Exi did not let Corus off the hook. I must stress that the AEEU/EXI scheme will apply to many different kinds of workers from all parts of the country and from many industries. The partners are simply looking to pilot the concept with Corus.

Q. Understand difficulties being encountered in achieving state aid clearance for the Climate Change Levy, in particular the exemption for coke for steel. If the coke exemption is not allowed by the Commission this will be a huge cost for the industry at a time of difficulty. What action is the Government taking?

A. Several aspects of the climate change levy package require state aids clearance and the appropriate applications have been made. We are continuing to work with the Commission to ensure our applications are approved and the applications are now moving into the final phase generally

Q. Corus has refused to sell plants which it is closing to potential competitors. Will the DTI examine the anti-competition implications of this action?

A. Responsibility for investigating any possible breach of competition law by Corus would be a matter for the competition authorities, the European Commission and the Director General of Fair Trading.

Q. Will the Government ensure that Corus pay for clean up costs of sites they close?

A. Corus are well aware of their legal obligations and we will ensure they meet these obligations and release any excess land as quickly as possible for re-development.

Expected Attendees at Steel Meeting, Friday 2 March

MPs/AMs

← Prime Minister
Paul Murphy
Rhodri Morgan

Llanwern

MP: Alan Howarth
AM: John Griffiths

Ebbw Vale

MP: Llew Smith
AM: Peter Law

Gorseinon

MP (Gower): Martin Caton (apologies, overseas)
AM: Edwina Hart

Shotton

MP: Barry Jones (possible)
AM: Tom Middlehurst

Unions

ISTC

Lyn Jones, President (Port Talbot)
Michael Leahy, National Officer
Kieran Bender (Llanwern)
Jim Mullins (Shotton)
Vernon Lewis (Ebbw Vale)

AEEU

✓ Bob Shannon, National Officer (~~03746 25958~~)
Shaun Corten (Llanwern)
David Davies (Ebbw Vale)
Charles Radcliffe (Steel Industry Managers Association)

T&G

Randall England, National Officer
Eddie Lang (Ebbw Vale)
Steve Cannon (Bryngwyn)

✗ ~~Rhodri Morgan + Paul Griffiths (Special Adviser)~~
✗ ~~Paul Murphy + Adrian McMenamin (Special Adviser)~~
Alasdair McGowan, Nita Clarke, Simon Virley

KEY MESSAGES ON MINERS COMPENSATION

- Yes, there have been delays and mistakes. But we are now driving through improvements.
- Over £ 1 million is now being paid out each day and this is increasing all the time.
- £270 m has now been paid out in what is the biggest compensation scheme in UK history: over 250,000 claimants with 1,000 extra applying every week.
- Recent improvements include:
 - Introduction of the fast track system
 - Better prioritisation to the oldest and sickest claimants
 - Clearing legal obstacles to the release of pension money enabling final settlements to be made to tens of thousands of claimants (the announcement this week)

So we are making progress, but this is a huge task and there is much more work to do before it is completed.

Background

You are due to announce two further improvements in your speech on Friday: extending the availability of fast track offers to certain miners who suffer from asthma (about 800 in total) and allowing widows of ex-miners to claim damages payments (in addition to their bereavement awards).

Fast Track

Expedited offers to those claimants likely to have disability were increased to reflect the likely higher levels of damages. The increases at high levels of injury were substantial: up from £5,750 to £14,500. Ex gratia "top-up" payments were made to those who had already received the original lower offers in the interest of fairness. In addition, based on medical advice, the Department were able to extend the offer of expedited payments to new categories of claimants identified by an additional analysis of the lung test results.

Offers under the new arrangements were made over November and December. The Department has made offers of £74m to over 15k

claimants of which about £23m has been taken up. We have still to hear from solicitors what claimants for the other £50m want to do - they can either accept the offer as a full and final settlement and withdraw from the scheme or can take 70% of the offer as an interim payment and continue through the MAP.

Now, following further medical advice, we are able to make offers to those who, notwithstanding the fact that they have asthma, show an injury to the lung of greater than 50%. Many in this group (about 800 currently) would not previously have been entitled to such an offer.

Bereaved claims

Spirometry is, obviously, only for living claimants so there are no screening tests for the deceased cases. Where a widow is making a claim, however, we examine the death certificate and if COPD was a cause of death she is eligible for a bereavement award. 20% of widows' claims have been eligible for this and average payment is nearly £8,500. We have a special unit at IRISC handling widows' claims and we have set up direct links with the Registrars in both England and Scotland to get copies of certificates direct rather than waiting for solicitors to supply them. So far we have made 4,600 bereavement awards.

The Department now considers it is able to make interim payments to those widows who are in receipt of bereavement awards as a payment on account of the damages they are due to receive to which their late husband would have been entitled.

WELSH CENSUS

Lines to take

On the absence of a 'tick-box' for people to describe themselves as Welsh...

- I can assure you that the Government recognises the strength of feeling in Wales about the census form, and no slight to the people of Wales is intended by its format.
- The tick-box was not raised as a significant issue during the consultation process until after the Census Order had been through the Commons, and it was too late for a change in the format to be tested and approved without major expenditure and disruption. ONS estimated it would cost at least £2.5 million, including printing costs and software changes. But, primarily, amendments are possible only after proper parliamentary process has been completed.
- In April 1999, a census rehearsal was held, testing the form on 15,000 households in Ceredigion and Gwynedd, without the Welsh tick box being raised as a significant issue.
- But if people tell us they're Welsh, then we'll count them as Welsh. The ONS has pledged to publish a special report based on a count of all those who write in "Welsh." The publicity campaign for this census will make sure that everyone knows they can identify themselves as Welsh when completing the form.
- The Labour Force Survey in Wales will also be expanded and enhanced, asking questions about Welsh identity for first time.

On whether the Census will have to be postponed because of the Foot & Mouth outbreak...

- ONS monitoring situation very closely.
- Clearly, could potentially affect normal methods of hand distribution of census forms in some parts.
- Return of the census form this year is by post through normal Royal mail service through pre-paid envelope.

Background facts

- For the first time, the Census form will be available in both Welsh and English to every household in Wales, making this the biggest ever print run of an official document in the Welsh language.
- For the first time, a Census manager for Wales has been appointed, and he is a Welsh speaker.
- For the first time, a public enquiry line will offer full support in Welsh.
- A question on the country of birth will enable people to indicate that they were born in Wales and respondents will be asked whether they can understand, speak, read or write in the Welsh language.
- Data from an expanded Labour Force Survey will be combined with information collected by the Census to give an unprecedented level of detail about Welsh identity across every part of Wales. This information will be more extensive, and will provide far more information on the breakdown of ethnicity in Wales than could be gleaned through a simple tick-box.
- The National Statistician and senior Census managers are meeting opinion-formers throughout Wales to seek their cooperation in making the Census a success. The first two meetings were held on 27 and 28 February.

ST DAVID'S DAY BANK HOLIDAY

Lines to take

- Welcome consideration of creating a St David's Day Bank Holiday in Wales.
- All proposals for new Bank Holidays should, of course, be subject to careful consideration and consultation.
- I understand that Paul Murphy is still considering the issues raised, and is expected to report back to the National Assembly shortly.

Background

There has for some time been pressure for a St David's Day Bank Holiday in Wales. The then SoS for Wales raised the issue in an Early Day Motion in 1997, but the plan was dropped at that time. The current SoS for Wales has returned to the issue, in the context of considerable pressure from the Welsh Assembly.

The SoS for Wales wrote to colleagues in December 2000 proposing an *additional* Bank Holiday in Wales. This met considerable opposition from colleagues, not least because of the burden on business and the precedent for further Bank Holidays across the UK, including the English and Scottish saints' days.

The SoS for Wales wrote again on 19 February, suggesting that he should write to the Assembly proposing to carry out a Regulatory Impact Assessment on creating a St David's Day Bank Holiday in Wales *in place of* one of the existing Bank Holidays.

This seems a reasonable compromise. Undertaking a Regulatory Impact Assessment will show sensitivity to public opinion in Wales, but the proposal for a *substitute* Bank Holiday in Wales will minimise the cost and disruption to industry. Scotland already has two of its eight annual Bank Holidays on different days from those in England and Wales. The proposed approach should defuse calls for other additional Bank Holidays, though it could lead to calls for substitute Bank Holidays on the English or Scottish saints' days.

Timing

The Ministerial correspondence has not yet led to an agreed conclusion, and any announcement or public statement will be dependent on the outcome.

BRIEF ON WALES

JOBS

- **Unemployment is falling** on both ILO statistics and claimant count. ILO figure shows unemployment down by 31,000 from Feb-Apr 97 and there are 27,700 fewer people claiming unemployment benefits in Jan 2001 than in Apr 97.
- There are 17,000 more people in employment in Wales than a year ago and 33,000 more than in Feb-Apr 97.
- In Oct-Dec 2000, the working age employment rate in Wales was 69.5%, still down on the UK rate of 74.6%.
- 155,800 vacancies were registered in Welsh Jobcentres in the year to January 2001.

NEW WELSH GDP FIGURES

The latest figures for 1999. Issued 28 Feb:

- Wales contributes nearly 4% of UK GDP. It has about 8.5% of the population. GDP per head is therefore well below the UK average at £10,500 (UK average is £13,200) - about 20% lower than the average.
- Since 1997 GDP these are all little changed, but are **down on the rest of the 1990's by 3-4%**.
- The biggest share of GDP is from manufacturing - about 27%. The next biggest is the property business which generates about 15% of its income. The lowest is mining and quarrying - less than 1%. (Latest figures for this are only 1998, but unlikely to be much changed.)

PAY

- Average gross weekly earnings of full-time adults in Wales were £368.10 in April 2000, **an 11.5% increase since April 1997**.
- Female earnings grew faster than males over the 3 years (16.6% for females compared to 10.2% for males).
- The National Minimum Wage has helped some 109 000 people.

New Deal

- 4,795 people have gained jobs through New Deal for Lone Parents to end November 2000. This is 40% of those who started the New Deal.
- 36,372 young people have joined NDYP. A total of 18,406 young people have found employment through the New Deal. Of these, 14,239 have found sustained employment.
- 14,692 people have entered the New Deal for 25+. 3,791 have found employment from the New Deal, of whom 3,145 have found sustained employment.

REGENERATION (devolved)

- West Wales and the Valleys has been awarded Objective 1 status. Two thirds of the Welsh population live in this region.
- The GDP per head in the Objective 1 map area is 27% lower than the European average. Objective 1 funding is a chance to put this right and redress the balance.
- **Objective 2:** (total value of around £75m in Structural Funds, including those for transitional areas from 2000-2006) will cover large parts of Powys, and some inner city areas of Cardiff and Newport. Other parts of Powys, Cardiff, Newport, rural Wrexham, Monmouthshire and the Vale of Glamorgan will benefit from transitional funding under this programme.
- **Objective 3:** (total value of around £80m from 2000-2006) aims to support economic development by providing people with extra skills, education and training to improve their employment prospects. Also measures to help businesses to grow and develop. The Objective 3 programme will cover the unitary authorities of Cardiff, Newport, the Vale of Glamorgan, Monmouthshire, Powys, Wrexham and Flintshire.

INWARD INVESTMENT

Since 1997, 380 projects have been secured promising a capital investment of around £2.2 billion; creating over 33,000 new jobs and safeguarding a further 16,000. Recent Examples (RSA) include:

- Ford (Bridgend); announced February 2001; production of V6 & V8 Jaguar engines; 640 new jobs
- Hi-Lex Cables Ltd., (Baglan); announced January 2001; manufacture of cables for the automotive industry; 160 new jobs
- Pure Wafer Ltd., (Swansea); announced January 2001; silicon wafer reclamation facility; 110 new jobs.
- Wireless Systems International Ltd., (Cwmbran); announced December 2000; high tech telecommunications; 264 new jobs
- On;Line Finance, (Treforest); announced November 2000; internet based loan provider; 400 new jobs
- General Domestic Appliances, (Bodelyyddan); announced October 2000; white good manufacturer; safeguarding 1000 jobs

EDUCATION AND TRAINING (devolved)

Spending For 1999-2000 budgets, Wales spends £2,660 per pupil. England is 2% above this at £2,710. But outside London, Wales has a higher spend per pupil than all the English regions except Merseyside.

Class Sizes At September 2000, 4,600 pupils (4.5 per cent) were in infant classes of over 30 - a reduction of around 50 per cent from September 1999. [Assembly Performance Target there should be no pupils in infant classes of over 30 by September 2001].

Welsh in schools In January 2000 over 16% of primary school children were considered fluent in Welsh compared with 13% in 1986/87.

Absence from school The rate of in secondary schools in Wales decreased from 10.6 per cent in 1998/99 to 10.1 per cent in 1999/2000.

Further Education Since 1997 the number of students on Further and Higher Education programmes in Welsh Institutions increased by over 18,000 to almost 306,000.

Qualifications

- In 1999/2000, 80 per cent of pupils at Key Stage 1 reached the expected level in each of English or Welsh (first language), mathematics and science in combination, 63 per cent of pupils at KS2 and 49 per cent at KS3. (based on teacher assessment).
- In 1999/2000, 49 per cent of 15 year olds pupils in Wales achieved 5 GCSE grades A* to C, or the vocational equivalent
- 36 per cent achieved a grade C or above in English or Welsh (first language), mathematics and science in combination (the Core Subject indicator)
- The percentage of adults of working age in Wales with no qualifications in Autumn 1999 was estimated as 1 in 5.

- **Between 1996 and 1999 the Basic Skills Agency undertook a series of surveys which they have recently reanalysed to make the results more comparable with international and English surveys. The reanalysed figures estimate that around 3 in 10 of the working age population had low numeracy skills; and around 3 in 10 had low literacy skills**

HEALTH AND CARE (devolved)

- **Waiting lists - new 28 Feb figures show improvement and is said to be the largest percentage decrease in Inpatients list since March 1999. The total in-patient/day case waiting list down by 2.1% over the month to stand at 75,415 at the end of Jan 2001.**
- **The out-patient list down by 1.2% to 179,400.**

- **Admissions.** Emergency admissions were up by 3,600 (1%) over the year to September 2000, but elective (non-emergency) in-patient numbers were down by 15,600 (3%).
- **Hospital beds** The average number of beds in Welsh hospitals in 1999-2000 was 14,740. This represents a fall of over a quarter (26%) over the decade and a fall of almost 160 over the previous year.
- **Staff** The number of staff employed by the NHS rose by 460 in the year to September 1999 to reach 54,100 (whole time equivalent). Number of nurses increased by 280 and medical and dental staff by over 100.
- **NHS Direct Wales** Nearly 50,000 calls have been received from the start of the service in June 2000 until the end of December 2000.
- **Social services staff** Number of staff rose by 957 (5%) in the year to September 1999 (whole time equivalent).

TACKLING POVERTY AND SOCIAL EXCLUSION

Wales had 68% of residents living in households with below average income (GB figure 62%). In GB, only two English regions have a higher proportion (Source: 1998/99 Family Resources Survey) National Assembly initiatives include:

People in communities

- **People in Communities** is an innovative response to tackling social exclusion in deprived communities in Wales. Launched in June 1998 with a budget of £750,000. Eight deprived communities across Wales were selected to take part in the Programme. The eight areas were: Rhymney (Caerphilly), Peulwys Estate (Conwy), Deiniolen, Dinorwig and Clwt y Bont (Gwynedd) Gurnos and Galon Uchaf (Merthyr Tydfil) Duffryn (Newport) Rhiwgarn, Trebanog, Rhondda Cynon Taff Blaenymaes and Portmead (Swansea) and Southsea and Brynteg (Wrexham)
- During 1999-2000, £1million of PiC monies was committed to enable the eight existing projects to expand and develop their work (round 1 phase 2). In addition, £750,000 was made available during 99-2000 to fund an additional 6-8 projects (round 2). The eight new areas are: Mount Libanus Estate, Penyreglyn, Butetown & Grangetown (Cardiff) Caerau (Bridgend) Rhyl West Central (Denbighshire) Bush & Park Estate (Pembrokeshire) Giants Grave, Neath - (Port Talbot) Nantyglo (Blaenau Gwent) Abersychan (Torfaen)

Sustainable Communities

- The Sustainable Communities provides funding for local initiatives and projects to secure the sustainability of communities.
- £250,000 was made available for 1999/2000 and £1 million for 2000/01 to assist in sustaining communities in the future as a prelude to a major initiative from 2001/2002 by which an additional £5 million will be provided for community purposes.
- 15 schemes are currently funded from the 1999/2000 budget. These include childcare facilities, capacity building projects and a Healthy Living Centre.
- 59 bids have gained approval for funding in 2000/01 and the formal grant offer letters have now issued
- The area of Townhill itself does not receive funding from the Sustainable Communities Programme although one current scheme and four newly approved projects are based in Swansea.

AGRICULTURE (see separate brief on foot and mouth)

- **Crops (June 2000)** Total area under crops 5 per cent lower than in the previous year.
- **Livestock (June 2000)** The total number of cattle and calves fell by an estimated 3 per cent between 1999 and 2000. The beef breeding herd and the dairy breeding herd decreased by around 3 and 4 per cent respectively. The total number of sheep and lambs was 5 per cent lower than in June 1999. The total number of pigs fell by an estimated 16 per cent between 1999 and 2000.
- **Workforce** Estimated down by around 6 per cent between June 1999 and June 2000.
- **Incomes** Latest figures were released on 4 December and show that Net Farm Income per full-time farm in 1999-2000 was £5,700, a decline from the previous year of £900. Cash Income was £20,500, an increase of £200. **Total direct subsidies per farm were £18,600.** The income figures therefore remain at historically very low levels.
- **Total Income from Farming (TIFF)**, which represents income to those with an entrepreneurial interest in the agricultural industry, is estimated to have fallen by £60m in 2000 to -£2.6 million. This follows the fall from 1998 to 1999 of £11m. The negative indicates that the total value of agricultural output was less than the total costs of producing that output.

TRANSPORT

Rail:

- Less post-Hatfield disruption in Wales than England. Main Swansea to London and Holyhead to London lines have resumed working with minimal disruption, although the Severn Tunnel continues to be a bottleneck, with impending weekend tunnel closures likely to compound problem.
- Also some concerns over standard of services west of Swansea, and fears that introduction of new Wales Single Rail Franchise could slip (although this is strongly denied by SRA)

BUT

- Vale of Glamorgan Railway Line to reopen to passengers with Assembly funding (will provide link with Wales International Airport)
- Assembly funding for direct North-South rail service (Cardiff-Holyhead) is continuing.
- Positive evidence of more integration between rail and road transport - eg new rail-road passenger interchange at Caerphilly opened last year.

A £300 million major five-year package of transport investment in Wales was set out in January 2001.

The programme included indicative dates for the construction of a number of rail improvement and road schemes, enabling the rail, bus and other parties to plan ahead with local authorities.

The detailed allocations of grants to Welsh local authorities for major rail and road projects in 2001-02, included:

- £10.7m to support rail infrastructure improvements, including support for partnership with Railtrack for work to upgrade the Vale of Glamorgan railway line for passenger services. This grant is linked with support from the Strategic Rail Authority (SRA), through the Rail Passenger Partnership fund, for hourly services. First passenger services expected to be operational in the autumn 2002 timetable;
- £23.2m of continuing support for integrated transport schemes across Wales
- An 85 per cent increase in the funds made available for councils' Safe Route to Schools initiatives, providing £2.7m support for a total of 19 schemes, covering 84 schools in Wales.

CRIME

- Since 1997, overall crime has **fallen in all four** of the Police Force Areas in Wales.
- Recorded crime in Wales fell by 10.3% in the 12 months to September 2000. 3 of the 4 forces in Wales showed a fall in recorded crime over the period: only North Wales showed a small increase (2.7%). South Wales showed the largest drop of all forces in England and Wales (16.9%).
- Recorded crime figures (comparing the 12 months to end of March 97, with the 12 months to end of September 2000) show:
 - Wales has seen a fall in overall crime of 16%
 - Dyfed-Powys has seen a fall of 11% in overall crime
 - Gwent has seen a fall of 3% in overall crime
 - North Wales has seen a fall of 9% in overall crime
 - South Wales has seen a fall of 24% in overall crime - the **second largest** fall in England and Wales, behind Northumbria
 - But across Wales, **total violent crime has gone up by 6%**, compared to an England and Wales average increase of 13%
 - Violence against the person is up 6%, compared to a combined England/Wales average increase of 11%
 - Robbery is up 3%, compared to an England/Wales increase of 24%
 - Sexual Offences are down 10%, compared to a combined England/Wales increase of 12%
 - Across Wales, domestic burglary is down 35%
 - Total burglary is down 33%.
 - Theft of and from vehicles is down 29%.

POLICE NUMBERS

Since March 1997, overall police numbers **up by 145** in Wales

	March 1997	March 1998	March 1999	March 2000	Sept. 2000	Change
Dyfed Powys	1005	1002	1026	1040	1045	+40
Gwent	1243	1233	1247	1264	1271	+28
North Wales	1369	1396	1391	1403	1393	+24
South Wales	2976	2986	2981	2926	3029	+53
Total	6593	6617	6645	6633	6738	+145

YOUTH JUSTICE PLEDGE

All four Police Force Areas show a **steady fall** in the number of days from arrest to sentence for persistent young offenders

	Quarter 3 1997	Q3 1998	Q3 1999	Q3 2000
Dfued Powys	126	92	98	67
Gwent	146	130	119	83
North Wales	129	117	77	79
South Wales	160	118	84	72

CRIME REDUCTION PROGRAMME IN WALES

Programme in England and Wales consists of a range of initiatives offering a significant and sustained impact upon crime reduction, backed up by £400 million over 3 years.

So far Welsh projects have attracted £5.6 million in funding from the Programme which equates to about 5% of the funding committed to date.

£153 million is available for closed circuit television (CCTV) of which **£3 million is ring-fenced for the provision of CCTV on social housing estates in Wales.**

The Rt Hon Stephen Byers MP
Secretary of State for Trade and Industry



Top: EAKS
cc: PPS
COS
PU
Press

The Rt Hon Rhodri Morgan AM MP
First Secretary
National Assembly for Wales
Cardiff Bay
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Secretary of State
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27 February 2001

Helen Fleming Eco. & Domestic
Secretary

Dear Rhodri,

CORUS

At our meeting yesterday, I agreed to send you details of the regeneration package that we are proposing to announce to cover the sites in England that have been affected by the Corus restructuring plans. I attach a note setting out our proposals.

The areas in England that are most seriously affected by the Corus plans are Teesside and Scunthorpe, where the scale of job losses is large. The regeneration package therefore focuses on these areas, in particular on Teesside where the closure of Lackenby is a serious blow. The redundancies elsewhere in England are smaller in number or are in parts of England that are better able to cope because their local economies are more buoyant. However, we want to make sure that the local economies are not adversely affected by these redundancies and we will ask the local Regional Development Agencies to keep their impact under review.

On Teesside, the primary regeneration measure is the establishment of the Urban Regeneration Company. The URC will be the route for the development of proposals to promote the long-term regeneration of the local economy. No specific funds have been allocated for this work and our expectation is that the URC proposals will be funded by the local RDA budget or by other existing budgets when they move to implementation stage. The other regeneration

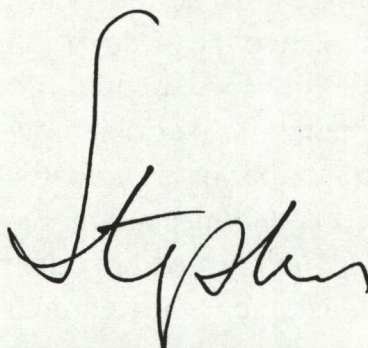


measures we are announcing involve the bringing-forward of proposed projects and later phases of existing ones. We expect all this expenditure to occur over the next eighteen months.

In addition to these regeneration measures there will be employment and training measures designed to help individuals back into work as quickly as possible. As you are aware, the Employment Service will introduce the new Job Transition Service in all areas affected by the Corus decision. Officials from the Department for Education and Employment have already been in touch with Corus to ensure that Employment Service staff will be on site as soon as possible to help individuals served with redundancy notices. I understand that DfEE officials have been in close touch with Assembly officials on this.

Training is a devolved responsibility but officials have worked together to develop a broadly equivalent approach that will cover those directly and indirectly affected by redundancy, including contractors. At our meeting yesterday, we asked officials to meet the Unions quickly to help them develop a training proposal to put to Corus that would meet strict steel state aids rules. I understand that a meeting will take place on 28 February.

I am copying this letter to the **Prime Minister**, Paul Murphy, Andrew Smith, Tessa Jowell, Hilary Armstrong, Mike German and Sir Richard Wilson.

Yours,


STEPHEN BYERS



CORUS: REGENERATION PACKAGE FOR ENGLAND

Teesside

- John Bridge, Chairman of One North East, will co-ordinate a regional response. Supported by a small group, he will oversee the implementation of the regeneration programme, while paving the way for an Urban Regeneration Company.
- Establishment of an Urban Regeneration Company involving the five local authorities in the Tees Valley. The URC will work with local partners to develop a strategic regeneration strategy for the region.
- Clearance for the North Bank project, involving the development of a flagship business park and the provision of new facilities for Durham University. English Partnerships will contribute up to £18m as part of a £19m public sector regeneration programme.
- Clearance to proceed to phase 2 of the Middlehaven project. Phase 1 has involved significant investment in remediation and infrastructure development, worth £15m. Proposals will now be invited for phase 2: it is likely to bring around £16m of further investment.
- Government Office officials will promote the development of the knowledge-based economy in Tees Valley. The Tees Valley Partnership will consider the expansion of the chemicals research facility at Wilton, and will help to complete the linkage between Warwick University Manufacturing Centre and the B2B facility at Teesside University, specialising in virtual reality engineering. We are also looking at measures to encourage the development of the chemical industry cluster in Tees Valley, and to encourage further inward investment.
- We will accelerate the rollout of the next generation of communications infrastructure on Teesside - particularly broadband networks and digital TV. DTI is making £500,000 available to the RDA for this. The Countryside Agency will also fund broadband healthchecks for key market towns on Teesside, beginning with Guisborough, near Redcar.



- In addition to our existing transport plans, we intend to bring forward the A66 Longnewton Interchange project, worth £5m, which will improve access to Teesside airport. We are also providing financial support worth up to £200,000 for detailed feasibility studies of a New Tees Crossing and a Light Rapid Transport system.
- Following the recent Business and Skills White Paper, the Small Business Service is launching a major initiative on the funding of incubators to encourage business start-ups and growth in managed workspace, with flexible leases, good communications and management advice. The Tees Valley will benefit from the initiative.

Scunthorpe

- Scunthorpe will become a Tier 3 area for the purposes of the Enterprise Grant Scheme by redrawing the Assisted Areas map. It will enable grants to be provided to small- and medium-sized companies moving into the area or increasing their investment there. Expenditure will be demand-led but we expect it to be in the region of £500,000.
- The North Lincolnshire Steel Task Force, which was set up following the previous round of Corus closures, will be asked to advise on additional measures which could be taken in the area. These should help to take forward the actions set out in the Metal Related Industries Impact study, funded by DTI, and is looking both at Scunthorpe and South Yorkshire.
- As in Tees Valley, we are announcing up to £500,000 funding to be allocated to the RDA to help with the establishment of broadband infrastructure and related education and training in the area.
- Scunthorpe will also benefit from the measures outlined for Teesside for the development of local small businesses through the Small Business Service.



Ysgrifennydd Gwladol Cymru
Secretary of State for Wales

Rt Hon Paul Murphy MP

Wales Office | Swyddfa Cymru

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Swyddfa Ysgrifennydd Gwladol Cymru
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23 February 2001

file
ES
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PV

Dear Deputy Prime Minister

CHILDREN'S COMMISSIONER FOR WALES BILL

I am writing to seek LP and HS agreement to a Government amendment to the Children's Commissioner for Wales Bill, which I consider is necessary to avoid the possibility of a defeat in the House of Lords. If HS and LP committees will agree to this concession, I am also seeking agreement in principle for 3 small technical amendments which may be necessary to ensure the Bill has its intended effect. Because of the tight timetable we are working to, I would appreciate responses by Friday 2 March, or earlier if at all possible.

You will know that the Children's Commissioner for Wales Bill has just received its Second Reading in the Lords.

The Bill has been welcomed in general terms. However, there has been sustained pressure in Committee and Third Reading in the Commons, and Second Reading in the Lords, on the scope of the Commissioner's role. This has come from Government back-benchers as well as all the Opposition.

The main concern centres on the lack of a specific power for the Commissioner to make representations on any matter affecting children in Wales, including matters that do not fall within the National Assembly for Wales's devolved fields of responsibility – such as youth justice and welfare benefits. Such a power is seen as crucial by a variety of children's groups and interests, and was recommended in the report of the Assembly's Health and Social Services on the issue. The lack of such a power is seen as an unnecessary and undesirable fetter on the Commissioner's powers. It is also difficult to justify when compared to the precedent of the Northern Ireland Human Rights Commission, which has a remit covering both devolved and non-devolved functions.



You will remember that we obtained policy clearance for this Bill on the basis that its widening of the Commissioner's powers would not impinge on the responsibilities of Government departments in non-devolved areas in Wales. The major children's organisations in Wales have lobbied hard and effectively for a power to make representations on any matter, and will continue to do so.

I understand that Lord Williams believes that, without a concession on these lines, the Bill will be difficult to handle in the Lords. We are certainly in danger of losing much of the presentational advantage of the measure if no concession is given. In terms of timing, I do not think that a concession would lose anything since, without one, there is a real risk of an Opposition amendment being added to the Bill.

There is now a very real danger that an amendment in the Lords to include a power for the Commissioner to consider and make representations on any matter affecting children in Wales, will be carried, given our lack of majority and the fact that many of our own Peers would be sympathetic to such an amendment. We would then be in the highly embarrassing position of having to remove such an amendment in the Commons, in the light of sympathy for it among our own back-benchers.

An amendment along these general lines has already been put down by the Lord Roberts of Conwy and the Baroness Hanham.

An alternative amendment would involve empowering the Commissioner to consider, and make representations only to the Assembly about, any matter affecting children in Wales. This would avoid any direct pressure on Government Departments from the Commissioner, since any approaches to them would be from the Assembly, which is already entitled to make representations on non-devolved issues by virtue of Section 33 of the Government of Wales Act. An amendment on these lines was tabled by Win Griffiths and Julie Morgan in Commons Committee, and it is this amendment that I am asking for agreement to table.

However, should this concession prove insufficient I would be grateful if colleagues would also indicate whether they would be willing to accept an amendment along the lines of that tabled by Lord Roberts and Lady Hanham, which would allow the Commissioner to make representations to whoever he considered it to be appropriate.

I am satisfied that neither amendment would have significant direct effect in practice on Government Departments as they would be under no obligation to disclose papers or respond to any sort of enforcement power. If an amendment were conceded allowing the Commissioner the general power to



make representations, he would be able to make them direct to Government Departments.

The three technical amendments for which I seek agreement are:

- The addition of community councils in Wales to the list of bodies in Schedule 2A of the Bill, so that the exercise of their functions would be subject to review by the Commissioner. These were left out as an oversight in the original instructions to Counsel. This could also be presented as a concession to a point made in Commons Committee.
- Clarification that where the Commissioner has the right to investigate the case of a child, he still has that right if the child has died (subject to Parliamentary Counsel confirming this is required)
- Clarification that the scope of the Commissioner's power to review functions of bodies listed in Schedule 2A includes situations where those functions are carried out by others (again, subject to confirmation from Counsel that this is required).

In line with the advice from the Government Chief Whip, any Government amendments need to be put down in time for Lords committee stage. We do not yet have a firm date for committee but are working to the earliest possible date of Monday 5 March.

I would therefore be very grateful for a response by Friday 2 March, or earlier if at all possible.

Yours sincerely

P. Clarke

Dictated by the Secretary of State
And signed in his absence

The Rt. Hon. John Prescott MP
Deputy Prime Minister
Department of Environment, Transport and the Regions
6th Floor
Eland House
Bressenden Place
London SW1E 5DU

Project Little
"Tony Hayward N:10"
To be used per your notes.

Mrs Green
c.c. JSW
MP
MC

NC
PH (P)

Restricted Commercial

To:

Foreign and Commonwealth Secretary) c.c.
Trade and Industry Secretary } Separate
Welsh Secretary } Copy

Mr Caborn DTI
Mrs Hewitt DTI
Mr Wilson FCO
Mr Cockerham)
Mr Morgan } INUK
Mr Westmacott FCO
Mr Spencer DTI
Mr Gibson DTI
HMA Tokyo
HMCG Osaka
Mr Morris BE Tokyo

JJA
C: SV
P.

From:-

Sir David Wright, KCMG, LVO
Group Chief Executive
British Trade International
Room 1002
Kingsgate House
66-74 Victoria Street
London SW1E 6SW

1. cc Sir S. Wall.

Mr Arthur (Mr Butler)

2. Mr Bowen. Eu0(1)

2. see Kaletsky tomorrow. Expect heavy losses,
(probably on Kew) *JJA* **JOHN KEITH**

21 February 2001

26/ii

SONY, THEIR FUTURE IN WALES - AND OTHER COMPANIES

I spent last weekend in Japan at the annual meeting of the UK-Japan 21st Century Group. Among the representatives of Japanese business who attended was Mr Kiyoshi Yamakawa, Corporate Advisor of the Sony Corporation.

- 2. We have known for some time that there was nervousness in Sony about the future of their plants in South Wales given the unit costs of their products as a result of the weak Euro and the persistent strength of Sterling.

3. The 21st Century Group conference began with a presentation about the UK economy. This year it was given by Anatole Kaletsky who spoke forcefully about the inherent strengths of the UK economy and better prospects for the UK outside the Eurozone. This provoked a pretty bitter riposte from Sir Richard Needham, supported by Andrew Fraser (formerly of the IBB), about the potential long-term damage to the UK economy and to inward investors from the likelihood of Britain not espousing the single currency for a number of years.

4. The debate impacted on Sony's Yamakawa who urged

"the UK to join the Single Currency at a proper exchange rate in order to keep manufacturers in the UK".

His wish was

"to try to prolong good relations with Sony for as long as possible. But to do that the Pound/Euro rate needs to be proportionate and the market situation should not deteriorate further for Sony".

5. The result was a slanging match between the Chairman of the UK side of the 21st Century Group (Lord David Howell) and Kaletsky on the one hand and Needham and Fraser on the other. It did little either to shed further light on the issue for Yamakawa or to avoid the Japanese being confirmed in their impression of there being internecine war in the UK over the single currency.

6. But Yamakawa was clear and serious in his warnings. This gave me reason to intervene to bring some cooler analysis to the issue. I reminded him both of the political realities of HMG's position and of the timetable involved in possible single currency accession. I also emphasised the other issues affecting his company's investment in the UK which he needed to take into account. I particularly drew his attention to (and gave him a copy of) last week's Knowledge Economy White Paper. (Sony have now asked me for more copies). I emphasised that this drew attention to important new HMG sponsored actions to assist inward investors in terms of the search for further improvements in skills, research and support for business. I emphasised what we were doing to improve transport and the infrastructure - these were all issues of importance to Sony.

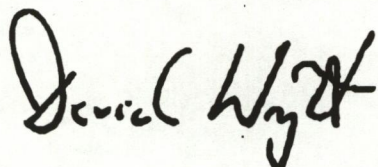
7. No more than a repetition of familiar (and largely Japanese) worries. But in the absence of any capacity to offer the immediate reassurance which they want to hear on the Euro, we have to engage inward investors in other related areas. The Knowledge White Paper has features which allow us to do that.

8. These comments from Sony were to some extent balanced out by those of three other major Japanese investors:

Restricted - Commercial

Toyota – I called on and lunched with Mr Iwatsuki, the main Board Director for Overseas affairs at the Company's HQ in Toyota city. His comments on the single currency were more measured. It was certainly a problem the UK being outside. But it was a fact of life and Toyota had managed their business around it. They were procuring more outside the UK and this was off-setting extra-Euro costs in Britain. All this was slightly tiresome. But it did not affect the company's long-term association with the UK.

Sharp and Panasonic – Senior directors of both companies attended a dinner given for me by Rodney Cummins, the Consul General in Osaka. Both told the same story. Yes, it was difficult with the UK not in the single currency and especially with the fairly low tech product lines at their plants in Wales – colour TVs and microwave ovens. But their intention was to hang on. There were many good reasons for being in production in the UK and they had been encouraged by the recent upward trend in the Euro. Sharp particularly had a view that the cost structure of the production of electronics was shifting. The technology was not necessarily too difficult even in what looked to the consumer like the most sophisticated product. Raw material costs were common to most markets and production was automated, so labour costs were increasingly irrelevant. What mattered was the ideas and the innovation. Sharp even thought that production lines in Japan might soon become cost effective again, provided their R&D could give them the innovative product which would leap over the competition.



David Wright



Ysgrifennydd Gwladol Cymru
Secretary of State for Wales

Rt Hon Paul Murphy MP

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Our Ref: 01(Sub) 562

19th February, 2001

Dear Deputy Prime Minister

ST DAVIDS DAY BANK HOLIDAY

As you know, the National Assembly for Wales resolved unanimously to lead a campaign for St David's Day to be declared a bank holiday in Wales, which has added impetus to a long-standing campaign for this. As a result, the Assembly First Minister wrote to me asking whether I would seek your views on this matter.

I wrote on 30 September asking HS colleagues for their views on allowing St David's Day to be a bank holiday in Wales. Colleagues raised many valid concerns, and on balance the opinion seemed to be that the Government would not be minded to declare St David's Day an additional bank holiday in Wales.

However, it is important that the UK Government avoids turning down the proposal in a way which might appear to be ignoring the wishes of the Welsh people and the Assembly. I therefore wrote again to colleagues on 16 January, suggesting that I respond to the First Minister noting the concerns raised by colleagues and asking him to make a case, including consideration of the impact on employment business and industry in Wales. I suggested that this would mobilise a section of Welsh opinion against the proposal, and avoid unnecessarily raising expectation in Wales.



In their responses, colleagues have recognised the need to let the Assembly down gently bearing in mind the bad feeling caused in Wales by the census issue and also that the Prime Minister will be in Wales on the day after St David's Day. However, the general view was that asking the Assembly to make such an assessment implied a level of support on the part of the UK Government which did not exist and would raise expectations in Wales. I have, therefore, reconsidered how best to approach this.

Several colleagues have noted that no proposal with an impact on business, charities or the voluntary sector should be considered by Ministers without a Regulatory Impact Assessment being carried out. I therefore propose that a Regulatory Impact Assessment of this proposal is undertaken by the UK Government on the assumption that the Assembly should be asked to surrender an existing bank holiday in exchange for a bank holiday on St David's Day. This would indicate to the Assembly that the Government is taking the proposal seriously, and should take some of the political heat out of the issue. On the other hand, the result may serve to illuminate any potential difficulties with the proposal. Making clear that any new holiday would have to replace an existing one meets the point that England and Scotland would expect the same treatment. Public opinion in Wales would also have to consider losing a holiday at a time of the year when good weather could be expected in favour of one on 1 March.

Bank Holidays are a matter for Stephen Byers; if colleagues are content with this proposals, I would be grateful if his officials can discuss with mine how best to take this forward.

The letter which I propose to send to the Assembly, therefore, would explain that the Government was undertaking a Regulatory Impact Assessment of the proposal. It would make clear to the Assembly that an additional bank holiday on St David's Day is out of the question, but that the Government would consider, as part of the RIA, any proposals to substitute a bank holiday on St David's Day for an existing bank holiday. The letter would also make clear that undertaking such an RIA did not commit the UK Government to agree the proposal, rather that a decision could not be taken until the matter had been fully considered.



With apologies for the short deadline, but in order that a response can be made before the Prime Minister's visit, I would be grateful for responses by Friday.

I am copying this letter to HS colleagues, to Melaine Johnson and to Sir Richard Wilson.

Yours sincerely

J. Clarke

Dictated by the Secretary of State
And signed in his absence

The Rt Hon John Prescott MP
Deputy Prime Minister and Secretary of State
Department of the Environment, Transport and the Regions
Eland House
Bressenden Place
London
SW1E 5DU

RESTRICTED

From: Geoffrey Norris
Date: 16 February 2001

PRIME MINISTER

cc: Jonathan Powell
 Jeremy Heywood
 David Miliband
 Sally Morgan
 Simon Virley

CORUS: UPDATE

The unions: Thursday's meeting, where the unions were to put to Corus proposals for mitigating the job cuts, was upstaged by what appears to have been a deliberate spoiler by the AEEU. First thing in the morning it announced, with considerable hyperbole, that it had done a deal with a company called ~~Bri~~ to provide steel workers with alternative jobs. The result has been recriminations between the two unions and a big dent in the credibility of the unions' request for Corus to think again.

At the actual meeting on Thursday, Corus repeated its intention to make the redundancies and triggered the 90-day notice period. It did agree to plant by plant discussions with the trade unions on how the redundancies should be implemented. The unions are using this as a fig leaf to suggest these discussions offer the opportunity, at a local level, to get Corus to review its plans. The company has told me that they don't see any prospect of this happening.

The Welsh: The unity between London and the National Assembly is getting pretty frayed over the issue of access to the reserve. The Chancellor's conversation with Rhodri offering him the prospect of something in the Budget hasn't allayed Welsh concerns. In fact the personal relationship between the two is fraught.

Looking ahead: You will be in Wales on the 2/3 March speaking to the Welsh Conference. The day before Moffat will have been in Cardiff to be questioned by the Welsh Grand Committee. In your speech and interviews you will need to have a position on Corus. Will it be credible to be still calling for Corus to "think again"? I think it will sound pretty tinny. Alternatively, if our position is reluctant acceptance that the cuts are going to happen, we will need the NAW to have announced an employment and regeneration package. Where do you think we need to be by the time you go to Wales?

RESTRICTED

*with a decent
 package sorted
 out, but we need
 to clear lines with
 PM & the
 unions*

01712700166

RESTRICTED - POLICY

FROM: PAUL BRITTON
ECONOMIC & DOMESTIC SECRETARIAT
DATE: 15 FEBRUARY 2001
TEL: 270 0140

SV P
Wit
PU (GNI)

BERNADETTE KELLY

cc: Lewis Neal (HMT)
Cherie Jones (Wales Office)
Tom Wechsler (DETR)
Mike Wardle (DfEE)
Alison Jackson (Wales Office)
Carol Hunter (DfEE)
Mark Parkinson (HMT)
Erica Zimmer (DTI)
David Smith (DTI)
Paul Houston (DETR)
Suma Chakrabarti
Helen Fleming
Geoffrey Norris (No.10)
Simon Virley (No.10)
Richard Abel

CORUS: TRAINING COSTS

1. At the ad hoc meeting of Ministers on 13 February we were asked to produce an analysis of the planned training costs on a comparable basis in England and Wales. Ministers had been puzzled at the difference between the respective figures (£29 million for Wales and about £6 million for England) which looked implausible, even allowing for different assumptions about the number of job losses.
2. I attach a table and some explanatory notes prepared by DfEE, after a discussion with the Wales Office, the Treasury and this Secretariat. This attempts to put the English and Welsh estimates on the same basis.

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INVESTOR IN PEOPLE

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3. As to the number of job losses, this analysis:

- assumes 3,000 direct jobs lost in each of England and Wales;
- includes, in the number of indirect jobs lost, such information as we have about contractors who will be affected;
- assumes a multiplier of 1.2 for England, but 1.5 for Wales because the redundancies there are more concentrated;
- includes an estimate of the number of existing long-term unemployed in the areas affected who will need extra help because of the effect on the local jobs market of major new redundancies.

The analysis shows separately for England and for Wales the number of jobs lost in the previous round of Corus redundancies, though many of the people concerned have not yet actually lost their jobs (we have not been able to obtain from the National Assembly any estimate of their programme expenditure as a result of these redundancies).

4. Turning to the cost estimates, following what Ministers said yesterday, we have assumed take-up rates at the upper end of the realistic range; these are similar to those used in the earlier Welsh cost estimates but higher than those previously proposed for England. So in quoting these figures, Ministers will need to qualify them accordingly.

5. The Welsh figures include a provision of £1 million to establish a Wales Union Learning Fund, equivalent to that which already exists in England. The cost of this is part of its bid for access to the Reserve.

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6. The up shot is estimated expenditure of up to £7 million in England and up to £9.3 million in Wales. The explanation for the large reduction in the Welsh estimate seems to be that the National Assembly had mistakenly included in the earlier figure of £29 million the whole of its 2001/02 programmes for Work Based Learning for Adults, Rapid Reaction Fund etc for the whole of Wales. The new Welsh figures are agreed between DfEE, Wales Office and National Assembly for Wales.

Paul Britton

PAUL BRITTON

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Corus Redundancies – Estimated Costs (Job Transition Service)

- 1) The attached spreadsheet provides roughly comparable estimated figures to deal with redundancies in England and Wales, taking into account those that were announced in 2000 as well as 2001. Programme figures have been inserted in England for 2000, as money has already been put aside from the Rapid Response Fund to deal with those redundancies, although none have actually occurred to date, and no money has been spent.
- 2) For England, a multiplier of 1.2 has been used (DfEE), and for Wales 1.5 (Treasury standard). Included in the indirect numbers are permanent on-site contractors. Figures for these vary, and it is not clear the extent to which they will be affected by the announced restructuring. Multipliers can only be an attempt to scope the potential problem – there is no evidence of their accuracy or of the actual impact caused by redundancies.
- 3) England and Wales operate their programmes in different ways, and the unit costs used are therefore slightly different. Longer term training could cost up to £4,200 per head in England for the equivalent of a level 3 apprenticeship, but we have assumed an average of around £3,000. Wales are basing their figures on Work-Based Learning for Adults unit costs of £2,400 per head.
- 4) Take-up rates have been set at 18% for longer-term training and around 25% for shorter-term advice and support.
- 5) The figures for Wales include £1 million provision for a Union Learning Fund which would help provide training. England already has a ULF.

JOB TRANSITION SERVICE - CORUS REDUNDANCIES

	ENGLAND				WALES		
	2000		2001		2000	2001	
	People	£ m (est)	People	£ m (est)	People	People	£ m (est)
No of job losses	2,300		3,000		1,200	3,000	
Est. no. of those affected indirectly	2,760		3,600		1,800	4,500	
Est. no. of long-term unemployed affected	350		500			750	
Total estimated clientele	5,410		7,100		3,000	8,250	
ES Operational Costs							
Regional Managers @ £47k per annum			1	0.47		1	0.47
Personal Advisers @ £21k per annum			5	1.05		5	1.05
Industry analysis and programme devpt				0.80			0.80
Total Estimated ES Operational Costs				2.32			2.32
Estimated programme costs							
Tailored advice/short training/other support		0.68		0.89			1.25
Apprenticeship-style training/WBLA		2.92		3.83			4.75
Wales Union Learning Fund		n/a		n/a			1.00
Total Estimated Programme Costs		3.60		4.72			7.00
TOTAL		3.60		7.04			9.32

From: Geoffrey Norris
Date: 13 February 2001

PRIME MINISTER

cc: Jonathan Powell
Jeremy Heywood
Sally Morgan
Simon Virley
Alastair McGowan
Martin Sheehan



CORUS

- The **unions** are meeting Corus tomorrow afternoon at 2pm. Their hope is to get the company to mothball plant or put it on a low level of operation in the hope that market conditions will improve. They want to combine this with the company agreeing to a plant by plant "audit" to identify economies and new markets. Their preferred scheme would be for the Government to offer to fund a short-time working compensation scheme to top up pay during the mothballing and low operating. They now just about accept this wouldn't get state aids clearance from Brussels. Instead they are looking at proposing the Government fund people to go on training while being kept on the books of Corus. Stephen met the unions this afternoon and said the Government would be interested in working with the unions and Corus on such a scheme. Subsequently I spoke to Corus. I don't think they have worked out yet how they are going to play tomorrow, but I don't get the feeling they intend brushing the unions aside and simply announcing they are go ahead with the 6,000 job losses. More likely they will say they want time to reflect on what the unions have proposed.
- The **Welsh** are unlikely to simply accept the Chancellor telling them "no" to their claim on the reserve. Paul and Rhodri are likely to want to come and see you.

Handwritten signature or scribble in blue ink.

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PRIME MINISTER

FAXED

dy fax

CORUS

When we met on Monday, you asked me to lead our efforts in co-ordinating a response to the closures Corus had provisionally announced on 1 February. I chaired a meeting of interested Ministerial colleagues on Thursday to look at the packages which have been put together in England and Wales, covering assistance to the people likely to be affected and the regeneration of the areas involved. As we agreed at our meeting, it is important that while responding to individual circumstances, the Government provides broadly the same level of help wherever the closures take place, and that all the areas likely to face significant closures are covered.

Following the meeting, I have considered the regeneration package we have put together for England, and take the view that it is deficient in two areas:

- although the package for Teesside is relatively robust, provision for Scunthorpe and other areas facing closures is not currently adequate;
- the headline figure for the English regeneration package is £45million which includes a training, as well as a regeneration, element. The Welsh headline figure is £78million. This will not be seen publicly as being an equal response to a roughly equal number of redundancies in England and Wales.

I am planning on holding another meeting with colleagues on Tuesday, but in the meantime I am minded to announce a further £25-30million of regeneration funding to cover Teesside and Scunthorpe. John Prescott and I assembled the current regeneration package from our existing resources, including underspends. The NAW package includes a bid of £35.2million to the Reserve; at yesterday's meeting, the Chief Secretary insisted that this should be financed from the NAW's underspends. If, however, extra money was found for Wales, then John Prescott and I would naturally be looking for similar treatment.



Once we have added the additional elements, I would be grateful for an opportunity to discuss the final package with you and interested colleagues, to ensure that it is robust and ready for a possible announcement when Corus's two-week deadline for reconsidering their proposed closures expires on 14 February.

I am copying this minute to John Prescott, David Blunkett, Andrew Smith, Paul Murphy and Rhodri Morgan.

Dr Snell.

PP SB

*[Approved by the Secretary of State
and signed in his absence]*

9 February 2001

DEPARTMENT OF TRADE AND INDUSTRY



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PV
A M'Gone (B1 of A)

SANCTUARY BUILDINGS GREAT SMITH STREET
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TELEPHONE 0870 0012 345
E-mail dfee.ministers@dfee.gov.uk
The Rt Hon DAVID BLUNKETT MP

Rt. Hon Paul Murphy MP
Office of the Secretary of State for Wales
Gwydyr House
Whitehall
London
SW1A 2ER

Your Reference 00sub538

7 February 2001

Dear Paul

ST. DAVID'S DAY ADDITIONAL BANK HOLIDAY

Thank you for your letter of 16 January concerning the proposal to invite Rhodri Morgan to assess the level of support in Wales for an additional permanent bank holiday in Wales on St. David's Day.

Whilst I appreciate that there is some public support for this holiday in Wales, I am concerned on two counts.

Firstly, the number of days which teachers are required to teach would be affected by this proposal, unless Rhodri were to consult on the basis of teachers and pupils making up this Bank Holiday on a different day. I could only support the latter and this would be very difficult to present.

Second, support for an additional Bank Holiday in Wales for St David's Day would inevitably lead to considerable pressure from all sources, including teachers, for both the English and the Scottish national saints to be similarly honoured.

I therefore think it would be unwise to invite Rhodri to open this debate and cannot support your proposal.

I am copying this letter to the Prime Minister to Melanie Johnson and to Sir Richard Wilson.

Best Wishes

DAVID BLUNKETT



INVESTOR IN PEOPLE





Top: EGFs F
PPS
COS
PO
AC/Press

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The National Assembly for Wales

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From the Private Secretary

Oddi wrth Ysgrifennydd Preifat

Simon Morris
Office of the Secretary of State for Wales
Gwydyr House
Whitehall
London

5th February 2001

Dear Simon

CORUS

The First Minister, Finance Minister and Secretary of State for Wales have been discussing this week the shape and cost of a remedial package.

The jobs lost and the impact upon our communities

The Trade Unions and others are determined to explore alternatives to this announcement with the Assembly's support, and we believe it essential to allow them a full opportunity to develop their proposals. However we have carefully reviewed the job losses announced by the company with the trade unions and the local authorities concerned. Our conclusion is that in terms of jobs directly attributable to the various sites in Wales - including management and contractors - they significantly understate the true position that is outlined below (with the company's figures in brackets):

Llanwern	2040	(1340)
Ebbw Vale	1000	(780)
Shotton	419	(319)
Bryngwyn	150	(127)
Port Talbot	100	(0)
Whiteheads	65	(0)
Orb Works	35	(0)
TOTAL	3809	(2566)

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Employment Service				
• Help Plus Guarantee	5.5	0	1.5	4.0
• Employment Action Teams	(see note)			
• Job Shops				
• Skill Centre (Tafarnaubach local authority owned)				
Ebbw Vale – (sites development and road schemes)_	16.5	0	8.0	8.5
Shotton (infrastructure and new site development)	2.2	0	1.0	1.2
Bryngwyn (Swansea) - site development	2.5	0	0	2.5
Llanwern - area site developments	11.8	0	5.35	6.45
- Other regeneration schemes, including social inclusion programmes:				
- Shotton	1.5	0	0	1.5
- Ebbw Vale	4.0			4.0
- Newport TTWA	4.0			4.0
TOTAL	76.5	18.7	17.6	40.2

Note: Non-devolved function. The bid is for additional ES programme in Wales based on package proposed for England

In terms of the Assembly's funding position, we currently forecasting an underspend of some £139.6 million on the National Assembly DEL. However, once funding for health commitments, capital programmes on schools, ICT in education and other measures are taken into account, only £32.2 million remains. Of this £14.6 million has been earmarked mainly for necessary additional expenditure on flooding/flood defence and teachers pay. This leaves only £17.6 million genuinely uncommitted.

In addition, our conservative estimates at this stage point towards a multiplier effect of 1:1 because of the above average wage levels in the Steel Industry – so the total jobs lost will be close to 8,000. Should all these Corus employees move into the unemployment pool – i.e. they do not find replacement employment or retire – it is calculated that the total cost in lost taxation and additional social security payments will be of the order of £120 million in year one. It should also be noted that since the turn of the year, some 2,500 jobs have been lost elsewhere in the Welsh economy – including many in the immediate vicinity of Corus facilities e.g. 330 redundancies at Valeo in Gorseinon near to the Bryngwyn plant.

We also believe that Ebbw Vale will be particularly hard hit given the total closure of the town's principal source of employment. The local authority area, Blaenau Gwent, already features very prominently in our newly produced index of multiple deprivation. 80% of the electoral divisions in Blaenau Gwent would fall into the list of the 20% most deprived communities in Wales (and 90% if measured in terms of employment deprivation). This was before the Corus announcement.

The package of remedial measures

What this means is that it is essential for the National Assembly to put forward an immediate and proportionate package of measures which address the scale of human problem as well as the longer term need for industrial sites, regeneration and other schemes in the areas concerned. We are continuing to work on the phasing of this expenditure; but on the basis of the company's announcement, our working assumption is that the expenditure will need to be committed more or less immediately. This reflects the fact that all the closures will take effect this year, with the exception of Ebbw Vale which will finally close by mid-2002. I should also underline that my Ministers are very clear that given the complete transparency of the Assembly's budgetary and accounting systems and the requirement for the Assembly to be consulted on significant changes in the budget, there is no scope for re-packaging existing commitments.

We have considered a wide range of projects with the capacity to make an early impact on the local economies and communities involved.

Our list of leading contenders for the Wales-wide recovery plan is outlined below:

Measure	Cost £m	Funding from existing baselines £m	Additional Assembly funds (1) £m	Bid to the Reserve £m
Training Support				
• Rapid Response Fund				
• Job Transition Training				
• Work Based Learning				
• Careers Wales				
• Wales Union Learning Fund				
Total – all measures	28.5	18.7	1.75	8.05

The choice facing the Assembly is therefore to:

- secure additional funding from the reserve to implement the package;
- scale back the package to £17.6 million if access to the reserve is to be denied;
- implement the package, but cut other front line expenditure, notably in health and education

Copies go to Simon Virley at No.10, Tom Scholar and Lucy Makinson at the Treasury, Bernadette Kelly, DTI, Mike Wardle at DfEE and Paul Britton of the Cabinet Office.

Yours

Lawrence Conway

LAWRENCE CONWAY
Principal Private Secretary

01222898198



**Cynulliad Cenedlaethol Cymru
The National Assembly for Wales**

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From the Principal Private Secretary

Oddi wrth Ysgrifennydd Priefat

Mr Mike Wardle
Principle Private Secretary
DfEE
Sanctuary Buildings
Great Smith Street
London
SW1P 3BT

SV
E: JTH
P.

5 February 2001

Dear Mike

CORUS: MEETING BETWEEN MR RHODRI MORGAN AND MR BLUNKETT

I thought it might be helpful for the meeting later today, if I outlined issues that the First Minister would like to raise with Mr Blunkett in the light of the Corus announcement last week and the scale of the job losses in Wales.

The Corus announcement will mean direct job losses of some 3,500, principally in South East Wales (Llanwern and the closure of Ebbw Vale) and North East Wales in Shotton. These job losses come on top of announcements made last year by Corus which are still to take effect.

The scale of these redundancies which the First Minister will expand upon during the meeting, calls for a quick and comprehensive response from all the Government agencies. The First Minister wishes to raise the following specific issues:-

Employment service

We understand from ES Wales officials, that their mainstream programme budgets for 2001-2002 will be cut by some 35% and staffing resources by 20%. The First Minister will want to discuss the implications of these proposed reductions with Mr Blunkett.

01222898198

Job Transition Scheme

This has a £9m budget over the next three years covering the whole of the UK. No apportionment has yet been made to Wales from this budget and the First Minister is keen to know what the Wales' share will be.

Mature Apprenticeships for Adults

Officials have already agreed the principle of ES paying the subsidy in Wales with the Assembly funding the training. Our programme will be known as Job Transition Training. The First Minister would like to discuss the present position on the wage subsidy element of the proposal.

Rapid Response Measures

The First Minister will wish to know if there are any plans to increase the programme for Wales. This is presently £1m, compared to the England figure of £5m. If there are plans to expand this in England in the light of the Corus announcement and other recent announcements of major redundancies in the manufacturing sector in England, then an equivalent increase for Wales will be needed.

Existing Programme Flexibility

Immediate help is available for redundant workers from Work-Based Learning for Adults (Assembly-funded in Wales) and a range of ES programmes, including the New Deal for under-25s. The First Minister would like to pursue the possibility of flexing-up these programmes so that New Deal 25 plus, New Deal for over 50s and employment zones can be used to provide immediate help to Corus workers.

The First Minister will be meeting the Prime Minister earlier on Monday and although it is not intended that that discussion will enter into details about these programmes, the First Minister might well refer to them in terms of their importance to the overall package we are working up. A copy of this letter therefore goes to Simon Verley at No 10. I am also copying it to Simon Morris at the office of the Secretary of State for Wales, and to Daniel Jefferson in Tessa Jowell's office.

Yours sincerely



LAWRENCE CONWAY
Principal Private Secretary to the First Minister
Ysgrifennydd Preifat I'r Brif Weinldog

FROM THE RIGHT HONOURABLE THE LORD IRVINE OF LAIRG



rec 6/2
 file
 HOUSE OF LORDS,
 LONDON SW1A 0PW

cc
 SV
 JWR
 PV

The Rt Hon Margaret Beckett
 President of the Council
 and Leader of the House of Commons
 Privy Council Office
 2 Carlton Gardens
 LONDON
 SW1Y 5AA

5 February 2001

Dear

Margaret,

**GUIDANCE ON POST-DEVOLUTION PRIMARY LEGISLATION
 AFFECTING WALES**

I wrote to you on 18 December, copying my letter to DP colleagues, in order to seek clearance for a guidance note on post-devolution primary legislation affecting Wales to be circulated to UK Departments.

You replied, as did John Prescott, Chris Smith and Peter Hain.

All respondents welcomed the production of the guidance note. You welcomed particularly the stress on early consultation with the National Assembly for Wales to resolve difficulties.

John said that he was surprised that the annex to the guidance note suggested that where Ministers are required to consult the Assembly before acting, this requirement should be included in legislation rather than in a concordat. John was concerned that this was a new departure and pointed out that consultation already occurred frequently between the Assembly Cabinet and DETR in line with the commitments made in the Memorandum of Understanding. However, statutory requirements to consult the Assembly on many matters already exist. For example, Schedule 2 of the National Assembly for Wales (Transfer of Functions) Order 1999 lists, amongst other things, those functions exercised by UK Ministers in relation to Wales which are exercisable only after consultation with the Assembly. The point of the guidance note is that if consultation

on a particular issue is essential, this needs to be reflected in the legislation, rather in a concordat, given that the latter is a statement of political intent and not legally binding.

John also expressed caution about imposing requirements to consult the Assembly as opposed to the Assembly Cabinet. Again, this is not a new departure: current legislation already refers to consultation with the Assembly. Of course, as with other executive functions conferred on the Assembly, in practice such consultation is usually delegated to the Cabinet by the Assembly. In the end, however, this is a matter for the Assembly.

You attached to your letter some detailed drafting comments on the guidance. These have been reflected in the final text, which I attach.

This guidance note will be included in the next tranche of Devolution Guidance Notes to be published by the Cabinet Office and will also be made available on the Cabinet Office's internet site.

I am copying this letter to the Prime Minister, members of DP and to Sir Richard Wilson. I am informing Andrew Davies at the National Assembly for Wales separately of the outcome of the correspondence.

Yours
ever,
Devry



Richmond House 79 Whitehall London SW1A 2NS Telephone 0171 210 3000
From the Secretary of State for Health

IMC: 15922

The Rt Hon Paul Murphy MP
Wales Office
Gwydyr House
Whitehall
London
SW1A 2ER

SV
cc. PU

3 February 2001

Dear Paul

ST DAVID'S DAY ADDITIONAL BANK HOLIDAY

Thank you for your letter of 16 January, concerning the proposal for an additional permanent bank holiday in Wales on St David's Day. I understand that there is strong public support in Wales for such a holiday, and this on its own is unlikely to add any pressure in England, although it will quite clearly have resource implications there.

The obvious danger in this proposal is that it could provoke similar requests for a holiday on St George's Day in England, a point that Stephen Byers also emphasised in his response, which could have a significant impact for all employers including the NHS.

It is also worth mentioning that any extra bank holidays would add to other employee benefits that the NHS has had to absorb in recent years, for example the Working Time Regulations, which have had a significant impact both in terms of resources and management of the service.

Additionally, this would need to fit into the wider legislative context of other significant changes that will be taking place soon, such as Working Time for Junior Doctors, flexible working practices and the maternity review. Collectively these will create additional cost burdens that are likely to have consequences for the delivery of patient care.

Given the potential consequences for the NHS of an additional bank holiday, I could not support this proposal until a proper Regulatory Impact Assessment to fully evaluate the costs and benefits has been made.



I am copying this letter to HS colleagues, to Melanie Johnson and to Sir Richard Wilson.

Yours
Alan
ALAN MILBURN

RESTRICTED - POLICY

f SU



The Rt Hon John Prescott MP
Deputy Prime Minister and
Secretary of State for the Environment,
Transport and the Regions
Eland House
Bressenden Place
LONDON SW1E 5DU

COLEE BAILEY
ALISON LAZENBY
QUEEN ANNE'S GATE LONDON SW1H 9AT
CAROLYN SINCLAIR
RICK EVANS
HELEN BAYNE
02 FEB 2001
JEAN WARD
JANET HAWKES
JUSTIN RUSSELL
ED OWEN

Dear Deputy Prime Minister,

ST DAVID'S DAY ADDITIONAL BANK HOLIDAY

I have seen a copy of Paul Murphy's letter to you of 16 January (which reached this office on 24 January), seeking HS agreement to his writing to Rhodri Morgan expressing colleagues' concerns about the proposal to create an additional bank holiday in Wales and asking the Assembly to assess the level of support for the proposal. I have also seen the responses of Stephen Byers, Marjorie Mowlam and Hilary Armstrong.

I share the concerns colleagues have expressed that even the weaker form of consultation now proposed would raise expectations of a favourable Government response. By encouraging the Assembly to gauge public support in this way, we would be making it more difficult for the Government to maintain its position – on an issue for which, as Hilary has pointed out, the Government remains responsible. My assessment is that, however strong the public support in Wales, the objections from a United Kingdom point of view to an additional bank holiday for St David's Day will continue – certainly in the short term – to make such a move undesirable.

I therefore do not agree that the Assembly should now be invited to assess the level of support. I support Stephen Byers' view that we should take no further steps of a kind that might be perceived as giving a fair wind to the proposal, unless the concerns colleagues have expressed can be resolved.

Yours sincerely,

JACK STRAW

*(approved by the
Home Secretary &
signed in his
absence)*

RESTRICTED - POLICY

RESTRICTED

From: Geoffrey Norris

Date: 2 February 2001

PRIME MINISTER

cc: Jonathan Powell
Alastair Campbell
Jeremy Heywood
David Miliband
Sally Morgan
Simon Virley
Martin Sheehan

CORUS

Round up

*The most criminal
thing is: put the package
together, with local
firms, & then decide
with Rhodri & others
when to launch.*

- In the end Corus didn't close the whole of Llanwern, but it will lose 1500 jobs and cease making steel. Most of these jobs will be lost by September. Ebbw Vale will close by June next year with the loss of eight hundred jobs. Also to close is a small plant near Llanelli. On Tees Side, in total more than a thousand jobs will go with Lackenby's cold plate mill closing in June with the loss of 230 jobs. Scunthorpe loses over 400 jobs. Total job losses are just over six thousand, half in Wales and half in England. This on top of the 4,500 job losses announced by the company in the past year. The company will reduce its steel making capacity by 3 million tonnes.
- City reaction to yesterday's announcement was fairly positive. The Corus Group's share price rose by 7p to 82p following the announcement, but is still below the level achieved immediately after the merger. One analyst did however comment that the company hadn't yet "closed down enough. It still has too much capacity in the UK."
- The press reaction today in Wales was pretty lurid. The "Daily Post" front page has a picture of Brian Moffat with the caption "Most hated man in Wales". The "Western Mail" front page leads with a comment from the Welsh Assembly member for Ebbw Vale saying "At the stroke of a pen my community has been plunged into bottomless poverty...an era of soup kitchens." The Political Editor of the Welsh "Mirror" accuses you of allowing the vital steel industry to "bleed away" (Not very good quality copies attached).
- By contrast PLP reaction seems to be more sombre and realistic. I sat in on a meeting Stephen had with the steel MPs yesterday afternoon and the mood was supportive of what you and Stephen have been saying and doing. There is anxiety

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- 2 -

about people blaming the Government and some reports that MPs were beginning to have hostile local media interviews on these lines. But there was also a lot of realism. I was particularly struck by Paul Flynn's contribution. Paul said people needed to avoid using extravagant language, warned of the danger of portraying Wales to the outside world as a shutdown collection of smokestacks and said the big issue is regeneration not fighting a closure that is going to happen. You are meeting the steel MPs on Monday evening.

- Rhodri seems OK. I spoke to him on the phone this morning and despite the media coverage in Wales didn't get any sense of panic. He continues to be realistic about the situation. We may have a slight problem on the horizon with the Welsh wanting to make a claim on the reserve to fund a regeneration package. Rhodri wants to see you on Monday.
- Corus agreed yesterday to a request from the unions to postpone for two weeks the start of the 90-day notification period for the redundancies and signalled that they would be willing to talk to the unions about any ideas they might have. This was quite an astute move on the company's part, although I am not sure it signals it has any potential concessions lined up to offer the unions.
- The unions met today. I spoke to Mick Leahy following the meeting and he reports they are looking at putting to Corus a proposal to put off the cuts and instead move staff on to short-time working (with financial support from Government) in the hope that in time the market will pick up. Alternatively the company could delay making the cuts and during the extra time start retraining staff for new jobs.

Our next steps

- I think for now we should simply take the temperature. In particular I think we shouldn't take the initiative and say we are asking for further meetings with Corus. This could crank the story up and since we don't really have anything much to say to them it could leave us exposed. On regeneration, depending on the political temperature, we had been talking up making announcements sometime next week. I suspect the 14-day postponement and the prospect of talks between Corus and the unions makes this problematic. There is a danger of us being portrayed as undermining the unions as they attempt to prevent the job losses. **What do you think?**

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DAILY

The paper

for Wales

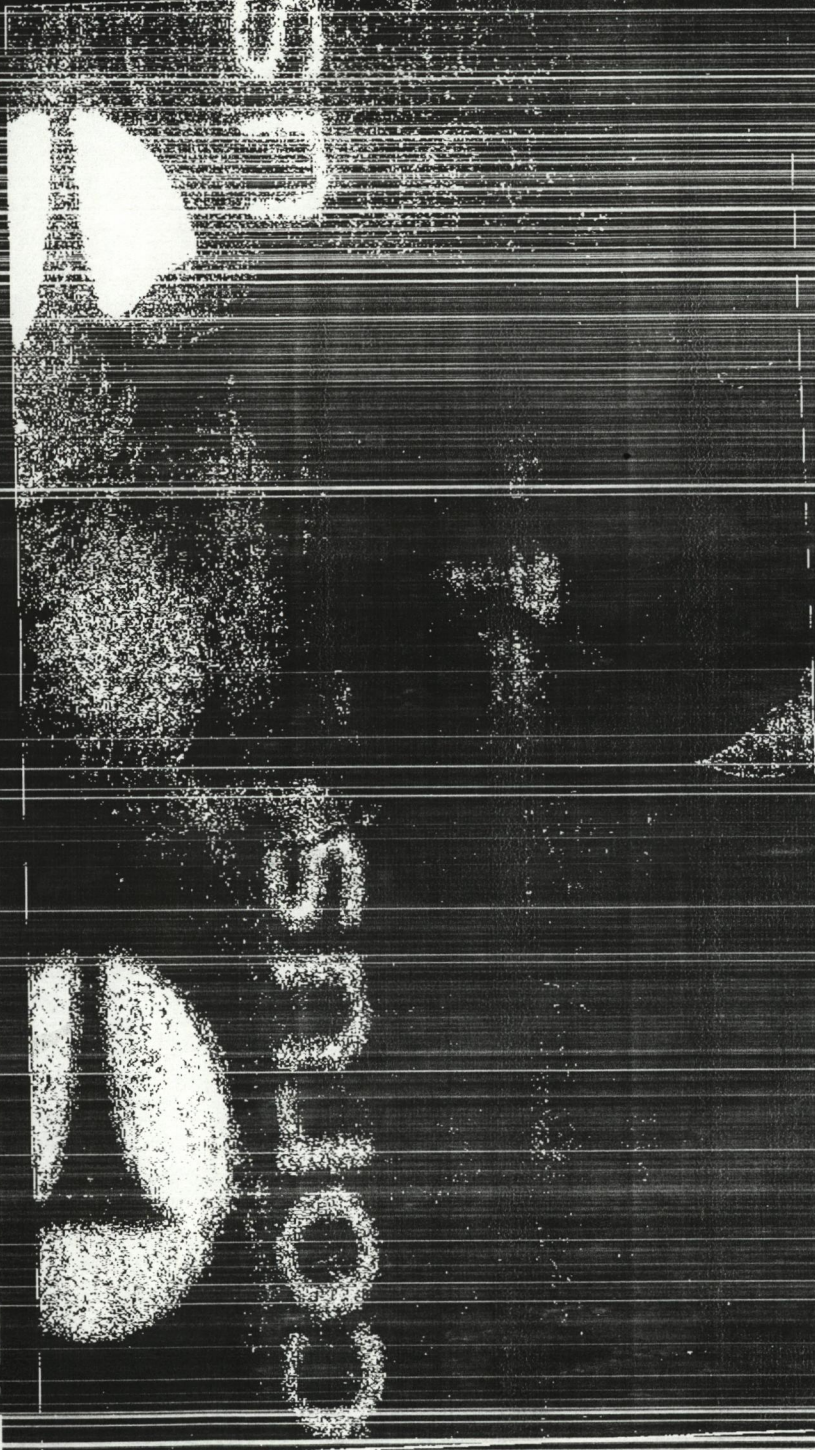
POST

Friday, February 2, 2001

Weather: Cloudy and damp, late rain

Price 32p

'MOST HATED' 'MAININWALTERS'



Assembly blasts Corus boss as 319 jobs go at Shotton, 1,440 at Llanwern, 800 at Ebbw Vale, 130 at Bryngwyn, and 100 at Port Talbot. Reports, reaction, background - Pages 2,3,4,5,6



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Viewed not Done
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Agreements and...
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SOUTH WALES ARGUS

Thursday, February 1, 2001

Est. 1892

Main Edition

32p

AXXES

Steelmaking 1962 - 2001

2,150 jobs go in Gwent

STEELMAKING will end at Newport's short Llannefon works, Gwent, from around today.

The Dutch-owned firm announced the axing of 1,240 direct-employment workers at the site - effectively closing the heavy end of the plant.

Executives are warning that, adding to the number of contractors and other jobs dependent on the plant, the jobs loss figure could be double.

The Elby Vale impulse works will close, with the loss of 780 jobs, the company also said.

Thirty jobs will also go at the firm's Newport Orb electrical works, with 6,000 to be cut nationwide over the next two years.

Welsh Secretary Paul Murphy made an eleven-hour bid to save the jobs, launching development minister Mike German's bid the cuts were "a hammer blow".

Full story: pages 2 and 3

Backing
 our steel
 workers

INSIDE: The best guide to property in Gwent

Page 6 This magazine, Friday, February 2, 2001

VOICE OF The Mirror

VOICE@MIRROR.CO.UK

CORUS of disgust for steel chiefs

ON our front page today our message is a stark one.

It tells of the troubled history of industry in Wales and the despicable way the people have been treated by the owners of those industries.

Our headline is based on a speech made by Martin Niemöller about what happened in Germany during the terrible rise of Hitler and the Third Reich.

We saw it first here in Wales when I was appointed to industry in Wales for three terrible years of the 1970s.

But the way in which yesterday's disaster was handled by CORUS simply boggles belief.

The statement that there is no one left to help us is borne out of the awful way in which our communities have been abandoned.

Yes, the politicians have tried to do something. Yes, the unions will fight on to try to salvage something from this carnage. One can only hope that the Government can do better.

And they may never recover.

In some ways what we are seeing is nothing new for the demoralised workers in heavy industry.

We see it all too often in the valleys of steel in the early 1970s.

We lost a complete coalfield. Waons once there were hundreds of pits and there is just one.

We are used to such rumormongers things for, in truth, Wales has faced two decades of outbacks unmatched in modern industrial history.

But what is new is the barely concealed fury we are all feeling about the way the steel has dropped.

Never before, not even in the darkest days of Thatcherism, has any company acted as CORUS has in its last months.

Never before has psychological torture been used to wear down steelmen then tear down, while steel communities asked if *CORUS has you in Birmingham asked if you are still in the valleys.*

By allowing thousands of jobs and an income to disappear, they have done untold damage to their communities.

CORUS has profoundly undermined the morale of the workforce - not at one time but over and over again. It has damaged the reputation of a once-proud industry, British Steel.

Brian Moffat, who lives in Monmouthshire was persuaded by large amounts of money to come out of retirement to wield his scalpel.

Even the most hardened journalist or politician has been shocked by his behaviour - and that of the rest of CORUS board.

Major cutbacks are nothing new to Wales - but their behaviour is entirely without precedent - and, frankly, beyond belief.

CORUS Moffat, and all managers who show themselves to be willing to sell, to cheat, and highly immoral.

If he, and they, have one shred of decency left they will take a long hard look in *The Mirror* and then their own and take the first bus out to Holland.

They are not welcome here, not now.

The most pathetic sight of this whole sad, sorry steel saga this week was watching Tony Blair and Rhodri Morgan wringing their hands and saying: "There is nothing we can do."

That is simply not true. Our own, unique, the German Government, stands on its hands while Volkswagen set up a plant for the French with Renault?

Steel is an absolutely vital component of the British economy - and Tony Blair is allowing it to bleed away.

Let's put it in perspective. It is only because of the high unemployment rate in Wales that only 10,000 tonnes of steel are produced in the Welsh homes today.

The Government can and must do the following things - with a British plant - or job is planted out by visiting global capitalists like CORUS.

Britain is the cheapest and easiest country in Europe and must want to help out a company and the law to make it difficult and costly for companies like CORUS to walk away from its workers.

Rhobert Morgan, and all the other "can only help" in this market forces, tell them this - every other European Union country does.

CORUS simply could not have done in France what it did in Wales.

They would have had to sack 60 people they would have first had to draw up a social plan.

This would either mean the redundancies or, if the job still had to be done, the workers to they could find other jobs.

The way CORUS kept thousands of workers hanging for four weeks was average, inhuman and cruel.

As happened in France. Not a single worker can be made redundant until their representative (union or carwives) is first told about it, and then allowed to fight it.

It is not a law in Wales which was insisted to protect all of the Welsh steel jobs - was bold nothing, absolutely nothing.

CORUS, in a highly public gesture, could have announced could make a financial killing on the back of the robbery of steel families.

Only then did they tell the unions that because of Tony Blair's Government, British workers are now the soft-touch of Europe.

In Germany, Austria, and Luxembourg their laws to protect workers are not only for their own workers, but also for their communities.

This morning Ebbw Vale has been up to voter devastation. It had had the only real company in steelworks which still had its own community.

The works produces 100,000 tonnes for the local economy. It pays twice the local average wage of

THE GREAT



ACTION: Rhodri Morgan

Think you can't help? Just think again!

Startling

POLITICAL EDITOR

make it severely painful for companies to walk away from their workers. The only way of forcing them to help is to force them to help in a way that is not in their own interests.

What is happening is financially criminal. CORUS would have been forced to compensate the Ebbw Vale community.

In Spain, Italy and Holland the local authority has the right to help steel plants like Lisnaskea.

CORUS refused to sell the Prime Minister, the Welsh Secretary, the Assembly First Minister, the unions, or the workers, let alone the local authorities, or its plant, or its workers.

It is not that the British Government has stood and watched as the former giant British Steel company has been taken over by a Dutch capitalist.

I forecast that if the law is not changed rapidly in Britain to

are the other things Tony Blair can do. He just repeat and repeat the same thing over and over in his own mind.

Our workers have no voice, and they are being treated as if they are not human beings.

The law must also be changed to force companies to help workers in a way that is not in their own interests.

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I forecast that if the law is not changed rapidly in Britain to



ALAN MILLS, a former director of CORUS, and DAVID JONES, a Welsh politician, both lost their jobs.

for 10 years before being able to work in the steel industry again.

It is not that the British Government has stood and watched as the former giant British Steel company has been taken over by a Dutch capitalist.

I forecast that if the law is not changed rapidly in Britain to

JOBLESS, AND THEY

DEVAETA: TED ABE and DAVID JONES face a double blow today as they are asked to resign from their jobs as directors of CORUS.

It is not that the British Government has stood and watched as the former giant British Steel company has been taken over by a Dutch capitalist.

I forecast that if the law is not changed rapidly in Britain to

THE WESTERN MAIL

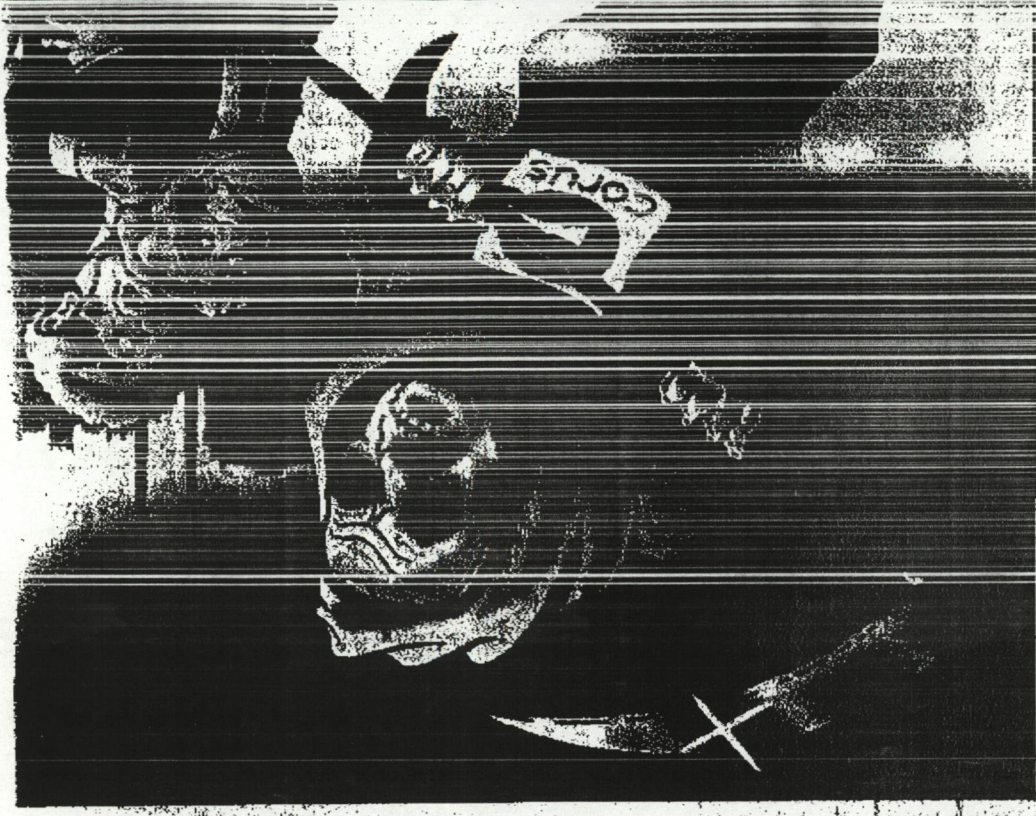
Friday 2 February 2001 PŴPWR GENEDLAETHOL CYMRU • THE NATIONAL NEWSPAPER OF WALES • www.totatwales.com No. 40

Max Boyce's big night out —page 13

Carling: We learn to hate —page 24

STEEL: Corus comes under attack from the Government and unions as it announces 2,800 job cuts for Wa

'At the stroke of a pen my community has been plunged into bottomless poverty ... an era



'THROUGH THE STRIKE OF A PEN BY BRIAN MOFFAT AND HIS BOARD, MY COMMUNITY IS PLUNGED

Betrayed, bitter

Corus denounced as moves begin to limit the damage

By Carl Butler
Daily Post Staff

CORUS boss Sir Brian Moffat was branded "the most hated man in Wales" yesterday as he wiped out thousands of Welsh steelmaking jobs.

The 62-year-old slashed 319 jobs at his former workplace, Shotton, in a bid to curb Corus' £1m-a-day losses.

He also cut 1,440 at Llanwern near Newport, 800 at Ebbw Vale, 130 at Bryngwyn, and 100 at Port Talbot as the company shed more than 6,000 jobs nationally.

Up to four times as many jobs could be lost indirectly.

Blaenau Gwent Labour AM Peter Law told the Welsh Assembly yesterday: "Through the strike of a pen by Brian Moffat and his board, my community is plunged into bottomless poverty."

Ebbw Vale, where the Corus plant will shut, throwing 800 people out of work in Wales' jobless blackspot, is just 40 miles from Sir Brian's £400,000 home in Monmouthshire.

Mr Law added: "The poor have just got poorer once again."

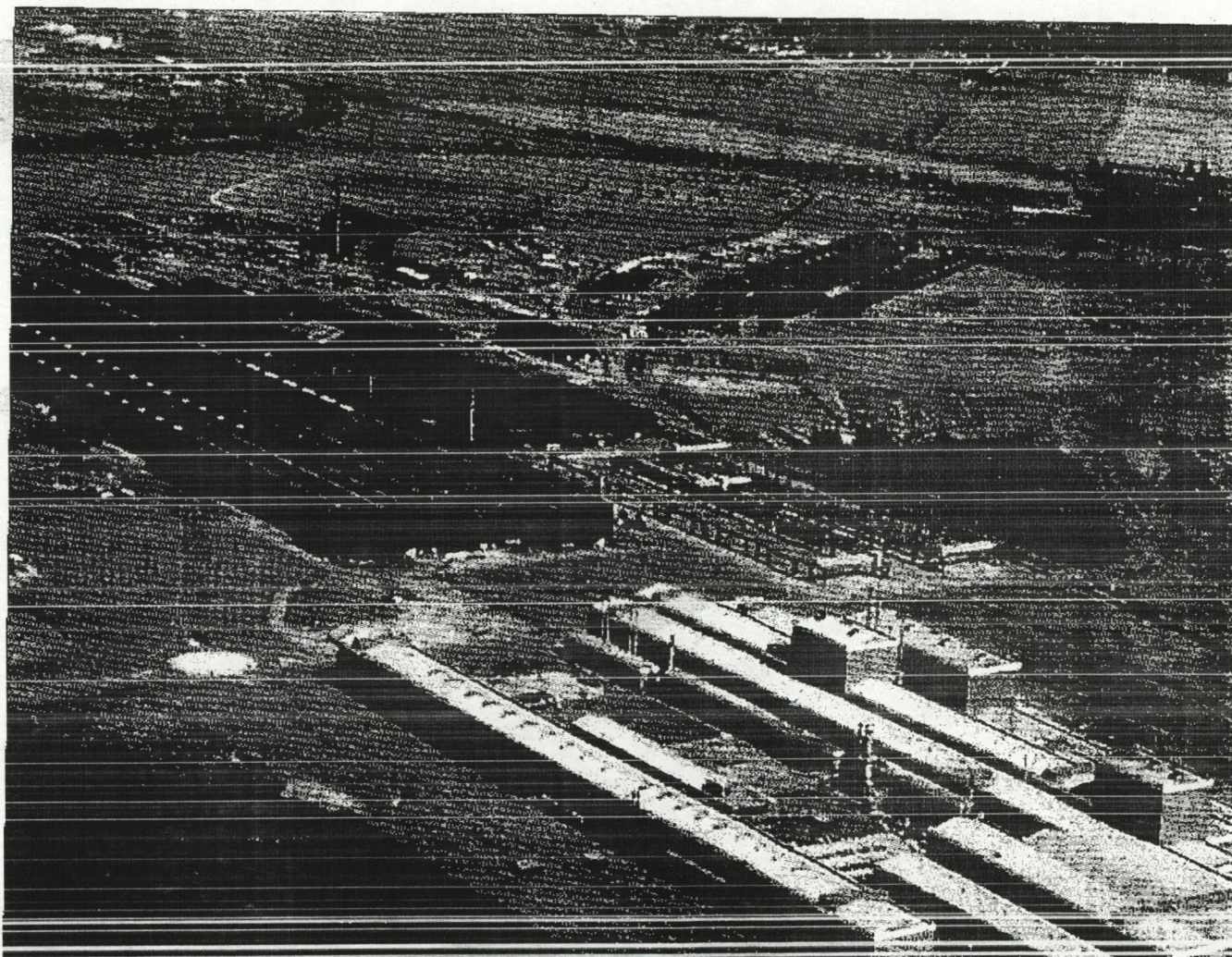
"Brian Moffat will have the title of the most hated man in Wales following this announcement."

First Minister Rhodri Morgan outlined the redundancies to a subdued Assembly in an emergency statement.

He launched a bitter assault on the board and management of the Anglo-Dutch company.

Mr Morgan said: "This is one of the saddest days this Assembly has so far experienced."

Corus management, since the merger with British Steel, "had made a complete mess of the steel industry."



DAILY POST OUR VIEW

Determination amid a Corus of disapproval

DOES the rump of Corus's Shotton works have a long-term future after the savage scaling back of employment and activities on the site?

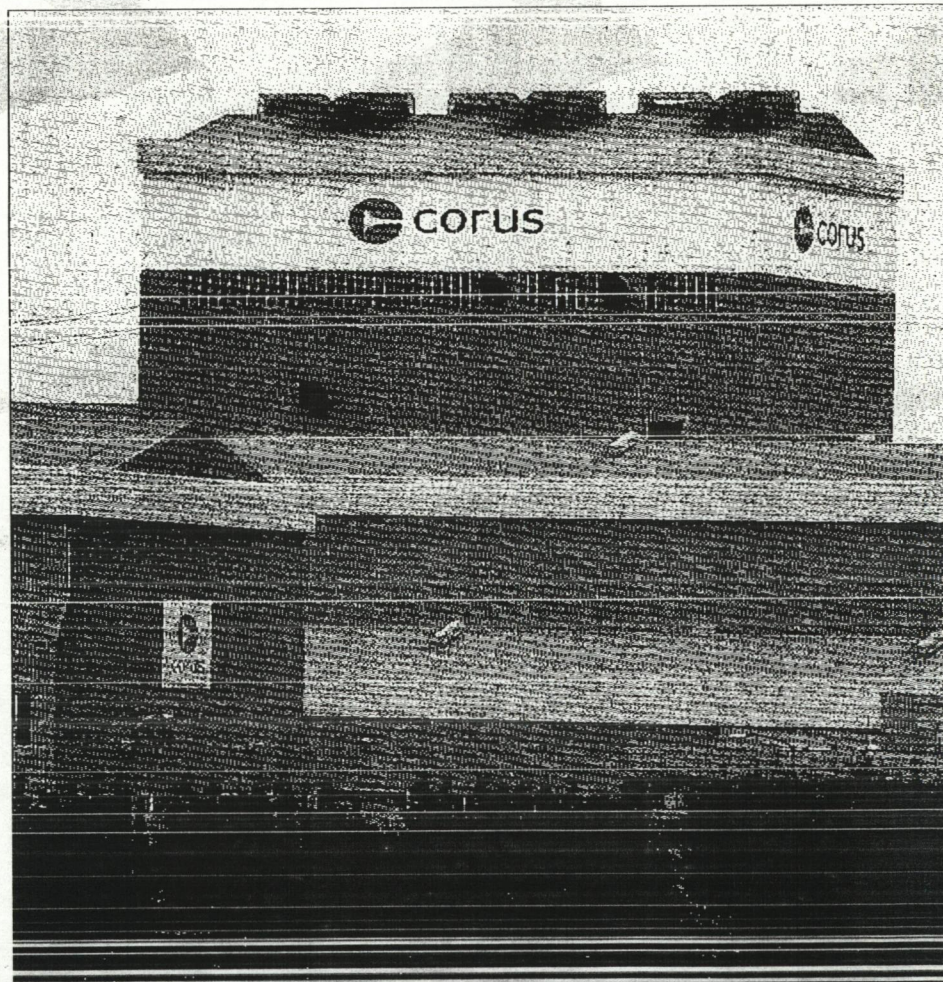
The loss of more than 300 jobs, and the phasing out of three of the plant's seven lines, in what has for generations been one of the flagship industries of North East Wales, is undeniably a body blow to the area.

In the present climate of distrust created by Corus, union leaders and politicians on Deeside are going to need more than mere reassurances from the Shotton plant's management that the reconfiguration can be made to work. Wales Secretary Paul Murphy has said it is disgraceful that the company consulted neither the government nor the Welsh Assembly in the decision-making process.

Assembly First Minister Rhodri Morgan went in even harder, accusing Corus management of failing to understand their own business. He said the company had failed to make provision for the cyclical nature of the steel industry and had not kept funds available to cover the proverbial rainy day which comes along once every four or five years in the industry.

No-one doubts that the Anglo-Dutch combine, formed by the merger of the former British Steel and Hoogovens, has taken a battering because of currency factors and adverse market forces. Its chairman Sir Brian Mollat, target for much of the politicians' fury, has said the problems were brought about by acute competition in export markets, exacerbated by the strength of sterling.

The company has also been hit by a UK



companies across its UK operations. What can be done to ameliorate the devastation on Deeside as the cold wind of change again blows through the steel industry? The area has proved its resilience in the past but will welcome help this time.

Are there any additional aid programmes that can be brought into play to help economic regeneration? That's a question which will, no doubt, be examined in the Assembly in coming weeks. The Assembly had offered a package of help to Corus to try to prevent deep cuts to the industry in Wales but was rebuffed by a board intent on cutting capacity.

POLITICIANS may want to see renewed efforts directed at encouraging innovative business start-ups.

Not all new ventures will succeed, but some will have great potential for growth, creating jobs and prosperity for North Wales.

These indigenous businesses will also have a loyalty to the area not always shared by larger enterprises and, in particular, the branch factory-type of operation.

The retraining of some of the steelworkers coming out of Shotton will be an early test of the new Council for Education and Training for Wales, chaired by North Walian Enid Rowlands. The new body, which takes over from the Training and Enterprise Councils in April, will work closely with colleges and training providers.

Another North Walian, Brian Howes, is to head up the new Finance Wales organisation. New business ventures may well look in that direction for financial support.

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FROM: PAUL BRITTON
ECONOMIC & DOMESTIC SECRETARIAT
DATE: 2 FEBRUARY 2001
TEL: 270 0140

SIMON VIRLEY

BERNADETTE KELLY

cc: Peter Unwin (DETR)
Tom Scholar (HMT)
Mike Wardle (DfEE)
Lewis Neal (HMT)
Cherie Jones (Wales Office)
Jack Lee (DETR)
Tom Wechsler (DETR)
Geoffrey Norris
Suma Chakrabarti
Richard Abel
Chris Wood
Helen Fleming
Richard Allan (DETR)
Paul Houston (DETR)
David Smith (DTI)
Erica Zimmer (DTI)
Elaine Hendry (DfEE)
Philip Rutnam (HMT)
James Richardson (HMT)
Alison Jackson (Wales Office)

CORUS

This minute makes proposals for the Government response to the Corus closures announced yesterday in England. It cross-refers to the position in Wales, where the National Assembly are working-up their own proposals. The two announcements will need to be co-ordinated. These proposals concentrate on Teeside, but are scaled down compared with the previous package. A draft press notice is attached.

Corus's plans

1. The table at annex A shows, to the best our knowledge, where the Corus redundancies will fall. Annex B shows the employment and

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unemployment rates for the areas affected. The major redundancies will be as follows:

Llanwern	1,540
Teesside	1,024
Ebbw Vale	780
Scunthorpe	436
Shotton	319

There will be further losses of white collar jobs at Teesside and Scunthorpe but the numbers are not known.

Measures to help individuals

2. The support to be provided by the Employment Service was described in my minute of 26 January. The service will be provided equally in England and Wales.

Jobshops

3. The Employment Service has already opened Jobshops at Redcar and Llanwern (and also at Stocksbridge and Aldwarke in South Yorkshire). ES officials are planning to meet Corus to get more detailed information on timescales and redundancy flows and to discuss where and when other Jobshops might be needed.

Job Transition Service

4. The new Job Transition Service will be provided in all areas where there are redundancies. It will cover all those who have lost their Corus jobs plus family members, contractors and other in the area who have been indirectly affected. It will offer individually-tailored assistance to match those made redundant with new jobs and training opportunities.

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Mature Modern Apprenticeships (MMAs)

5. DfEE Ministers favour the establishment of a new scheme to give structured re-training and wage support during training to those who take new jobs at significantly lower pay. Treasury Ministers object in principle to the wage support element of the proposal, arguing that it offers poor value for money and is in any event unnecessary given the help already in place through the Working Families Tax Credit and the Employment 50+ Credit. They also believe that it will not be possible to restrict application of the scheme to steel workers, a concern which the Prime Minister shared. Against this, DfEE Ministers believe that the wage subsidy can in practice be constrained largely to the steel industry through the design of the scheme and because wage differentials on the scale faced by those made redundant by Corus do not appear to be a major issue for the majority of those facing redundancy in other industries.

6. I understand that DfEE Ministers are ready to fund this element of the scheme from their existing baseline; but the National Assembly for Wales does not have the resources to do likewise. Given the lack of agreement about the principle of the scheme, the doubts about whether it could be constrained to the steel industry and these funding difficulties, it might be better to drop the wage subsidy element and to rely instead on the existing help available through tax credits. In making its announcement, the Government could draw attention to this in order to head off demands for re-introduction of ISERBS.

Regeneration Measures: England

Teesside

7. The original package for Teesside worth about £45 million which we put forward last week was based on the assumption of significantly greater job losses than now seem to be in prospect. Moreover, whatever we do in England needs to be proportionate to the response in Wales. (A brief resume of the Welsh proposals is given below).

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8. This suggests that Ministers should scale back the proposals for Teesside. The collective view of officials is that we should drop the proposal to ask John Bridge to lead a task group to make recommendations to the Government on regenerating the Teesside economy: announcing such a group would imply that Government was prepared to put significant resources into the area at a later date. We suggest that the announcement should concentrate instead on the proposal to set up an Urban Regeneration Company (URC) on Teesside, which should work with the Tees Valley Partnership and with the RDA to regenerate the area. There have been suggestions that the URC should be confined to the two local authorities South of the Tees (Middlesbrough and Redcar). However, I understand that Hilary Armstrong believes that to exclude Darlington, Stockton and Hartlepool would be very badly received in the area and would risk turning what ought to be a positive announcement into a negative one.

9. Depending on the outcome for Wales, Ministers might want to go no further than announcing a URC, leaving the specific schemes which we had previously proposed to be announced subsequently when they are ready. If, however, they want to beef up the announcement with some new money, the business park/campus at Stockton, costing £20 million, looks the most suitable choice. The Middlehaven development is not really mature yet and the improved access to Teesside airport, costing £5 million, is relatively small beer.

Scunthorpe

10. The only other area in England suffering significant losses is Scunthorpe. The view of the Government Office is that the local economy is in reasonably good shape, with low unemployment (3.8%) and significant numbers of vacancies. We do not therefore think that Ministers need to take any specific measures in respect of Scunthorpe, but should merely say that they are asking the existing task group set up by the RDA, which is

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looking at ways to strengthen the local economy, to factor the Corus decisions into its work.

Regeneration Measures: Wales

11. The National Assembly for Wales has developed a comprehensive package of measures including employment and training measures, transport, business development grants, local social schemes and site acquisition and reclamation at Ebbw Vale. I understand that the costs of this package are likely to be substantial – around £75 million – of which the National Assembly may be able to find up to 50% from their existing baseline and from end-year flexibility. They would look to the Reserve for the rest. Paul Murphy is to discuss the package with Rhodri Morgan and Edwina Hart on Monday morning and will then wish to talk to the Chief Secretary. I understand that the Treasury position is still that there should be no access to the Reserve.

Timing

12. It will be important to make simultaneous announcements about the response in England and Wales. Since the funding issues in relation to Wales will not be resolved before Monday at the earliest, this points to an announcement not before Tuesday 6 February.

Press Notice

13. I attach at annex C a revised press notice covering England which assumes that Ministers will not want to adopt the wage subsidy element of mature modern apprenticeships; and that, as regards Teesside, they will want to announce the setting up of an Urban Regeneration Company plus the funding for the Stockton campus but not the other elements of the original package.

Conclusion

14. Do Ministers:

- want to drop the wage subsidy element of the employment package, or would they prefer to retain it, in which case resources will need to be found in Wales;
- agree (subject to the outcome in relation to Wales) that the proposals for Teesside should be scaled back to setting up a Urban Regeneration Company covering all 5 Teesside districts, together with support for the Stockton business park/campus (cost £20 million); and
- agree to mention in the announcement the existing task group covering Scunthorpe but not to propose regeneration measures in the other English areas affected by the Corus closures?

Decisions will also be needed on the size and funding of the Welsh package.

PAUL BRITTON

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ANNEX A

BUSINESS UNIT/PLANT	ACTIVITIES/ LOCATION	EXISTING EMPLOYEES [#]	JOBS GOING	BY WHEN
Corus Strip Llanwern	Ironworks	2720	570	by Sept 01
	Steelmaking and continuous slab caster		390	by Sept 01
	Reduced capacity in hot strip mill		100	by July 01
	+ cold mill		1060	
	South Wales Engineering Business		120	
	Central support (admin)		160	
			200	
			1540	
Corus Strip Lackenby	coil plate mill	234	234	to close by June 01
Corus Colors	Shotton (N Wales)	1090	319	by July 01
	Bryngwn (Llanelli)	127	127	to close by July 01
Corus Construction & Industrial	Teesside	2970	648	} over 3 years } aprrx 400-yr1 } aprrx 300-yr2 } aprrx 350-yr3 500 of these jobs to be out sourced
	Scunthorpe	4040	436	
	Dalzell	315	2	
			1,486	
<u>Engineering Steels</u>	Rotherham	1510	87	detail n/k yet
	Stockbridge	835	45	
	West Midlands & Others	300	258**	

[#] These figures reflect last summers job cuts although some of those made redundant in 2000 may not yet have left – so actual current employment at each plant may be higher than shown.

** Split across all locations; breakdown not known

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BUSINESS UNIT/PLANT	ACTIVITIES/ LOCATION	EXISTING EMPLOYEES [#]	JOBS GOING	BY WHEN
Corus Construction & Industrial and Corus Engineering Steels head office/shared services	White collar (Teesside, Scunthorpe, Rotherham)	Included above in Teesside, Rotherham. & Scunthorpe figures - split n/k	400	
Stockholding	Spread across small works across UK	2130	292 ^{##}	
Rail	Workington	270	27	(6 to be outsourced during 2001)
Special Profiles	Workington	340	46	detail n/k yet
Tubes	Corby Hartlepool/Stockton West Midlands	900 720 140	141 142 15	
Packaging Plus	Ebbw Vale*	780	780	(330 by June 01) (450 by June 02)
European Electrical Steels	Various	1300	276 ^{##}	N/K
Special Strip	Rotherham / Newport / West Midlands	660	35	N/K
Corporate Centre (Central Functions)	Various	365	200 ^{##}	N/K

Wales 3,042
England 3,006
Scotland 2

Biggest hits

Llanwern 1,540
Tees Valley 1,024 (+ some white-collar workers - precise numbers NYK)
Ebbw Vale 780
Scunthorpe 436 (+ some white collar - precise no's not known)

[#] These figures reflect last summers job cuts, some of those made redundant may not yet have left - so actual current employment at each plant may be higher than shown.

^{##} These may not all be in the UK

^{##} These may not all be in the UK

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ANNEX B

Plant and LAD covered	Expected redundancies	Employment Level and rate in 1999	Employment Rate in 1997	Unemployment Rate in Dec 2000	Unemployment rate in May 1997	ES notified vacancies in the last year	Estimated total new vacancies in the last year
<u>Llanwern</u>	1,540						
Neath Port Talbot		50,000 (60%)	64%	5.8%	7.3%	4,000	12,000
Newport		57,000 (70%)	68%	3.7%	6.6%	11,000	33,000
<u>Ebbw Vale</u>	780						
Blaenau Gwent		23,000 (59%)	59%	8.6%	11.3%	10,000	30,000
<u>Shotton</u>	319						
Flintshire		76,500 (79%)	74%	3.0%	4.3%	6,500	20,000
<u>Teeside</u>	1,024						
Redcar & Cleveland		50,000 (60%)	67%	9.0%	10.7%	16,000	48,000
Hartlepool		34,000 (65%)	66%	8.0%	11.7%	4,000	12,000
<u>Scunthorpe</u>	436						
North Lincolnshire		67,000 (70%)	73%	3.8%	5.5%	6,500	20,000

These five redundancies account for 4,099 (66%) of the 6,050 total. In addition there are 1,351 redundancies in smaller numbers and spread around the country, plus 600 from head office staff, mainly in Teeside, South Yorkshire and Scunthorpe.

DRAFT PRESS NOTICE

**GOVERNMENT ANNOUNCES SUPPORT FOR AREAS
AFFECTED BY CORUS RESTRUCTURING**

Support measures were announced by the Government today for areas hit by the redundancies announced by Corus on 1 February.

The first step will be to help individuals back into work with an intensive assistance package including training. All those affected by the Corus announcement, whether in Wales or England, will benefit.

The next step will be to rebuild the local economies affected. In England the Government has asked task forces in these areas to develop local action plans. The National Assembly of Wales is separately announcing measures for those affected in Wales.

Announcing the measures, Stephen Byers said:

“The Government is determined to play its part in helping the people, businesses and communities affected by these closures and redundancies. The measures we are putting in place will lead to new employment opportunities and new businesses.”

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The new Job Transition Service will help individuals back into work:

- it will design individually-tailored programmes to match people to jobs.
- it will be made available to all those employed by Corus, their partners, contractors and others in the area indirectly affected by the announcement.

Announcing the measures, David Blunkett said:

“A redundancy of this scale can devastate a community even when the economy is performing well. We will respond as quickly and as effectively as possible in order to help those affected through this difficult time. And we will give those already unemployed in the area the same help and support as those who have just lost their jobs.”

Existing Jobshops will be expanded and the additional Jobshops will be set up to meet demand.

The JTS will ensure that people made redundant get advice, support and training tailored to individual need. They will also benefit from programmes normally only available to people who have been long-term unemployed.

The Government recognises that steel workers are particularly well-paid. When they move to new jobs their income may be cut. The Working Families Tax Credit and the Employment Credit for those over 50 years will boost the incomes of those in this situation.

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The Government will support the long-term regeneration of the communities that have been particularly seriously affected by the Corus decision.

Tees Valley

- An Urban Regeneration Company will be set up to reinvigorate the economy of the whole Tees Valley
- It will work with the existing Tees Valley Partnership and One North East, chaired by John Bridge, to develop a regeneration plan
- The Government is today giving its support for an important £20 million public sector project in the centre of Stockton to bring jobs to the area by developing a business park and expanding the Durham University campus

Scunthorpe

- The task group set up to develop the local economy following the Corus redundancies announced last summer will look at the consequences of the latest announcement

John Prescott said:

" The establishment of an Urban Regeneration Company in the Tees Valley will boost the region. The Company will make sure that the area gets investment in high quality economic development to create jobs.

"I have given approval today for a project at Stockton to rejuvenate a prime site in the centre of the town which will involve public sector investment of almost £20m. This will enable a flagship business park to be developed, provide new facilities for the University, provide local

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jobs, bring brownfield land into productive use and improve the environment along the riverbank.”

Notes for editors

1. The Corus redundancy plans will lead to the loss of just over 3000 jobs in England and the same in Wales. The main redundancies in England will be in the Tees Valley which will lose a total of 1024 jobs. 882 jobs will be lost at the Teesside integrated plant, including the closure of the coil plate mill at Lackenby (234 jobs). 142 further jobs will be lost in Hartlepool and Stockton. The Scunthorpe plant will lose about 436 jobs (around one tenth of the workforce).

Employment measures

2. The Job Transition Service will be run by the Employment Service. £9 million has been allocated from April 2001 over the next three years to develop and run the service providing intensive advice and help with jobsearch, as well as early access to training programmes. In addition, it will draw on Rapid Response Funding worth £5 million per annum.
3. The Working Families Tax Credit (WFTC), introduced in October 1999, and the Employment Credit for those over 50 years of age, introduced in April 2000, will supplement the income of individuals who have to take a wage cut in moving to a new job. The WFTC provides support to low and middle income families earning up to a maximum of £20,000. The Employment Credit supports individuals over 50 earning up to a maximum of £15,000.

Regeneration measures

4. The existing Tees Valley Partnership will work with the new Urban Regeneration Company and the local Regional Development Agency to promote the region.
5. The Government has given its approval for the North Bank Business Park and University Campus redevelopment project to proceed. English Partnerships will contribute up to £18m of a £19.4m public sector project to redevelop a derelict site in Stockton on Tees.



(F)

10 DOWNING STREET

PRIME MINISTER

CORUS - PACKAGE

In addition to the issue of timing mentioned in GN's note, there are also a number of issues on the substance of any package, which we would welcome your views on.

Whatever is done in England will need to be proportionate to the announcements made in Wales. Rhodri Morgan will inform you of his latest thinking on Monday. But at this stage, it appears they have some £35m available for regeneration projects in Wales, and they are bidding for a further £40m from the Reserve (which they are unlikely to get).

For England, the key questions are as set out in Paul Britton's note (attached). In particular, in light of the pattern of job losses in England, are you content to:

- focus solely on Teeside?
- scale back the size of the package for Teeside to about £20m?
- drop the suggested wage subsidy element from the employment measures?

We think you should agree to all three questions. **Are you content?**





~~Top~~
Secretary Gen.

Treasury Chambers, Parliament Street, London, SW1P 3AG
020-7270 5000

1 February 2001

Bernadette Kelly
Principal Private Secretary to the
Secretary of State for Trade and Industry
Department of Trade and Industry
1 Victoria Street
LONDON
SW1H 0ET

Dear Bernadette,

The Chancellor met with Bob Shannon today-at his urgent request-and was informed of the discussions that the AEEU have been having with Corus and EXI.

EXI is a Canadian company specialising in wireless technology that plans to be involved in building the infrastructure for the 3G mobile phone network but has had difficulties finding a skilled and adaptable workforce. The AEEU have suggested that they employ ex-steelworkers and EXI have agreed to make a joint announcement with the AEEU along these lines. The AEEU have also asked Corus for a two week delay before any redundancies are made so that they can find a way forward that minimises the impact on the workforce.

Bob Shannon told the Chancellor that both the AEEU and EXI would welcome any Government support for this initiative. The Chancellor promised to pass on the details to your Secretary of State and suggested that an early meeting with him might be appropriate.

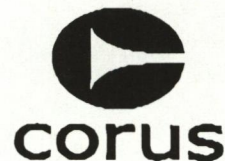
I am copying this letter to Jeremy Heywood (No. 10).

Yours

A handwritten signature in cursive script that reads 'Mark Bowman'.

MARK BOWMAN
Private Secretary

STRICTLY PRIVATE AND CONFIDENTIAL
ADDRESSEE ONLY



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Mr S Byers, Secretary of State for Trade and Industry

Embargoed until 0900 – Thursday 1st February

This document is share price sensitive

NEWS RELEASE

1 February 2001

Ref: 63

STRATEGIC REVIEW AND NEW FINANCING STRUCTURE

• Introduction

Corus has today announced the results of a strategic review of its UK carbon steel activities, which seeks to ensure their return to profitability through margin enhancement and cost reduction measures. The proposed restructuring is a result of the continuing high losses, primarily in those activities. Corus' carbon steel operations incurred an operating loss of £301million in the nine months to 1 July 2000, mainly due to weak UK demand and lack of competitiveness in export markets. In contrast, good progress has been made in the aluminium and stainless steel businesses since the merger in October 1999.

• Commenting on today's announcement Sir Brian Moffat, Chairman and Chief Executive, said:

"The radical measures announced today will significantly improve the Group's competitiveness and are crucial to the future of Corus' employees, customers and shareholders. However, it is with deep regret that despite the support and commendable track record of our UK workforce, further significant job reductions have to take place. The proposed measures will result in:-

- The reduction of over 3 million tonnes of iron and steelmaking capacity in UK flat products, together with the closure of certain mills and process lines. This will be accompanied by actions to simplify and streamline process flows in other operations.
- A major reduction in exports of basic flat products from UK operations.
- An even stronger emphasis on servicing our UK customers from our UK facilities.
- Increased focus on the pursuit of growth opportunities in profitable downstream businesses in all market areas.

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These actions together with the benefits of the Group's interests in aluminium and stainless steel will create a sound platform for the Group to secure sustainable growth, underpinned by its ability to provide customer-focused metals solutions.

We are also announcing today an extensive refinancing package to be used to replace our principal existing bank facilities, thereby enhancing the Group's financial flexibility."

Restructuring of UK asset base

The key factor behind the poor financial performance of the Group's UK carbon steel assets has been the lack of growth in UK demand, particularly for flat products. As a consequence, through the 1990s as the efficiency of the assets employed improved, an increasing proportion of UK basic flat products had to be exported.

High transportation costs and aggressive price competition in export markets have more than offset the benefits of the ongoing cost and efficiency improvement measures achieved by Corus' UK workforce. This adverse situation has been dramatically worsened by the weakness of the Euro and as a result very significant losses have been incurred.

Against this background the proposed restructuring programme comprises a reduction of over 3 million tonnes per annum in UK flat products capacity. This will align capacity closer to a level which is consistent with a sustainable domestic market share. In parallel, a series of significant organisational, efficiency and manpower productivity improvement measures is being launched across other business operations.

Corus' remaining UK flat products capacity will be focused primarily on supporting UK customers in order to secure mutual benefits in terms of quality, service and position in the market.

The restructuring will result in the following plant configuration changes:

- Llanwern: the closure of iron and steelmaking operations; the closure of the annealing and tempering facilities; and a reduction in activity levels at the hot strip mill and cold mill operations;
- Ebbw Vale: site closure;
- Shotton: the closure of the pickle line, cold mill and one electro-zinc line;
- Teesside: the closure of the coil plate mill; and
- Bryngwyn: site closure.

The annealing and tempering facilities at Shotton and the pickle and galvanising lines at Port Talbot, which were mothballed in Autumn 2000, will also be closed.

The above configuration changes will be completed during 2001, with the exception of the closure of Ebbw Vale which will be completed by mid-2002.

These measures will lead to reductions in manning of 3,000 comprising Llanwern 1,340, Ebbw Vale 780, Shotton 319, Teesside 234, Bryngwyn 127 and Strip Products central functions 200.

Recognising the severe market pressures and the need to secure further cost savings, the following series of organisational, efficiency and manpower productivity improvement measures involving further job reductions of 3,050 will also be implemented across other business operations:

- the amalgamation of the business head offices of Construction and Industrial and Engineering Steels which, together with shared services across the two businesses, will lead to 400 job reductions;
- a range of job reductions across businesses comprising Construction and Industrial 1,086, Engineering Steels 390, Tubes 298, European Market Unit 292, European Electrical Steels 276, Special Profiles 46, Special Strip 35 and Rail 27; and
- the streamlining of central functions, including the Corporate Centre, involving 200 job reductions.

These measures will be implemented during 2001-2003 and when completed Corus' manning in the UK will be some 22,000.

Full consultation will take place with the relevant Trade Unions and a comprehensive counselling service will be provided to assist all employees who are affected.

In addition, UK Steel Enterprise Limited, Corus' job creation arm in the UK, will be fully involved in helping to alleviate the social impact of this restructuring and the consequential manpower reductions.

- **Estimated Group operating results (see Appendix 1)**

Provision will be made in the accounts for the period to 30 December 2000 for the impact of the configuration changes made public today, including the related fixed asset write-downs. Provisions will also be made in those accounts for the impairment of other fixed assets held in the UK and the US.

Other provisions relating to organisational, efficiency and manpower productivity improvement measures, will be made during the first half of 2001.

The preliminary announcement of Corus' results will be made on 15 March 2001. The Group's operating result, based on unaudited management accounts for the 12 months to 30 December 2000, is estimated to be a loss of £1,050 million after restructuring and related charges of £1,027 million. For the 15 months to 30 December 2000, the Group's operating loss is estimated to be £1,172 million after restructuring and related charges of £1,042 million.

- **Estimated benefits**

As a result of the measures made public today, estimated pre-tax benefits of some £180 million per annum are anticipated by the end of 2003, at an estimated net cash cost of some £220 million. The total job reductions identified since October 1999 fully encompass the manpower-related savings of the merger synergy programme.

- **Merger Synergies**

In its present plant configuration the Group is on track to achieve the targeted savings from the merger synergy programme. However, the impact of the proposed restructuring on plant configuration in the UK means that it will no longer be practical to identify separately the merger synergy savings.

- **Group indebtedness**

Estimated net debt of £1,660 million at 30 December 2000 was marginally better than the position at 1 July, despite the difficult operating environment.

- **New financing structure**

The Group has successfully concluded a new EUR 2.4 billion syndicated loan facility with a group of leading banks. This replaces the existing complex and inefficient bank facilities which were largely a legacy of the former companies. The new facility together with existing bonds and debentures will provide the Group with flexibility in meeting its medium term financing requirements.

- **Outlook**

The oversupply of carbon steel products into the EU caused prices to weaken towards the end of 2000 and this trend has continued in early-2001. With the exception of the UK, however, demand remains firm in the EU. With the recent production cutbacks announced by Corus and other European producers, it is anticipated that some price recovery will take place in the second half of 2001.

- **Dividends**

In view of the continuing challenging market conditions and the restructuring initiatives announced today, the Board will be recommending that no final dividend be paid for the period to 30 December 2000. It will consider the level of dividend for the current year in the light of trading conditions and market outlook.

Appendix I

Estimated Group Operating Results
(after depreciation but before interest)

£ million	Before restructuring & related charges	Restructuring & related charges	Operating profit/(loss)
Actual 3 months to 1 January 2000	(107)	(15)	(122)
Actual 6 months to 1 July 2000	78	(52)	26
Estimated 6 months to 30 December 2000	(101)	(975)	(1,076)
Estimated 12 months to 30 December 2000	(23)	(1,027)	(1,050)
Estimated 15 months to 30 December 2000	(130)	(1,042)	(1,172)

1. The above figures are based upon unaudited management accounts.
2. The actual operating results, as reported for the 3 months to 1 January 2000 and the 6 months to 1 July 2000, included respectively losses of £149 million and £152 million in respect of Corus' carbon steel operations.
3. The preliminary results for the period from 6 October 1999 to 30 December 2000 are scheduled for release on 15 March 2001.
4. The estimated restructuring and related charges of £975m for the 6 months to 30 December 2000 comprise:
 - £65m in respect of initiatives announced during the period;
 - £220m redundancy and other costs relating to the configuration changes made public today; and
 - £690m in relation to fixed asset write-offs and impairments.
4. A separate and further provision of some £50m will be made in the first half of 2001, in respect of the series of organisational, efficiency and manpower productivity measures announced today.

Appendix II**Certain forward-looking statements**

This news release includes certain "forward-looking statements" within the meaning of Section 27A of the US Securities Act of 1933, as amended, and Section 21E of the US Securities Exchange Act of 1934, as amended, many of which are beyond Corus' control and all of which are based on Corus' current beliefs and expectations about future events. Forward-looking statements are typically identified by words such as "will," "anticipate," "estimate" and similar expressions and include, among others, statements regarding Corus' strategy, operations, economic performance, financial condition, future results of operations and capital needs, its proposed restructuring and the steel industry generally. Although Corus believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, because such statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause such differences include, but are not limited to (i) Corus' ability to execute the proposed restructuring, (ii) the economic climate in the UK and mainland Europe, (iii) the value of the pound sterling, particularly in relation to the Euro, (iv) changes in the global market for steel, (v) market developments, (vi) effective management of employees, supplies and technology, (vii) changes in environmental and other regulatory requirements and (viii) business risk management.

CONTACTS:

Investor Relations : (44) (0) (20) 7717 4501/4503/4504

UK Media Relations : (44) (0) (20) 7717 4502

Netherlands Media Relations: (31) (251) 498318

01222898198



Cynulliad Cenedlaethol Cymru
The National Assembly for Wales

Handwritten notes:
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HYSBYSIAD I'R WASG PRESS RELEASE

W01123-ind
1 February, 2001

RHODRI MORGAN SLAMS CORUS OVER 'APPALLING DECISION'

Corus should urgently reconsider its plans to slash more than 3,500 jobs at Welsh steel plants, National Assembly First Minister, Rhodri Morgan, said today.

"Our offers of help have come up against a brick wall. The same applies to the unions and to the Iron and Steel Trades Confederation's takeover offer. Corus's committed, efficient and loyal work force deserve better than this.

"It is not too late to look again at this terrible decision which will bring misery to communities which have had more than their share of kicks in the past. If its cutbacks and closure plan is taken away, Corus will again find that we on the governmental side will be ready to enter into meaningful discussions, in order to map out a more worthwhile future than the company appears to have been able to fashion for themselves.

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"I say to Corus--this must be the end of short-term thinking and decision making. In future you must be more open with us and your own people. You will not be forgiven if you maintain a closed and secretive approach to business."

Mr Morgan said it was 'rubbish' to suggest the job losses were the result of strength of sterling and weakness of the euro--in commodity sectors like steel there will always be bad times as well as good.

Corus senior management had not shown the necessary prudence and workers and their families were due to suffer as a result.

"Recently I have been talking to a lot of steelworkers and their unions about the troubles of Corus and the reasons behind them. Nearly everyone agrees that one of the most fundamental problems is the remoteness of the senior management and the associated lack of consultation with the workers, who are some of the best in the world."

Mr Morgan intends visiting the communities named in the Corus closure programme in the next few days.

"The Assembly has a special role to play in giving a voice to the feelings and the concerns which now confront us and I want to find out at first hand just how deeply these jobs losses will cut, if they are carried out," he said.

Assembly Deputy First Minister and Economic Development Minister, Michael German said: "This is a bleak day for Wales and especially for those individuals, families and communities most directly affected. Yet we need the skills, expertise and energies of all our people to be fully engaged in shaping the future of the Welsh economy.

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"I pull no punches about the way in which the company has gone about its business.

"It is incredible that it has targeted UK steel workers who are without doubt the most productive steelworkers in Europe. Between 1998 and 1999 alone, they increased their productivity from 533 tonnes per person to 571.

"I too urge Corus to reconsider its decision; to tough it out until trading conditions improve; and to back the commitment and dedication of their workforce who are amongst the most skilled and productive in the world," he said.

NOTE

The Corus announcement will result in more than 2,500 job losses at Welsh steel plants, with a further 1,000 or so among contractors and associated work.

Rhodri Morgan will hold a Press Conference at the National Assembly, Cardiff Bay (Committee Room 5), Ground Floor, at about noon today

020 7270 5456



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PV

Treasury Chambers, Parliament Street, London, SW1P 3AG

Bernadette Kelly
PPS \ Secretary of State
Department for Trade and Industry
1 Victoria Street
LONDON
SW1H 0ET

31 January 2001

Dear Bernadette,

CORUS: DRAFT PRESS NOTICE

The Chief Secretary has seen Helen Fleming's note of 30 January.

2. He is broadly content with the draft press notice and the handling proposed. He recognises this may continue to evolve as the situation develops, and he would be grateful to see any further drafts as they are prepared. The Chief Secretary also had the following specific comments.

3. First, he understands that all of the proposals in the press notice are to be funded from within departments' existing resources including unused end-year flexibility. He would expect the same to be true in relation to the implementation of any proposals identified in the report to be prepared by John Bridge. It will plainly be very important for Departments including DTI, DETR and DfEE to liase closely with Mr Bridge as he prepares his report, and to keep expectations in line with what is deliverable.

020 7270 5456



4. Second, as you know, the Chief Secretary does not agree to the proposal for wage subsidies in the proposed Mature Modern Apprenticeship scheme – the section in square brackets in the draft. It would also be helpful if the press notice could insert “some” before “programmes” in the last sentence before the heading “Local Regeneration”, and make clear that the £9m figure in Notes for Editors is total provision for JTS over three years, including what is spent on Corus.

5. Third, the Chief Secretary is content for DTI to commit to £0.5m from existing resources to fund broadband roll-out activity on Teesside, but this is without prejudice to decisions on the wider proposal made by DTI for £30m of ISB funding for broadband roll-out activity across England.

6. Finally, it will obviously be important to tie any announcement in England to announcements made in Wales by the NAW. The Chief Secretary also thinks that it might be worth bringing out in the presentation that our ability to respond sensitively to major problems like this reflects the new structure of devolved and regional responsibility that has been created in the last few years.

020 7270 5456



7. I am copying this letter to Simon Virley, the Private Secretaries to David Blunkett, John Prescott, Paul Murphy, and Rhodri Morgan, to Geoffrey Norris at No. 10 and Helen Fleming at CO.

Lewis Neal

LEWIS NEAL
Assistant Private Secretary

FROM THE RT HON HILARY ARMSTRONG MP
MINISTER FOR LOCAL GOVERNMENT AND THE REGIONS

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CPU



DEPARTMENT OF THE ENVIRONMENT
TRANSPORT AND THE REGIONS

ELAND HOUSE
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The Rt Hon John Prescott MP
Deputy Prime Minister
Department of the Environment,
Transport and the Regions
Eland House
Bressenden Place
London
SW1E 5DU

OUR REF: IDC(01)00015

30 JAN 2001

Dear Ken

ST DAVID'S DAY ADDITIONAL BANK HOLIDAY

Paul Murphy's letter to you of 16 January follows up his earlier letter of 30 September 2000 seeking HS views on the possibility of an additional bank holiday in Wales on St David's Day (1 March). Notwithstanding the concerns raised by colleagues in the previous round, he proposes writing to Rhodri Morgan and asking him to assess the level of support for the proposal in Wales.

I am uneasy about this approach because, despite Paul's assurances that this would not be a full-scale consultation exercise, I do not see how it could be kept out of the public domain, or indeed that the Assembly would wish to keep it so. Hence it would inevitably raise expectations of a favourable Government response to the proposal no matter what caveats Paul might make in putting the issue back to the Assembly.

Given the concerns that colleagues have already expressed about the implications of an additional bank holiday, and that this is a matter that is not devolved to the Assembly, I do not think I could support Paul's latest proposal.

I am copying this letter to the Prime Minister, to members of HS Committee, to Melanie Johnson and to Sir Richard Wilson.

*Yours
Hilary*

HILARY ARMSTRONG



INVESTOR IN PEOPLE

RESTRICTED - POLICY

**FROM: PAUL BRITTON
ECONOMIC & DOMESTIC SECRETARIAT
DATE: 26 JANUARY 2001
TEL: 270 0140**

(BY EMAIL ONLY)

SIMON VIRLEY

cc: Peter Unwin (DETR)
Tom Scholar (HMT)
Bernadette Kelly (DTI)
Mike Wardle (DfEE)
Deborah Nickerson (HMT)
Cherie Jones (WO)
Anna Coleman (NAW)
Geoffrey Norris
Suma Chakrabarti
Richard Abel
Chris Wood
Helen Fleming
Paul Houston (DETR)
David Smith (DTI)
Erica Zimmer (DTI)
Elaine Hendry (DfEE)
Philip Rutnam (HMT)
James Richardson (HMT)
Ron Loveland (NAW)

CORUS

This minute contains a provisional package of proposals for the Government response to Corus's planned plant closures. These proposals have been produced by an inter-departmental official group. They consist of Employment Service measures to assist people who lose their jobs and regeneration proposals (worth £45m) for Teesside. The latter could be replicated if there were major job losses elsewhere in England. The National Assembly for Wales and the Scottish Executive are preparing their own responses. Copies of this minute go to other Ministers in departments with a key interest.

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Background

1. We suspect that Corus will announce their plant closure proposals on Tuesday 30 January or (less likely) Wednesday 31 January. We do not know the details, though total or partial closure of Llanwern (up to 3,500 direct jobs) and part of Corus's capacity on Teesside (up to 3,700 direct jobs) seems likely, plus smaller job losses elsewhere. A list of the plants which DTI consider most at risk is at annex A. The multiplier effect will increase the number of jobs lost in each affected area.

Government Response

2. The response proposed below consists of measures to help individuals made redundant, which would apply across Great Britain (except the training element, which is devolved in Wales and Scotland), and regeneration measures, which will need to be tailored to specific areas. The regeneration measures suggested below are for Teesside: the National Assembly for Wales (NAW) is working up its own package. The Teesside approach could be replicated elsewhere in England if necessary. The response will need to be proportionate and if job losses on Teesside are lower than we fear, Ministers might want to scale down the proposals.

Measures to help individuals

3. Annex B describes the existing support provided by the Employment Service, including job shops already established at Redcar and Llanwern, and the new job transition service which can be applied to Corus redundancies, including proposals for mature modern apprenticeships.

New Job Transition Service

4. DfEE propose to roll-out the new job transition service, currently under development in South Yorkshire, to cover all areas affected by Corus redundancies. It provides help which, compared with existing arrangements, is more flexible and closely tailored to individual need and more focused towards the needs of employers. Each client will be assessed

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by a personal adviser to assess employability and the support needed by the individual. Also Employment Service managers will contract with intermediaries to work with local growth employers to identify recruitment and skill needs and development programmes to bring skills up to entry level.

Mature Modern Apprenticeships (MMAs)

5. When Ministers met the Prime Minister in December to discuss Corus, they were attracted by MMAs in preference to a resurrection of the former ISERBs scheme to compensate redundant steel workers, which was expensive and offered poor work incentives.

6. MMAs would comprise a re-training package tailored to the needs of adults with existing skills and work experience and temporary wage support for up to 1 year for people taking a wage cut to move to a job offering such structured training. A flat rate subsidy of £60 a week for full-time employment is proposed for those aged 25-49, provided that they have a gross individual income in their new job of less £15,000 a year and have suffered a salary loss of at least £4,000 a year compared with their previous job. More details are in annex B.

7. Treasury cannot agree to the wage support element of this proposal. It believes that it will prove impossible to constrain wage support to ex-Corus workers and that Government will face demands for this much more widely, with considerable public expenditure implications. The ISERBs scheme was exceptionally poor value for money, and the fact that it was abolished provides no basis for resurrecting elements of it. The Government has subsequently introduced the Working Families' Tax Credit and the Employment Credit 50+, providing significant wage support reaching up to those earning £15-£20,000. Furthermore, Treasury believes that the precedent of wage support of £60 per week will create an expectation that the Employment Tax Credit will be set at a similar level, which the

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Government will not be able to meet. However, Treasury would support the establishment of an Action Team for Jobs in Llanwern instead of this proposal, mirroring the situation in Redcar where there is already an Action Team. Their view is that it would be for DfEE to bear the costs of this through their DEL.

Regeneration: Teesside

RDA-led Working Party

8. We propose that John Bridge, Chairman of the Regional Development Agency for the North East, should be asked to co-ordinate a regional response based on the task group set up to cope with earlier Corus redundancies. It would pave the way for an Urban Regeneration Company on Teesside and look for ways of revitalising the local economy, making recommendations to Government.

9. There is an issue whether the Government should announce now that a specific sum would be available to fund the task group's recommendations, as happened with Longbridge. This would need to take account of the value of the package of specific proposals below, worth about £45m. Against this, the position at Longbridge was different in that an offer of RSA had been made to BMW which was not taken up. The resources were available and the sum (£129m) was known publicly.

10. Given the difficulty of fixing now an appropriate amount before knowing what recommendations the task group would make, an alternative approach would be to announce that the Government would consider the group's proposals in the context of the allocations yet to be made to RDAs for years 2 and 3 of SR2000. If Ministers wanted now to quote an eye-catching figure for Government investment in Teesside, we suggest that they could use a figure of "around £200m". This is made up as follows:

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- allocations already made and announced under SRB 4 and 5, the Neighbourhood Renewal Fund, and for the Middlesbrough New Deal for Communities (totalling £117.4m).
- the specific new regeneration measures contained in this submission (worth £45m).
- the value for Teesside of the DfEE measures in annex B: this depends on take-up, but we estimate that the value might be around £15m.
- RDA projects and RSA which might be expected in the next 3 years (estimate £20m).

Specific Regeneration Measures

11. The package of immediate measures for announcement is set out at annex C. It includes:

- Teesside Urban Regeneration Company: The URC would develop a plan for the long-term economic development of the area - its establishment has been under discussion for some time and is publicly known but has been awaiting formal Government approval.
- £20 million Government investment in Stockton: English Partnerships would lead the development of a derelict site, including transport links, to create a business park and University of Durham facilities - the scheme has been awaiting confirmation of the Government's contribution.

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- Middlehaven project: £14.7m is already going in to Phase I of a project to remediate and provide infrastructure for a site in Middlesbrough Docks. Phase II – for which plans are awaited – would require significant further investment of the order of £16m: Ministers could announce that they were ready in principle to fund this.

- Transport improvements: A £5 million scheme to improve access to Teesside Airport could be accelerated; two feasibility studies could be funded for a new Tees crossing and for an LRT scheme in the Tees Valley – these would be seen as new announcements.

- Knowledge Economy projects: the Tees Valley Partnership would seek to acquire from Corus their Redcar research facility (at a cost of around £1.5m); and would consider the expansion of the chemicals research facility at Wilton.

- Broadband/digital communications: the Government would accelerate the roll-out of the next generation of communications infrastructure on Teesside.

The value of this package is about £45m.

Wales

12. A note describing the approach which the NAW intends to adopt to regeneration is attached at annex D. It proposes to establish an operational task force led by the chairman of the Welsh Development Agency; and the Agency is working on a strategic development plan for the areas likely to be affected. There are at this stage no proposals as specific as those for Teesside mentioned above.

Scotland

13. If there are significant cuts in Scotland, the Scottish Executive intends to establish immediately a response team of local public agencies, including the Benefits Agency, the Employment Service and the Local Enterprise Company to help those affected find new work. The team's activities would be in accordance with Partnership for Continued Employment (PACE), a Scotland-wide initiative launched by the Executive in March 2000.

Costs

14. DfEE can meet the cost of the job transition scheme from its existing baseline. The specific regeneration measures for Teesside mentioned above can also be accommodated with existing baselines. However:

- if Ministers wanted to announce a specific amount which would be available to implement the recommendations of John Bridge's working party for Teesside, DTI and DETR say that they would need access to the Reserve;

- DfEE likewise say that they would need access to the Reserve for the costs of Mature Modern Apprenticeships (£4.5-7.2 million for England and Wales over two years depending on take-up).

15. In addition, the National Assembly for Wales have sought an assurance that the Treasury would look sympathetically on any request for access to the Reserve for help with any regeneration measures which they bring forward in relation to Llanwern and other sites in Wales.

16. The Treasury argue that the Reserve is already under intense pressure for 2001/02 and that departments should first have recourse to their

RESTRICTED - POLICY

existing budgets, including the very substantial sums, running into hundreds of millions of pounds, which they will be able to carry forward as a result of emerging underspends this year.

Timing

17. When they discussed Corus with the Prime Minister on Monday, Ministers concluded that while the Government would need to give an immediate reaction to the Corus proposals, it would be best to hold back their substantive response for a few days while public attention focused on Corus itself, and to make their full announcement when people began to question the Government's role. From a practical point of view, that would help in that it would give time to tailor the response to Corus's actual decisions. But if Ministers want to respond straight away, the package would enable them to do so, subject to rapid adjustment in the light of what Corus announce.

18. One possibility might be to split the Employment Service and regeneration measures, announcing the former immediately in order to give reassurance to people losing their jobs.

19. There will need to be co-ordination with the NAW who will announce their own response (and with Scotland if there is a Scottish announcement).

Press Notice

20. DTI are preparing advice on the stance that the Government should adopt when the Corus announcement is made, together with a short draft Press Notice, which should be available by first thing on Monday. We will co-ordinate on Monday preparation of a further Press Notice announcing the substantive response proposed in this submission. This could, if necessary, be split into Employment Service and regeneration components for separate announcement. We suggest in any event that David Blunkett should issue a

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separate press notice tailored to Welsh circumstances to accompany that to be put out by the NAW.

Conclusion

21. The Prime Minister and his colleagues need to decide:
- i. whether they are content with DfEE's proposals for the job transition scheme, in particular those for Mature Modern Apprenticeships (and if so, to decide how the latter is to be funded);
 - ii. whether the package of new regeneration measures for Teesside worth about £45m is acceptable;
 - iii. whether they wish to announce a specific sum of money which will be available to implement the recommendations of the John Bridge-led working group for Teesside and, if so, how this is to be funded;
 - iv. whether they wish to use the headline figure of Government resources recently allocated or in prospect for Teesside of "about £200m"; and
 - v. when they wish to announce these measures.

The package will probably need to be adjusted once we know Corus's actual proposals.

PAUL BRITTON

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Corus – plants at risk (revised on 26/1/01)

Possible options Corus might be considering¹	Number of direct jobs which could be affected	Product range
<p>1. Full closure of Llanwern End of steelmaking, downstream processing (hot and cold rolling) including Zodiac (hot dip galvanising) line for automotive products</p>	<p>2,500 job losses (Corus already announced 450 job losses at this plant last year) + a further 1000 contractors employed on site</p> <p>Taking into account multiplier effect of 1.5 gives estimated job losses of 5,250 (NAW estimate 8,800-12,300)</p>	<p>Manufacture of hot and rolled strip products for variety of markets – hot rolled for transport, construction, shipbuilding, general engineering – cold rolled for automotive, construction, packaging, consumer electronics, general engineering. Feeds other plants particularly in Wales – Trostre and Ebbw Vale (packaging), Shotton (coated strip). General overlap of facilities with Port Talbot and/or Ijmuiden.</p>
<p>2. Closure of Lackenby Mill at Teesside (coil plate mill). The Lackenby Mill, although located on Teesside complex is part of the South Wales strip business</p>	<p>500 job losses (Corus already announced 65 job losses at this mill last year) + 150 onsite contractors</p> <p>Taking into account multiplier effect of 1.25 gives estimated job losses of 812</p>	<p>Coil plate mill – variety of thicknesses. Produce some end products eg floor plates but primarily feeder for other plants eg pipes (Hartlepool) and tubes (Corby). Corus say that most of coil plate could be produced in strip mills in South Wales</p>

¹ Corus have indicated that Wales is the main area of vulnerability but that the announcement is unlikely to be restricted to Wales. Therefore an announcement could be options 1, 2 and 3 or some other permutation may be possible. This note represents officials' best guess of the likely position, notwithstanding reports of possible redundancies at other sites in today's "Financial Times".

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		or Imjuiden but not all thicknesses.
3. Closure of plate mills in Dalzell, Motherwell and Cambuslang, Clydebridge	300 employees at Dalzell and 80 at Clydebridge (Corus already announced 87 job losses in Scotland) + 100 on site contractors With multiplier effect of 1.25 gives total estimated job losses of 600	<i>Manufacture plate and pipes for shipbuilding, oil industry, construction etc. Plate mills are the two remaining plants in Scotland and are "island" plants ie. no local steelmaking ability (take steel from Teesside). Suffering because of declining markets and import penetration.</i>
4. End of steelmaking at Llanwern but retention of downstream facilities with basic steel products transported from Port Talbot by rail for downstream processing	1,000 job losses + 500 estimated on site contracting jobs. With multiplier effect of 1.25 total estimated job losses of 1825	<i>Steelmaking</i>
5. Full closure of Teesside/Lackenby Integrated steelmaking Coil plate mill Heavy section mill All except coil plate mill part of the Construction and Industrial part of the Corus business (other main part of this business is the integrated steelmaking plant in Scunthorpe)	3700 job losses (Corus already announced 526 job losses last year in addition to the 65 job losses in the Lackenby Mill) + 1000 contractors. Taking into account multiplier effect of 1.25 gives estimated job losses of 5875	Teesside has one large blast furnace producing steel for its own use, for use by other plants and for sale on open market (recent mini re-line of blast furnace). Produce steel for other plants – primarily slabs and blooms eg for Skinningrove (special sections), Workington (rail), Dalzell/Clydebridge (plate). Teesside is principally involved in

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		construction industry (Lackenby Mill exceptionally part of South Wales strip business). Heavy section mill unique facility to Corus Group making beams and columns. Given construction business has high UK content and high UK market share it would appear less vulnerable than the strip plants
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DTI analysis suggests that it would be prudent to assume a multiplier effect of 1.5 for Wales and 1.25 for UK regional sites

DfEE Response to Corus Redundancies

CURRENT PROVISION

Northern Region and Office for Wales, the two ES regions affected, have nominated senior managers to lead on CORUS. The two ES Field Directors are already heavily involved with the local partnerships, and will automatically become key members of local Task Forces.

In response to the earlier CORUS redundancies, ES has already established Jobshops on the CORUS sites at Llanwern and Redcar. Both will be expanded very quickly to cope with a larger number of redundancies, or indeed a total closure of one or both plants. Precise need will depend on the phasing of any redundancies. We will seek co-operation from CORUS in providing suitable premises and facilities. ES also has plans in place to enhance job information and careers advice and to provide Jobsearch facilities, not only in-house but also by the use of our network of contractors. The current contingency plans provide for:

- Job information points
- Access to vacancies on Jobpoints
- Pro-active marketing to employers and sector groups (including automotive and electronics)
- CV preparation
- Job search assistance
- Counselling
- Careers advice (Information, Advice and Guidance)
- Early access to ES programmes
- Referrals to a range of programme provision (including small business advice, sole trader initiatives)
- Benefits advice
- Early access to Work Based Learning for Adults (in Wales this is a devolved responsibility and there are on-going discussions with the Assembly about the provision that should be offered.)

NEW JOB TRANSITION SERVICE

The Department has brought forward its plans to roll out the Job Transition Service, currently under development with the South Yorkshire Task Force, which was established in response to Corus redundancies announced last summer. This development work will now be extended to all areas affected by Corus redundancies.

The service builds on the success of the existing ES Rapid Response Units. In particular, it will ensure that our response is:

- More flexible and closely tailored to individual need
- More focused towards the recruitment and skills needs of employers able to offer jobs
- Extended to meet the needs of all those affected by the redundancies, rather than just those actually being made redundant

Key objectives

- To help people make the transition into quality jobs, using transferable skills and offering opportunities for progression
- To reduce the impact of redundancy on the community as a whole
- To be 'demand-led', ie work with new employers to meet their skills/recruitment needs; work with individuals to meet their aspirations; allow decisions about best approach to be made by the community

Three integrated elements

Help+ Guarantee

Each client will be assessed by a Personal Adviser to establish:

- employability in the local labour market
- support needed (see above)
- financial support for the above where none available through other programmes

This service will be available to:

- all Corus employees, regardless of place of residence
- sub-contractors affected by the restructuring, regardless of place of residence

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- those resident in a pre-defined geographical area who are affected indirectly by the redundancies

Demand-led Service

From 1 April, newly-appointed ES managers will contract intermediaries to work with local growth employers to:

- identify recruitment needs
- analyse skills requirements (sector-specific, company-specific, role-specific)
- develop programmes to bring skills levels up to entry level.

This will build on existing ES employer-focused work.

Mature Modern Apprenticeships

MMA's will be part of the Job Transition Service, and will be dependent upon the personal assessment process and the Demand-led Service.

MMA's will comprise

- a retraining package using Modern Apprenticeship frameworks at levels 2 and 3, tailored to the needs of adults with existing skills and work experience
- temporary wage support for up to one year for those people who have to take a wage cut in order to move into a job that offers such structured training (but Treasury are opposed to this – see below)

The overall objective is to encourage people to develop new skills in order to move into jobs that offer progression in more sustainable industries, particularly those suffering skills shortages. It will also encourage employers to take on and train people they would not normally consider as 'job ready'.

Outline proposal is:

- A flat-rate subsidy of £60 a week for full-time employment (£3,120 a year) and £40 for part time work paid for a maximum of a year (52 weeks).
- Must be entering an agreed MMA scheme (or Welsh equivalent)
- Must have a salary loss of at least £4,000 a year in the individual's gross income;

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- Must have a gross individual income in the new job of less than £15,000 a year.
- Eligibility will be limited to people aged 25-49, since those over 50 already have a legal entitlement to an employment credit.

Funding

Operational Costs

Extension of ES facilities up to 1 April will come from existing ES operations. From 1 April, further funding will be available from the £3m allocated in the PBR to develop and test the service. (£3m/£3m have been earmarked from April 2002 to run the fully-developed service).

Programme Costs

Individual programme support will come where possible from existing funds. Where these are not accessible or available, Rapid Response Funding (£5m per annum) will be deployed in England.

In Wales, funding is top-sliced as required from the WBLA budget, and provision will be subject to available funds managed by the Council for Education & Training in Wales (CETW). However, some extra programme money is available within the JTS development budget, and will be allocated as necessary.

Mature Modern Apprenticeships

This element is being developed earlier than originally envisaged, and was not included in the money allocated in the PBR. No funds are available for this programme in the DfEE DEL. Costs will be heavily dependent on take up, but are estimated as follows:

Wage subsidy

£2-3.2 m, covering both England and Wales, spread over 2 years.

It is possible that 50% of an individual's subsidy could be funded from the European Coal & Steel Treaty monies. This treaty is due to expire in July 2002, and all claims must be submitted by December 2001. However, claims can be made in advance against named individuals.

DfEE recommend that this subsidy should be funded from AME, in line with the 50+ wage subsidy.

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Training

£2.5-4.0m, for both England and Wales, of which half or more (depending on numbers made redundant) would be funded by the Welsh Assembly, as training is a devolved issue. The NAW has separately requested extra funding for this and other potential costs.

These figures will be dependent not only upon take-up, but upon the current skills levels and experience of those taking up the scheme. Accreditation of Prior Experiential Learning will be used to ensure that training is not given where skills already exist.

However, Treasury do not agree with the wage support element of this package for the reasons set out in the covering note.

ECONOMIC REGENERATION (TEESSIDE VERSION)

Leading the Response in the Region

John Bridge, Chairman of One North East, will co-ordinate a regional response based on the Task Group which was set up to cope with the redundancies Corus announced last Autumn. This includes representatives of Corus, the Employment Service, the Government Office, unions and local authorities. It will develop initial proposals for immediate assistance and longer-term measures, while paving the way for the establishment of an Urban Regeneration Company. The Government could announce a programme of action as follows.

Immediate Assistance (additional to employment measures)

1.1 Major Current Regeneration Projects

1.1.1 North Bank Business Park and University Campus

This is a derelict site in Stockton on Tees owned by English Partnerships. They are under a commitment to build the North Bank Gyrotory Road, from Teesside Urban Development Corporation (UDC). EP has been working with Stockton-on-Tees Borough Council, ONE and University of Durham to bring forward plans to regenerate the site and design and cost the road scheme (under English Partnerships' CNT powers). The road is also necessary to open up the North Bank site. Key aims are to develop a flagship business park; provide new accommodation for the University; provide local jobs; bring brownfield land into productive use and improve the environment along the riverbank.

English Partnerships will contribute up to £18.08m as part of a total £19.339m public sector regeneration programme. This scheme is in the final stages of assessment by DETR, which is currently awaiting confirmation that the scheme will be commercially viable. Subject to approval from DETR and Treasury, the scheme could go ahead quickly.

1.1.2 Middlehaven

Phase 1 of this project is well under way. After the planning stage, work began on site in early April 2000 and is expected to be completed by November 2001. The biological remediation of the contaminated silt is progressing; new techniques are being pioneered to ensure the land is fit for use. A major supermarket has committed to building or expanding nearby. The construction of the new roundabout - that will service the new site on the North Bank, Asda, and the existing infrastructure - is due to begin June 2001.

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We are waiting for detailed plans from ONE on Phase II – which will also require Government approval. Ministers could however welcome the significant (£14.72m) investment already going into the development of the site and look forward to receiving the detailed plans for phase II which will bring about further investment of £16m.

1.2 Knowledge Economy Projects

The Tees Valley Partnership would seek to acquire from Corus the research facility based at the Redcar site (this would cost £1 ½ million) and seek other research partners. This has mainly been involved with materials research, but is becoming more involved with the development of recycling technology. Partnership help would be needed to develop a customer base and to develop a potential bid to become a European centre for recycling technology. Discussions are currently under way with the management of the facility, and an immediate action could be to put in consultants to assess the feasibility of the project.

The partnership would also consider the expansion of the chemicals research facility at Wilton, and would complete the linkage between Warwick University Manufacturing Centre with the B2B facility at Teeside University, specialising on virtual reality engineering.

1.3 Inward Investment

DTI are asking Dr Bridge and Sir David Wright, Group Chief Executive of British Trade International, to establish as a matter of urgency a co-ordinated programme to identify potential sites for inward investors and attract investment into the sub-region.

1.4 Transport Projects

The Tees Valley conurbation lies some 20km east of the A1(M)/East Coast Main Line. East Cleveland, where many Corus employees live, is a particular problem being furthest from the main activities, markets and strategic transport links. Local Authorities have developed a broad transport strategy for the sub-region, although significant further work is needed in developing specific elements and infrastructure investment priorities. The Local Transport Plan settlement of December 2000 announced an indicative total of £66.271m for minor local transport schemes over the five year plan period. There is also support for three major road schemes:

- Skelton/Brotton Bypass (completion) - £618,000
- South Stockton Link Road - £31.8m

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- Darlington Eastern Corridor - £5.7m

In addition, the A66(T) Greystokes Roundabout improvements programmed by the Highways Agency will improve access to the port area.

Rail Passenger Partnership bids have been awarded for service improvements to Hartlepool and on the Esk Valley Line.

New Government initiatives to which we could commit now include:

- provision of financial support for separate detailed feasibility studies of New Tees Crossing and LRT(tram) proposals for Tees Valley (£50,000 - £100,000 each);
- A66 Longnewton Interchange (£5m), providing improved access to the airport;
- the encouragement of local authorities to develop bids for East Middlesbrough Transport Corridor and for improving local rail services and infrastructure;
- the encouragement of local authorities/port/airport/chemical industry to identify road, railfreight and public transport access improvements, and submit funding bids as appropriate

1.5 Broadband and Digital Communications

The Government will accelerate the rollout of the next generation of communications infrastructure on Teesside - particularly broadband networks and digital TV. Specific action for Teesside will feature in "UK Online: the broadband future", a report to the Prime Minister by the e-Minister and e-Envoy, on how we can achieve the rollout of these technologies across the UK. One North East will develop a strategy in partnership with the public and private sector users of broadband.

A new fund of £30 million [NB. not yet approved by Treasury] over the next three years will support the most innovative schemes to meet local requirements for extending broadband networks. The DTI will make available at least £500,000 from this fund to One North East to assist them with their work on broadband.

The Countryside Agency will also fund broadband healthchecks for key market towns on Teesside, beginning with Guisborough, near Redcar.

1.6 Existing Government Support for Teeside

1.6.1 Single Regeneration Budget

The Single Regeneration Budget has provided over £200m to the Teeside Area over the first 5 rounds as follows:

Round 1	-	£20.31m
Round 2	-	£42.30m
Round 3	-	£105.50m
Round 4	-	£2m
Round 5	-	£31.9m

Major awards include

- £15.7m awarded to the Owton/Rossmere Partnership towards a seven-year scheme with a sustainable strategy for regeneration. The foundation of the scheme is a major joint venture between English Partnerships and a private developer to develop redundant British Steel land into a high quality business park in a prime location to link with the large inward investment made in the area by Samsung.
- £17.8m awarded to South Bank - from Hope to Reality, Redcar and Cleveland:
a comprehensive package of economic, social, education and housing measures targeted on extremely run-down area of local authority and private housing. Linkages with a wide range of policy initiatives including improving education and training targets, sustainable regeneration and addressing crime and fear of crime.

1.6.2 Neighbourhood Renewal Fund

On 10 October, the Government announced 88 areas that will benefit from a major new £800 million Neighbourhood Renewal Fund to help improve housing, raise school standards, reduce crime and improve health in deprived areas. In the North East, 15 local authorities will benefit from NRF to the tune of around £106 million over the next three years. Full details of allocations are given at the end of this section.

The fund will be to provide extra, non-ring fenced money to help local authorities in the most deprived areas spend on more teachers, police officers, crime prevention programmes, social services or any other services which deliver real improvements for the community. The NRF will help local authorities to build partnerships and meet their PSA agreement targets for raising schools standards, reducing unemployment, especially among the most disadvantaged areas and groups, reducing burglary, narrowing the

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health gap between deprived areas and the rest of the country and improving the standard of social housing.

Communities will have a vital role in developing strategies for tackling deprivation in their own neighbourhoods and deciding how targets will be met locally. A commitment to set up a Local Strategic Partnership, bringing together public service providers with the community and business sectors, is amongst the conditions for receiving the NRF.

1.6.3 New Deal for Communities

The New Deal for Communities programme was launched in September 1998, as part of the Government's response to the Social Exclusion Unit's report 'Bringing Britain Together - a national strategy for neighbourhood renewal'.

Within **Middlesbrough** a delivery plan has been developed based on the NDC topics of health, employability, crime and education. Housing, community involvement and neighbourhood management have been identified as priorities. Approval has now been given for a NDC grant of £52.1 million with a total estimated scheme cost of £108 million over 10 years, in an area covering 3800 households, with a population of over 9000 people. There are plans to develop a West Middlesbrough Neighbourhood Trust to deliver the NDC programme, as well as testing new ways of co-ordinating and delivering main stream services.

The second round of New Deal for Communities is currently underway. **West Central Hartlepool (Tees Valley)** and the East End and Hendon areas of Sunderland have identified their long term vision for that area. Both initial delivery plans have been supported by the Government Office and they have been awarded £200k to help develop a detailed delivery plan, and to ensure that local people continue to be represented on the partnership.

2. Longer-Term Projects

2.1 Urban Regeneration Company

The proposal for a URC in the Tees Valley has been under development since early 2000. It would develop a vision and implementation plan for the regeneration and economic development of the sub-region. The key Partners would be the five local authorities, One North East, English Partnerships and the Tees Valley Partnership - representing a range private sector (and other) interests in the sub-region.

The proposed Tees Valley URC area covers the main urban centres within the authorities of Hartlepool, Stockton on Tees, Middlesbrough, Darlington and Redcar & Cleveland. The area proposed has a population of some 650,000 people. It has huge concentrations of derelict and contaminated land - the partners estimate 860 hectares - much in private ownership, and some of the most deprived areas in the country. The area also has poor transport links, both within the sub-region and to the national network.

The DETR and the Government Office for the North East have had positive discussions with the partners about a proposed URC and supported the further work of the Partners in developing its structure and strategy. ONE and EP - as well as the local authorities - are contributing to the costs of this work.

2.2 Transport Projects

In the medium to longer term, the A1 (North Yorkshire) and A66 (Scotch Corner - Penrith) are the subject of Government funded studies. The implementation of the recommendations arising from these could be accelerated at an estimated cost of estimates £150-200m and £100m respectively. An outline proposal for the dualling of the A66 Darlington Bypass could also be brought forward at an estimated cost of £18m+. Funds would need to be identified if these projects were to be brought forward. There would also be issues in relation to land assembly, compulsory purchase, planning consents etc to be resolved.

2.3 Decontamination of Land

There are already a large number of contaminated sites in the area, and it would be a priority for the URC to reclaim these and make them available for potential use. One North East have estimated that the clean up costs associated with the Corus Teeside sites is likely to be in the region of £400m. This is significantly higher than comparative costs for the clean up of the Ravenscraig plant of about £25m, and accurate final figures will need to be discussed with ONE, Corus and other interested parties.

2.4 Raising levels of entrepreneurship and measures relating to suppliers and SMEs

The Teeside Business Link provides a range of these services in this area as part of their existing activities. However, the scale of support needed and offered will change as a result of the closure. They will work with One North East to scope the scale of support they need to provide, although the SBS is aware from discussions with them and One North East this week on their business plan that they are already anticipating what they will need to do in the event of major redundancies

The scoping of this work will include:

- to identify, and offer business advice to, existing SMEs in the supply chain; and
- to provide assistance and advice to those individuals who are made redundant and wish or can be encouraged to consider starting a business or moving into self-employment.

The key provisions include:

- the provision of loan finance and equity to assist new small businesses
- help with money management and investment advice where it is needed
- undertaking self-employment awareness programmes
- building on our network of small business mentors, people who have already been successful in the business world

The SBS will also launch a major initiative on the funding of incubators, to encourage business start-ups and growth in managed workspace, with flexible leases, good communications and management advice;

The Task Group, the Business Link and the URC would also need to scope the potential effects on suppliers, both upstream and down, and contractors and related business, and establish measures to encourage diversification, increased productivity and the development of new markets.

NATIONAL ASSEMBLY FOR WALES - RESPONSE TO POTENTIAL MAJOR STEEL JOB LOSSES

TASK FORCES

- The All-Wales Steel Taskforce (chaired jointly by the First Minister and Deputy First Minister) will remain in place to provide strategic leadership for the Wales response and to monitor progress.
- A more localised and operational Taskforce under the leadership of the Chairman of the WDA would act to co-ordinate the efforts of the various agencies, including the Employment Service in Wales: on current information, the focus of the Taskforce would be the travel to work areas within which Corus' Llanwern and (maybe) Ebbw Vale plants are located.
- If the Shotton plant in North Wales is badly affected, the existing Local Authority-led Task Force will be reinforced.

PEOPLE

- The first priority will be to assist those affected by the restructuring. They would be offered help before they are laid off, including: advice and guidance, training and assistance if they wished to pursue self-employment etc.
- There will be immediate access to work-based learning for adults, for which there is normally a qualifying period.
- The Employment Service already has on-site Job Shop facilities at Llanwern and other Corus plants providing direct access to information on job opportunities and training.
- Under their Rapid Response Measures, the Employment Service and the TECs (from 1 April 2001, the National Council for Education and Training for Wales) can offer immediate help with gaining new skills and employment and assistance with starting up in business.
- The range of services and programmes on offer will be extended shortly through a job transition scheme.

ALTERNATIVE EMPLOYMENT OPPORTUNITIES

- The next priority will be to identify and develop quickly strategic sites in the travel to work areas involved: these strategic sites will be developed and marketed heavily by the WDA to encourage early use.

SITE REDEVELOPMENT

- WDA is working on strategic redevelopment plan: both the challenges and the opportunities are huge – the Llanwern site, for example, is a strip of land 3½ x 1½ miles wide.
- Corus would probably wish to offset as much of closure cost as possible by co-development of the site. WDA acquisition of surplus land from Corus would be the best option.
- For WDA be able to do so, it would undoubtedly be necessary for the public sector to take a significant stake in the development at an early stage.

FUNDING

- TEC South East Wales package to help those already declared redundant from Llanwern and Ebbw Vale was only achieved by diverting money from existing, hard pressed programmes.
- Responding effectively would require early and major investment. Without recourse to the Reserve, the damage to existing, committed Assembly programmes would be enormous.
- The Assembly acknowledges that it would need to prepare a detailed business case to Treasury for further resources.

IMMEDIATE HANDLING

- Corus Management will brief the First Minister very early on the morning of the announcement.
- The First Minister will make a Statement to the Assembly shortly after the announcement giving an initial response: this is likely to be followed within about a week by a further Statement giving details of the response plan.

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- Publicity arrangements on the day are still being developed: all the agencies in Wales will be offered an agreed Q&A brief to maximise the chances of coherent and consistent responses.

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1.5V (4)

→ P10

From: Geoffrey Norris
Date: 26 January 2001

PRIME MINISTER

cc: Jonathan Powell
Alastair Campbell
Jeremy Heywood
David Miliband
Sally Morgan
Philip Bassett
Simon Virley
Martin Sheehan

CORUS

The most important thing is that it is established that there are commercial reasons for this that don't affect the overall strength of the company.

The announcement is possibly next Tuesday. Today's FT had a front page story suggesting that the whole of Llanwern wouldn't shut, but Ebbw Vale (1200 people) will and that the cuts would be widely spread through Corus. The story has been denied by the company. The Cabinet Office has pulled together a collection of employment and regeneration initiatives for the Government to announce in response to closures. Political decisions need to be taken on whether we put a "price tag" on the package of measures. We have agreed to be critical of the announcement when it is made, but a political judgement needs to be made about the response and whether we say we are willing to talk to the company about measures that might reduce the job cuts.

1. Rhodri for plausible reasons thinks Corus will make the announcement next Tuesday.
2. The story in today's FT suggested that a large part of Llanwern will be saved, but Ebbw vale will close. David Jackson of Corus phoned me to say they were not the source and we shouldn't give it any credence. He also expressed regret that Stephen Byers had been critical of the company in TV interviews he has given.
3. The Cabinet Office has pulled together a package of measures from Departments for the Government to announce (attached). It draws on the proposals John Bridge has been making. The National Assembly for Wales are drawing up their own plans.

There will also be a few about
the clean-up costs - John Bridge told
to me it will be \$200m on the side
though we seem to dispute this.
But this package at present
needs Welsh & S. Yorks detail
& an overall by me

*can we do this?
not for them?*

4. The CO package includes:

- Spruced up advice from the Employment Service, including personal advisers.
- The oddly named "Mature Modern Apprenticeship" (MMA), DfEE suggested back in December as an alternative to reintroducing ISERBS. DfEE proposes the MMA should offer training package and time limited pay "top up" (to meet the fact that steel jobs are well paid, many of the alternatives are less so, at least initially). Treasury objects (strongly at official level) to the pay "top up" element. They are worried about setting a precedent and whether it is really needed. They have a point, but the steel communities and unions have been pushing for the reintroduction of ISERBS and **the problem is without it MMA doesn't amount to much. You need to talk to the ChX.**

This could become a very expensive new tax credit. It would be

impossible to ring-fence to steel workers!

In addition assuming Redcar is closed or substantially closed plus big job losses at the other Corus plants in Tees valley, it is proposed we announce

- The creation of a Teesside Urban Regeneration Company.
- A £45 million regeneration package for the Tees Valley, redeveloping Middlesborough Docks, improving access to Teesside Airport, support for two R&D centres and an initiative to roll out digital and broadband.

But how about for Workmen?

This looks likely to be the best package of measures Whitehall is going to come up with by Tuesday. Is it enough, or do we need to say that these are the first steps and extra money will be available for further projects as they can be worked up? We risk difficult parallels being drawn with the £129 million available to Longbridge. I would suggest we announce the package is the first step and say further (unspecified) money will be available. **What do you think?**

Yes

At the meeting with Ministers it was agreed our initial response to the announcement would be critical and we would urge the company to reconsider. Stephen and Rhodri are going to draft over the weekend. There is a question as to whether having criticised Corus they then just sit down? Or do they say the Government is still willing to talk to the company about measures which would reduce the job losses? **What do you think?**

I don't see what we are criticising Corus for!

They are making a perfectly understandable & rational commercial decision! What's your business Frank.

we can say: they should think again. But we shouldn't go OTT

CONFIDENTIAL POLICY AND COMMERCIAL
OFFICE OF THE DEPUTY PRIME MINISTER
FROM THE PRIVATE SECRETARY

file



DEPARTMENT OF THE ENVIRONMENT
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Deborah Nickerson
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25 JAN 2001 - *By law/Kit?*

Dear Deborah

I am writing to set out the Deputy Prime Minister's views on the need for careful handling should any additional resources be made available in the event that Corus close any of their plants in England and Wales.

I understand that Edwina Hart, NAW's Minister of Finance, has written to the Chief Secretary, seeking an assurance that resources would be found to meet any additional costs they may face due to the closure of the Llanwern or other plants. The Deputy Prime Minister is clear that there must be commensurate treatment in the way we provide support to ameliorate the effects of any closures in England and Wales. This is especially true when it comes to the provision of any additional funding. It would not in his view be acceptable to provide additional resources for Wales if similar arrangements were not in place in England.

I am copying this letter to PS/Prime Minister and PS/Chancellor of the Exchequer.

Yours ever,

N Willey

NICOLA WILLEY
Private Secretary



INVESTOR IN PEOPLE

✓
PRIME MINISTER

over table

From: Geoffrey Norris

Date: 23 January 2001

cc: Simon Virley

CORUS: AIDE MEMOIRE

You are meeting with Sir Brian Moffat first thing tomorrow morning. Below some points you may want to make. **They include a reference to the workforce-led bid. Without implying support for it I think you need to raise it.**

- Government is worried Corus may be "short termist" in making this decision. The £/Euro has come down since the beginning of December (the two CEOs left on December 5th), has this improved the prospects for Corus and reduced the need for cuts? Closures on the scale talked about in the press would be a major blow to the communities involved.
- Is there nothing the Government could do to mitigate the scale of the cuts?
- You are aware the ISTC are looking at a possible workforce-led bid for Llanwern in the event of it closing. You hope the company will talk to ISTC about it. What are Sir Brian's thoughts on the viability of any bid?
- How much notice will the Government get of the announcement and its details?
- What will be the time scale for implementing the cuts? (Rhodri is keen for you to ask this)
- In the event of the closure or substantial closure of one of the steel-making plants, what are the company's plans for the site? What would be involved in cleaning up the site?
- You understand BSC Industry, under a different name, still exists. What contribution can it make to regeneration?

Handwritten scribbles



The Rt Hon Margaret Beckett MP

MATRIX

Top-CS
CCPU

PRIVY COUNCIL OFFICE

2 CARLTON GARDENS LONDON SW1Y 5AA

Dear Jerry,

23 January 2001

GUIDANCE ON PRIMARY LEGISLATION AFFECTING WALES

Thank you for your letter of 18th December with the draft guidance for departments on handling primary legislation affecting Wales.

I welcome this guidance, which should help us avoid the problems over Wales that we have seen with several bills since the start of devolution. I particularly welcome the stress on early consultation with the Assembly to resolve difficulties and the messages about keeping LP closely in touch with developments. The guidance should help LP make sure that devolution issues are properly resolved before Bills are introduced. We are seeing more evidence of Departments engaging with devolution questions early on, and it clearly makes a real difference. I hope this guidance will support and develop that progress.

I attach as an annex to this letter a number of detailed drafting comments on the guidance. These mainly address the annex on referring to the Assembly in primary legislation.

I am copying this to members of DP and LP, Sir Richard Wilson and First Parliamentary Counsel.

Regards

Margaret

MARGARET BECKETT

The Rt Hon the Lord Irvine of Lairg
Lord Chancellor

Detailed Comments on Draft Guidance

Para 2 (Introduction): In the penultimate sentence, change “have been” to “are” in both instances where it is used. Also LP is short for “Legislative Programme” not “Legislation Policy”.

Para 5 (Government Bills – LP): Suggest changing “consider” to “pursue” in the third sentence to strengthen the message.

Annex on references to the Assembly in primary legislation:

First point under nomenclature: The full formal title is not always suitable for headings or marginal references. Parliamentary Counsel are the best judge of this when they draft a Bill.

Functions in a Bill, first point: change “to” to “on” at the end of the first line, and at the end add “or to any other arm of the Assembly”.

Functions in a Bill, second point: This point is not particularly easy to understand as currently drafted. If possible it should be made simpler and clearer.

Functions in a Bill, third point: “Order” should have a capital letter. In the final brackets, replace “matters are not being extended to” with “functions are not being conferred on”.

Statutory Procedures, first point: Replace “specified” in final sentence with “Parliamentary”.

New public bodies, second point: Add a new sentence at the end “Disqualification should generally be left to an Order under Section 12 (1) (b) of the Government of Wales Act.”



Edwina Hart AM MBE
Minister for Finance & Communities

Ysgrifennydd y Cynulliad · Assembly Secretary
Cynulliad Cenedlaethol Cymru
The National Assembly for Wales

The Rt Hon Andrew Smith MP
Chief Secretary to the Treasury
Her Majesty's Treasury
Parliament Street
London SW1P 3AG

Bae Caerdydd
Caerdydd CF99 1NA
Switsfwrdd 029 2082 5111 GTN: 1208

Cardiff Bay
Cardiff CF99 1NA
Switchboard 029 2082 5111 GTN: 1208

22 January 2001

Dear Andrew

CORUS: DEALING WITH THE CONSEQUENCES OF ANY CLOSURES

Corus are poised to announce the outcome of their restructuring review announced a month or so ago, linked with the departure of the two chief executives, John Bryant and Fokko van Dwyne.

It is very likely to involve massive job losses in the UK and especially in Wales. The National Assembly is therefore pulling out all the stops to convince the Company that major closures, capacity cutbacks and job losses would be a strategic error of the first order at a time of a major shift in sentiment towards the Euro. We remain hopeful that our efforts will have an impact, if only at the margin.

At this stage, the information we, Stephen Byers or other colleagues in Whitehall, have on Corus' plans is limited. However, we have had to consider on a contingency basis how best to deal with the aftermath of any major closure or closures in Wales. What we do know is that Corus are likely to focus the restructuring on their strip mill operations in the UK. With one or two exceptions, its strip mill operations are in Wales.

On the assumption that plants such as Llanwern and, maybe even those at Ebbw Vale and Shotton, are the most vulnerable, it is not difficult to envisage that Wales could face direct job losses of up to 5,000 within perhaps a period as short as 12 months. Our information is that the Company is likely to implement any closures swiftly with most of the associated job losses being achieved through compulsory redundancy. Allowing for supply chain and local impacts, total job, highly localised losses of the order of 10,000 or more are all too possible

Responding convincingly and effectively to an economic shock of this order would require early and major investment by the National Assembly, its agencies and local government. Without recourse to the Reserve, the damage to our existing, committed programmes in Wales would be

SV
C: JTH
P.

enormous. The political consequences of an inadequate response hardly need to be spelt out.

The first priority for additional investment would be to fund the effort needed to offer top quality assistance to those facing the prospect of early redundancy. It is essential that the Employment Service and the local TECs are assured on day 1 that they will be provided with the resources needed to do the job well.

Under their Rapid Response Measures, the Employment Service and the TECs (from 1 April 2001, the National Council for Education and Training for Wales) can offer immediate help with gaining new skills and employment and assistance with starting up in business.

We have recently approved a package prepared by TEC South East Wales to help those already declared redundant from Llanwern and Ebbw Vale. We have done so by diverting money from existing, hard pressed programmes. However, for the future, resources are severely limited and any further virements from existing programme budgets would undermine our efforts to help economically inactive and unemployed people back into work through the Youth and Adult Training programmes.

I am aware that DfEE's Job Transition Scheme will provide some help. However, welcome though it is, £3m per year across 3 years would not be enough to fund much more than a single staff unit (I understand at Grade 7 level or equivalent) in each English Employment Service region, Scotland and Wales.

The immediate, next priority would be to ensure that the Welsh Development Agency is able to acquire strategic sites so that early business opportunities can be offered to inward investors and others within reasonable travelling distance of any Corus plant affected. There are few strategic sites in areas such as Newport following the decision to invest almost exclusively in the Objective 1 area (i.e. in the Valleys and West Wales). I would therefore need to be in a position to *guarantee* that the Agency would be put in funds to enable it to respond quickly and effectively.

Next in priority is the need to redevelop any major sites released by Corus. Llanwern, for example, if released by outright closure, extends to about 500 hectares (1250 acres) and represents a vast tract of land some 3½ miles by 1½ miles to the East of Newport. We believe that Corus would be responsible for the decommissioning of the site and the work necessary to remove the risk of significant harm to health and the environment. This in itself would be a costly undertaking, but would not involve the preparation of the site for new industry.

Our information is that Corus would probably wish to offset as much of this remediation and closure cost as they could by co-development of the site. It is essential that any such development should confer significant benefits to the local economy and isn't frittered away by poorly conceived and implemented proposals designed to maximise cash-flow. I would want the WDA in particular to be in a position to strongly influence the development of any site that might be put on the market by Corus. This could involve a direct acquisition of surplus land from Corus. For them to be able to do so, it would undoubtedly be necessary for the public sector to take a significant stake in the development at an early stage.

The redevelopment of the site would take at least 3-5 years and would not therefore be the number one priority for the provision of alternative jobs. However, failure to regenerate such a massive strategic site would be unacceptable because, in effect, it is the first site that every investor sees as they travel to Wales by rail and, to a lesser extent, by car as well.

There may be other financial support avenues permitted by EC State Aid relaxations in areas such as R&D and environmental protection which, whilst limited at the individual project level, in aggregate could be significant.

On the day that Corus announces its decisions on restructuring, I intend to make a Statement to the Assembly giving not only my initial reaction but also confirming that local agencies and others would be responding immediately to the challenges posed.

I would want to be able to say that while the full cost implications had not been worked through, Treasury had assured us that it would not let Wales down and that discussions on the scale of extra resources would take place once a full business case had been prepared. This is the very least that I could say without prompting a re-run of the desperately unhelpful debate on Objective 1 funding.

I suggest that the next step should be for officials to meet in advance of Corus' announcement to prepare the ground and offer you more detail. As similar issues – albeit on a different scale given the size of the budget in England – could well arise for colleagues in Whitehall, it may well be that this preparatory work should also involve officials from Stephen Byers' and David Blunkett's teams as well as Cabinet Office.

A copy of this letter goes to Paul Murphy, Stephen Byers, David Blunkett, Geoff Norris at No 10 and to Sir Richard Wilson.

Eden

From: Geoffrey Norris
Date: 19 January 2001

PRIME MINISTER

cc: Jonathan Powell
Jeremy Heywood
Simon Virley

CORUS

The announcement may be as early as next week (Thursday). The company is refusing to take the Government into its confidence. Wales looks likely to be worst hit. The company's justification for making the cuts is shifting from the "high £" to "the decline of manufacturing in the UK means there isn't a market for steel". You will see Moffat on Wednesday.

1. Stephen Byers had an unsatisfactory meeting with Sir Brian Moffat on Thursday. Moffat was totally unwilling to provide us with any information on the scale and location of the cuts that the company plans to make. His attitude throughout the meeting was taciturn, bordering on the insolent. Apparently he behaved in much the same fashion when he met Paul Murphy.
2. On timing Moffat repeated that it would be this month. Asked by Byers how much notice the company would give us, Moffat replied "one hour". Moffat expressed no interest in discussing any package of measures from the Government which might reduce the scale of the cuts the company plans to make. He did however say he hoped the Government would help in persuading the unions and others not to be too hostile to the announcement. In response, Stephen observed Sir Brian wanted a one way relationship in which the Government helped Corus deal with its announcement, but Corus did nothing for its part to help the Government prepare for the announcement.
3. Subsequently I have spoken to Bryan Sanderson, a non-executive on the Corus board. I told Bryan that Moffat's approach was antagonising Ministers and was exacerbating an already a difficult situation. And this is in nobody's interest. He agreed to communicate this back. Without going into any specifics, Bryan said that Corus could be writing off as much as a £1 billion (an enormous figure for a company its size) and that the cuts would focus on Wales rather than the North East. He also indicated the announcement would be on Thursday. I said this wasn't any good as it would be just a day after Moffat's meeting with you. Again he agreed to communicate this back.

4. On tactics for responding to the announcement: Stephen, Paul and Rhodri are proposing that the initial response should be to call on Corus to reconsider its proposals, rather than announcing a package of measures to deal with the cuts. Their view is that there will be such widespread public and workforce hostility to the cuts that any immediate announcement of measures to deal with redundancies would draw heavy criticism, being interpreted as the Government giving Corus the "green light" to go ahead with the cuts. Alongside a call to reconsider the cuts, the Government would announce its putting together a support package to offer the company (business rate relief and other measures) in return for fewer redundancies. There isn't any expectation that the call and the package will have any impact on Corus, but it would show to the public that the Government had attempted to reduce the redundancies. In the circumstances I think there is something to be said for this approach. **You will have the opportunity to discuss it with them at the meeting on Tuesday morning.**

5. The unions: I minuted you last week about a possible workforce-led "buy out" of the Llanwern plant. The response to Mick Leahy from the ISTC's members at Llanwern was positive and Leahy has had further meetings with Swraj Paul. I spoke to Leahy this afternoon and he does seem intent on making an approach to Corus. In conversation he described Swraj Paul to me as the Government's "unofficial adviser" and I got the impression he regards any offer as having the Government's backing.

6. Finally, any cuts on the scale of the closure of the whole or most of Llanwern will need a response from the Government and the Assembly that amounts to more than the Employment Service setting up shop in the plant to advise on job vacancies. Llanwern is a huge site and the plant has iconic status. Although the general employment situation in the area is good, big cuts at Llanwern would mean the loss of many, well paid jobs. It would be a big shock to the local economy. To deal with it we will need a big package, backed with significant resources.

Llanwern
—
GEOFFREY NORRIS



Bu Fax 1 hour.

PRIME MINISTER

CORUS

In advance of our meeting with colleagues on Tuesday and yours with Sir Brian Moffat on Wednesday, I wanted to update you on my recent discussions with Corus and the action that is in hand here and in other Departments.

I met Sir Brian again yesterday afternoon. This followed a meeting that Sir Brian had with Paul Murphy earlier in the day.

Sir Brian was extremely unforthcoming both to Paul and to me about his company's plans. He was clear that he expected to reach a decision this month and would want to announce that decision as soon as possible in order to put an end to the speculation and uncertainty. The areas likely to be affected most are Wales and Teesside though he gave no indication as to the scale of the restructuring, so we are not clear whether we might be looking at full closure of some plants or closure of only some facilities. Nor should we assume that areas outside Wales and Teesside will remain unaffected by the announcement. Sir Brian refused to give any more detail about the options being considered. When I pressed him about giving Government advance notice of the announcement he indicated that, because of the sensitivity of the information, we may be given as little as an hour's notice both of the timing and content. I made clear that I consider this to be completely unreasonable especially as Corus are looking to Government to respond with immediate offers of assistance to those people and areas affected by their announcement.

In making the announcement, Sir Brian was clear that Corus would not blame Government for the difficult decisions it would be making. The key reason is structural. The UK market, especially for flat products, is shrinking rapidly and the UK's geographic position mean that the margins associated with exports are too low. The exchange rate is an additional factor but is not the main one. Sir Brian acknowledged that the recent increases in value of the euro had been helpful but were not enough to make a real difference.



Although Sir Brian did not refer to this in my meeting, Corus/British Steel last made a profit in 1997/98 (£315m profit compared to a loss of £142m in 1998/99) and the results of the first 12 months of trading of Corus will continue this trend. In the first 9 months of operation the company recorded an operating loss of £96m although profits of £125m and £80m were recorded in the stainless steel and aluminium businesses respectively. The company therefore faces an extremely difficult financial situation and needs to take urgent and significant action. It is also worth noting that steel prices across Europe have fallen since 1996 resulting in revenue losses for the UK steel industry as a whole of over £60m per month.

In light of what we have been told by Corus, we have put together our best guess of the likely impact of any announcement showing the likely closure or partial closure options and consequent job losses in Wales and Teesside and to a lesser extent in Scotland. This is in the enclosed note, annex A. As noted earlier we cannot assume that it would be restricted to the plants highlighted in the Annex and there may be smaller scale job reductions or closure of plants particularly those supplied by major sites in England and Wales.

Rhodri Morgan has put together a package of possible support measures which might be presented to Corus. He and I have discussed this with Paul Murphy and agreed that a composite package for England and Wales should be drawn up and put to Corus. From what Sir Brian has said to me, I have no illusions that this package will make a difference to Corus' plans, but it is important that Government is seen to be doing all it can to mitigate the scale of losses and to help with the future competitiveness of the company, post restructuring. I enclose a note (Annex B) of the sort of measures we have in mind. Some of them have state aid implications which may make them completely unworkable, but we will explore them anyway with Corus and also see what other proposals they would like to put to us.

It is clear that we are going to be faced with a very significant announcement from Corus. We should not underestimate the impact that the potential complete or near complete closure of Llanwern, for example, would have both on the immediate community and more widely. Similarly, the impact on the North East of a Corus announcement, even if it fell short of full closure of the Teesside works,

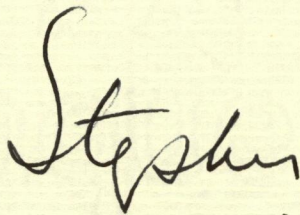


would exacerbate this region's considerable difficulties. The Government response therefore needs to be robust and of a scale to match the Corus announcement. As with the Longbridge situation, I would want to be in a position to announce that significant Government assistance is being provided for the individuals, communities and areas affected. The fact that we were able to announce £129 million at Longbridge gave us a significant political advantage.

David Blunkett and Tessa Jowell are working on support for individuals in the form of the Job Transition Service and Mature Apprenticeships. Some details are in Annex C. I understand that Tessa is currently considering a paper from her officials which will ensure that both these important initiatives are in place as a matter of urgency. So far as general regeneration is concerned some ideas are also in Annex C. Clearly I would need to rely on John Prescott and Gordon Brown to help put together a convincing response.

I and my officials, together with Geoffrey Norris, are keeping in close touch with Corus on all this. We are also keeping in close touch with the National Assembly for Wales, Paul Murphy's officials and relevant regional officials. The Cabinet Office have set up a group of officials to oversee all this and your office will no doubt be receiving regular reports from the Economic and Domestic Affairs Secretariat.

I am copying this to John Prescott, Gordon Brown, Andrew Smith, Paul Murphy, David Blunkett, Tessa Jowell, Sir Richard Wilson and Geoffrey Norris.


SB

19 January 2001

DEPARTMENT OF TRADE AND INDUSTRY

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RESTRICTED COMMERCIAL POLICY AND MARKET SENSITIVE

Annex A

Corus – plants at risk

Possible options Corus might be considering ¹	Number of direct jobs which could be affected	Product range
1. Full closure of Llanwern End of steelmaking, downstream processing (hot and cold rolling) including Zodiac (hot dip galvanising) line for automotive products	2,500 job losses (Corus already announced 450 job losses at this plant last year) Possible total job losses including contractors and taking into account multiplier effect – between 5,300 (DTI estimate) and 8,800-12,300 (NAW) estimate	Manufacture of hot and rolled strip products for variety of markets – hot rolled for transport, construction, shipbuilding, general engineering – cold rolled for automotive, construction, packaging, consumer electronics, general engineering. Feeds other plants particularly in Wales – Trostre and Ebbw Vale (packaging), Shotton (coated strip). General overlap of facilities with Port Talbot and/or Ijmuiden.
2. Closure of Lackenby Mill at Teesside (coil plate mill). The Lackenby Mill, although located on Teesside complex is part of the South Wales strip business	500 job losses (Corus already announced 65 job losses at this mill last year)	Coil plate mill – variety of thicknesses. Produce some end products eg floor plates but primarily feeder for other plants eg pipes (Hartlepool) and tubes (Corby). Corus say that most of coil plate could be produced in strip mills in South Wales or Imjuiden but not all thicknesses.
3. Closure of plate mills in Dalzell, Motherwell and Cambuslang, Clydebridge	300 employees at Dalzell and 80 at Clydebridge (Corus already announced 71 jobs losses in Scotland)	Manufacture plate and pipes for shipbuilding, oil industry, construction etc. Plate mills are the two remaining plants in Scotland and are “island” plants ie no local steelmaking ability (take

¹ Corus have indicated that Wales is the main area of vulnerability but that the announcement is unlikely to be restricted to Wales. Therefore an announcement could be options 1, 2 and 3 or some other permutation may be possible

**RESTRICTED COMMERCIAL POLICY
AND MARKET SENSITIVE**

		steel from Teesside). Suffering because of declining markets and import penetration
4. End of steelmaking at Llanwern but retention of downstream facilities with basic steel products transported from Port Talbot by rail for downstream processing	1,000 job losses	Steelmaking
5. Full closure of Teesside/Lackenby Integrated steelmaking Coil plate mill Heavy section mill All except coil plate mill part of the Construction and Industrial part of the Corus business (other main part of this business is the integrated steelmaking plant in Scunthorpe)	4,000 job losses (Corus already announced 526 job losses last year in addition to the 65 job losses in the Lackenby Mill	Teesside has one large blast furnace producing steel for its own use, for use by other plants and for sale on open market (recent mini re-line of blast furnace). Produce steel for other plants - primarily slabs and blooms eg for Skinningrove (special sections), Workington (rail), Dalzell/Clydebridge (plate). Teesside is principally involved in construction industry (Lackenby Mill exceptionally part of South Wales strip business). Heavy section mill unique facility to Corus Group making beams and columns. Given construction business has high UK content and high UK market share it would appear less vulnerable than the strip plants

**RESTRICTED COMMERCIAL POLICY
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Annex B

POSSIBLE SUPPORT FOR CORUS

Measure	Potential level of support (£m)	Comments
Business rates – reduced valuations	Up to £12m in rebates and up to £20m reduction over 5 years on current bills at Port Talbot and Llanwern. Overall rate bill at Port Talbot and Llanwern around £15m per annum	NAW are working with Corus in Wales and the Valuation Office Agency to help facilitate early resolution of an appeal by the company in Wales. While business rates are clearly a matter for the Valuation Office if there are similar issues in England HMG would be willing to offer similar facilitation support
Training & Development	£2.4m in Wales. ? in England	Initial approach to the European Commission on the principle of generic funding for training has not been encouraging because training aid not on list of permissible aid within the Steel Aid Code. However, NAW/DTI willing to pursue this matter with the Commission to try and achieve a positive outcome. If Commission approval could be achieved it may be possible, in principle, to secure similar funding from local delivery agencies in England subject to discussion and availability of funding
Research & Development	Up to £3m in Wales for Multi-materials Centre Project. Possible funding for National Metals Centre of Excellence, if there is industry support for such a concept, which would complement work undertaken by metals companies in the UK to enhance their competitiveness. Too soon to be specific about	The Multi-materials Centre Project in Wales is at an early stage and funding has not yet been finalised. DTI funding feasibility study for national metals centre of excellence. Results will be known in February. Depending on final outcome, possibility of funding from DTI and other agencies to help create centre (and provide pump priming funding in early years). Any centre could be networked with a facility in Wales as appropriate

**RESTRICTED COMMERCIAL POLICY
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	funding for National Metals Centre centre ²	
Environmental Protection	150k to 300k for projects in Wales. ? in England	This refers to just one gas-bleeding project on which Corus have submitted a proposal. Funding for similar projects at other Corus plants will be considered should Corus wish to put these forward
Purchase of surplus land by WDA	Up to £1m at present. Other opportunities amounting to more investment could follow.	Similar opportunities at other Corus sites may be identified.
Business rates – “hardship relief”		European Commission have been approached about this type of relief but consider it to be a state aid as it is discretionary rather than general measure. The Commission is going to ask DETR to formally notify them of this scheme but this will not change the position on steel

² To avoid state aid issues any centre would be all metals and not steel/Corus specific

RESTRICTED COMMERCIAL POLICY AND MARKET SENSITIVE

Annex C

Regeneration Measures and Help to Individuals

This note lists possible action areas following the closure of an entire plant by Corus. For simplicity, it assumes that the plant is in England. The basic elements of the plan would be the same in Wales or Scotland, but the bodies responsible for taking action would vary.

Action to help the Workforce to find new Jobs

The Employment Service would put in place the new **Job Transition Service**. This builds on the success of Rapid Response Units. The latter currently provide those affected by large-scale redundancies with intensive advice and help with jobsearch, as well as early access to training programmes. £9 million has been allocated from April 2001 over the next three years to develop and run the service. In addition, it will draw on Rapid Response Funding worth £5 million per annum. But these sums would be insufficient if the scale of Corus closures were significant.

Pilot work on the service has taken place in South Yorkshire, with the help of the South Yorkshire Task Force, set up following redundancies announced by Corus last summer, and this experience can be built on for this round of Corus redundancies.

Its key objectives are:

- To reduce the impact of redundancy on the whole community.
- To make the response to redundancy more 'demand-led' – by the employment needs of individuals and the skills and recruitment needs of employers.
- To empower people at the local level to decide the best approach for countering redundancy in their community, and to support them in implementing this approach.
- To ensure redundant workers move into jobs with opportunities for progression.

As currently envisaged, the service will have two integrally linked elements:

- **Help-Plus Guarantee** - This will flexibly deploy Rapid Response Funding (Rapid Action Funding in Wales) on a discretionary basis, to provide intensive, individually-tailored advice and support, delivered by a personal advisor, to those both directly and indirectly affected by redundancy (workers, partners, community members). This will include an assessment of employability and funding for skills development. The overall purpose of this support will be to facilitate transition into a new, sustainable job.
- **Demand-Led Service** - ES and intermediaries will work in partnership with potential employers to analyse their skills needs, match them against available recruits and run skills development programmes to close the gap. The overall purpose of this service will be to address employer skills shortages and facilitate the transition of those affected by large-scale redundancy into sustainable jobs.
- A third element, **Mature Apprenticeships**, is also being developed, which will support those willing to take on a lower-paid job offering structured development and progression.

RESTRICTED COMMERCIAL POLICY AND MARKET SENSITIVE

The Employment Service can also provide **on-site help** from Jobshops and individually tailored packages of help and **Learning and Skills Councils** can help to identify local skills needs and set up retraining programmes with local universities, colleges and other training providers.

The Small Business Service would actively promote the help it provides for **the establishment and development of new businesses**. This includes:

- the provision of loan finance and equity to assist new small businesses
- help with money management and investment advice where it is needed
- undertaking self-employment awareness programmes
- building on our network of small business mentors, people who have already been successful in the business world
- establishment of incubation facilities.

This would be done in collaboration with the Regional Development Agency.

Action to Encourage New Companies to Establish Themselves in the Area and to Improve the Performance of Existing Companies

The RDA to develop a **strategy for the area and establish a local partnership**.

Invest-UK, the RDA and local authorities to **identify key factors driving potential inward investors to the area** and to promote the availability of Regional Selective Assistance (available in the majority of possible closure areas, but not Scunthorpe) and Enterprise Grant.

The RDA to put in place measures to **help the supplier chain and other companies in the area** to improve performance and identify new markets, through the Regional Innovation Fund and the Manufacturing Advisory Service.

Action to be taken to secure **the valuable elements of the existing facilities for future use and to build on existing regional strengths**. For example, in the North East the Tess Valley Partnership (led by the RDA) would seek to acquire from CORUS the research facility based at the Redcar site (this would cost £1 ½ million) and seek other research partners. They would also expand the chemicals research facility at Wilton, and would complete the linkage between Warwick University Manufacturing Centre with the B2B facility at Teeside University, specialising on virtual reality engineering.

Action in the longer term to implement a **plan for the site and adjacent areas** suffering serious contamination. This could entail substantial remediation costs. The plan should involve the Partnership and DETR.

Action for the Area in General

The Partnership could establish an **Urban Regeneration Company** to bring together local authorities which have had little incentive to work together. This would work with DETR on a medium- to long-term plan for the regeneration of the area.

With the RDA, the Urban Regeneration Company would review and implement the **local transport strategy**, refocusing this around a substantially different labour market (ie one without CORUS).

**RESTRICTED COMMERCIAL POLICY
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The Company would consider **high profile regeneration initiatives** along the lines of the Millennium Communities, making maximum use of Lottery funding, Structural Funds and RDA and DETR funding.

Consideration should also be given to **fiscal incentives for the development of new businesses**, along the lines of those being studied by DETR and Inland Revenue for coalfield areas.

REGP/DTI

JOB TRANSITION SERVICE - MATURE APPRENTICESHIPS

Background

1. It has been agreed that offerings under the JTS should include a "Mature Apprenticeship" which combines two elements:
 - a retraining package for people affected by the redundancy who are entering new employment that offers structured development and progression;
 - wage support for those who are obliged to accept a significant reduction in income while undertaking this training.
2. It is important that any retraining packages should be underpinned by an assessment of the needs of the local labour market, and encourage individuals' capacity and ambition to move on into new areas of activity and to improve their position.

Proposal

Retraining package

3. It would be most straightforward and coherent to base this element on the Modern Apprenticeship frameworks which already exist. We could offer both Foundation (level 2) and Advanced (level 3) models. This could be done by raising the age limit for entry for whatever groups we specify. All places would be employed status. They would be available to redundant CORUS workers and anyone else who was judged by ES to have been directly affected by the redundancy.
4. Note that the Welsh Assembly are already planning a pilot scheme (called Modern Skills Diploma for Adults) to open up their Modern Apprenticeship frameworks to people aged over 25+ whether they are employed or unemployed. It will be available from April as a pilot of 100 places.

Wage support

5. We are working on the following assumptions:
 - the objective should be to minimise income loss where this will alleviate genuine hardship
 - whatever we design for this initial pilot has to be capable of quick introduction
 - the scheme should be as simple as possible to ensure people understand it and to avoid complexity of administration and presentational problems

Type of support

6. Our proposal is for a flat-rate subsidy paid for a fixed period with light-touch on-programme checking (we already have a model for this in the Employment Credit paid within the New Deal for people over 50). Once the conditions had been met, payment (possibly at 2 levels depending on whether the job was full or part time) would be made on a fortnightly basis direct to the claimant. There would be a responsibility on the recipient to notify changes of circumstances and a check on continued eligibility by ES staff at 6 month intervals – carried out by asking the claimant to provide confirmatory information. There would be no contact with, and therefore no burden on, the claimant's employer.

To whom should it be available?

7. We propose that the training package should be available not only to redundant CORUS employees, but also to others directly involved (eg in the supply chain) and to their families and other members of the affected community who wish to apply. We will need to consider further whether the income support element should be more narrowly targeted.

Conditions for receipt and level of wage subsidy

8. It is difficult at this stage to determine how best to pitch conditions for receipt of the subsidy. We have no hard evidence to show what might be needed or effective. The following issues are relevant:

- We have very little information about the potential wage differentials that people might suffer. Anecdotal information from Wales suggests that the average wage in CORUS may be some £3-4,000 higher than elsewhere in the same area, but CORUS are being unhelpful about giving details of their wage rates, about the skills and experience mix they have and what transitional training they may be willing to provide. This information is essential if we are to provide the right support and we should to continue to press them;
- This level of pay differential is very significant at lower levels of income and is clearly a potential source of hardship; it is less so for senior managers who may be earning £30,000 or more a year, to whom the loss of £3,000, though unwelcome, would generally be manageable. We might, therefore, want to suggest that only people with earnings below a certain level would be eligible;
- For how long should the subsidy be paid? It would be prohibitively expensive to pay for the whole of the training period in all cases, since this might, for longer level 3 courses, be 2 years or more. Also, as the individual's skills developed, we might assume that they would be more productive and could potentially earn more. In New Deal 50+ we pay for a period of a year to tide people over a reasonable adjustment period.

9. We ought to spend a little more time considering these issues before we settle on a firm model: but for illustration, the sort of scheme we might consider could look something like the following:

Subsidy

- £60 a week for full-time employment (£3,120 a year) which we would want to ensure would be non-taxable (with possibly £40 a week for part-time workers).
- Payment for a maximum of a year (52 weeks).

Conditions

- Must be entering a Mature Apprenticeship;
- Must have a salary loss of at least £4,000 a year in the individual's gross income;
- Must have a gross individual income in the new job of less than £25,000 a year.

Costs

For the model of training and wage support set out above, we have made some very provisional costings using current unit costs for Modern Apprenticeships and estimates of likely take-up based on experience at other major redundancies. Potential training costs might be £2.5m - £5m over a 2 year period and wage support costs £1m - £3.3m. There will also be some costs which we have not yet quantified for payment administration and additional ES activity.

Name

Though we have used the provisional title of "Mature Apprenticeship" for this scheme, we need to consider alternatives before we make a formal announcement. There is a danger that the word "apprenticeship", though indicative of a well-known brand of training, is associated with youth and inexperience and might seem patronising to older and already skilled workers.

REDUNDANCIES AND THE JOB TRANSITION SERVICE

Existing Help for Major Redundancies

- When a major redundancy occurs, **Rapid Response Units (RRUs)** in each Employment Service (ES) region help and support the local jobcentre to tailor actions and services to the needs of the situation. These services include:
 - 1) **On-site Jobshops**, to help with all aspects of jobsearch, training and benefit advice.
 - 2) **Jobcentre / Benefits Agency Information Sessions**, followed up by one-to-one advice sessions for those who request them.
 - 3) **Classification as a Large-Scale Redundancy**. This allows affected workers early access to a range of programmes, including Work-Based Learning for Adults, Jobclubs and Programme Centres. Such classification depends on the local impact of the redundancy, not numbers, and is made jointly by the ES Regional Director and the chief executives of the local Government Office (GO) and Training and Enterprise Council (TEC).
- If the redundancy is classified as large-scale, local partnerships – including the Regional Development Agency (RDA), GO, TEC, ES, the Local Authority (LA) and the company concerned – can make a bid to the **Rapid Response Fund (RRF)**. This funding is intended to provide support, advice and fast retraining which is not available through existing programmes. The fund is intended to be flexible in supporting individuals to gain the necessary skills to remain in employment.

The Job Transition Service

- The DfEE is currently developing a redundancy response service based on an enhanced RRUs/RRF model. The **Job Transition Service (JTS)** will be managed by ES. Its key objectives are as follows:
 - ❖ To reduce the impact of redundancy on the whole community.
 - ❖ To make our redundancy response more 'demand-led' – by the employment needs of individuals and the skills and recruitment needs of employers.
 - ❖ To empower people at the local level to decide the best approach for countering redundancy in their community, and to support them in implementing this approach.
 - ❖ To ensure redundant workers move into jobs with opportunities for progression.
- As currently envisaged, the service will have two integrally-linked elements:
 - 1) **Help-Plus Guarantee**. This will flexibly deploy RRF funding on a discretionary basis, in order to provide intensive, individually-tailored advice and support, delivered by a personal advisor, to those both directly and indirectly affected by redundancy (workers, partners, community members). This will include an assessment of employability and funding for skills development. The overall purpose of this support will be to facilitate transition into a new, sustainable job.

Action Teams for Jobs will be used as a model, and adapted for a group of people that may include those still in work when they approach the service.

- 2) **Demand-Led Service.** ES and intermediaries will work in partnership with potential employers to analyse their skills needs, match them against available recruits and run skills development programmes to close the gap. The overall purpose of this service will be to address employer skills shortages and facilitate the transition of those affected by large-scale redundancy into sustainable jobs. (A third element, **Mature Apprenticeships**, is also being developed, which will support those willing to take on a lower-paid job offering structured development and progression *See separate briefing.*)

JTS and Steel

- Flagship pilot activity on the JTS is currently being carried out with the help of the **South Yorkshire Task Force** – established in response to redundancies announced by Corus – in which the overall shape of the service and various elements within it are being tested.
- A key aspect of the service is the way it is being developed in consultation with its clients. As the various elements of the service are developed, we will need to test them out in local situations with local partnerships. In the case of steel, we would work with local partnerships to develop our redundancy response, introducing elements of the JTS as appropriate, based on the experience to date with the South Yorkshire Task force and adapted to local conditions.
- During the R & D phase of the JTS (until April 2002), we will:
 - ❖ Advise on the makeup of local partnerships or task forces, and the roles they should play.
 - ❖ Develop local versions of the Help-plus Guarantee.
 - ❖ Work with both key national and local employers to introduce a version of the demand-led service.
 - ❖ Apply for funding of mature apprenticeships, a model for which will be developed by April 2001.

FROM THE DEPUTY PRIME MINISTER

Top-SU file
ccs
PJ



DEPARTMENT OF THE ENVIRONMENT
TRANSPORT AND THE REGIONS

ELAND HOUSE
BRESSENDEN PLACE
LONDON SW1E 5DU

The Rt Hon Lord Irvine of Lairg
Lord Chancellor
House of Lords
LONDON
SW1A 0PW

TEL: 020 7944 3011
FAX: 020 7944 4399
E-Mail: john_prescott@detr.gsi.gov.uk

OUR REF: P/33839/00

16 JAN 2001

**GUIDANCE ON POST DEVOLUTION PRIMARY LEGISLATION
AFFECTING WALES**

Thank you for copying me your letter of 18 December to Margaret Beckett seeking clearance for your guidance note on post-devolution primary legislation affecting Wales.

I welcome the production of this guidance note, which I am sure officials will find useful when preparing new legislation. However, I am surprised that the annex to the guidance suggests that where Ministers are required to consult the Assembly before acting this requirement must invariably be specified in legislation. DETR - and other Departments - already consult the Cabinet of the National Assembly for Wales, at either Ministerial or official level, as a matter of course, on matters relevant to the NAW, in line with the commitments made in the Memorandum of Understanding and our bilateral concordats with the Assembly. Such consultation, which in the nature of the business may often need to be in confidence, generally appears to work well.

I think we need to be cautious about imposing as a matter of course a statutory requirement to consult the full Assembly, not least given the question of confidentiality. While there will naturally be some cases where such a formal requirement would be appropriate, the guidance should allow some discretion on the responsible Ministers - who will of course be consulting NAW Ministers on the matter - to decide how best to deal with the issue.

Subject to this one comment, I am content for the guidance to be issued as it stands.



INVESTOR IN PEOPLE

I am copying this letter the Prime Minister, members of DP Committee and to Sir Richard Wilson. A copy also goes to Andrew Davies at the National Assembly for Wales.

A handwritten signature in black ink, appearing to be 'JP', written in a cursive style.

JOHN PRESCOTT

01222898198

Top - SV
CCS
JJM
PJ



Rt Hon Rhodri Morgan AM MP
First Minister/Prif Weinidog

Cynulliad Cenedlaethol Cymru
The National Assembly for Wales

Prif Ysgrifennydd - First Secretary

Bae Caerdydd
Caerdydd CF99 1NA

Switsfwrdd: 029 2082 5111 GTN: 1208

Cardiff Bay
Cardiff CF99 1NA

Switchboard: 029 2082 5111 GTN: 1208

Rt Hon Stephen Byers
Secretary of State for Trade & Industry
1 Victoria Street
London
SW1H 0ET

16th January 2001

Dear Steve

SUPPORT PACKAGE FOR CORUS

I know you share my grave concern about the very serious possibility of major plant closures resulting from the impending announcement of the restructuring of Corus in the UK. The administration here is totally committed to doing everything possible to maintain steel making in Wales, at, or as close as possible to current levels. I am determined however that we need to pursue single-mindedly all the options open to us to produce a comprehensive package of measures with DTI and other departments which will demonstrate our very strong support for the company, and which might have some influence on their current thinking, if only in the margins of the decision making process.

In Wales, we have been pursuing over many months, a number of initiatives to try and support the company some of which require EU state aid clearance. Our officials have been working closely together on this although it would be helpful to have some increased pressure at EC level on timescales for clearances.

The package we have in mind in Wales includes, revised valuations on business rates, which we believe could produce quite substantial annual savings for Corus; rates hardship relief, which is currently part of the package that has been submitted to Europe; assistance with training programmes directed towards company employees which is also part of the package awaiting European clearance; assistance with environmental improvement projects, one of which is currently receiving technical scrutiny here; support for Research and Development where we are working with the Welsh Development Agency (WDA) to develop proposals for a Technical centre,

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based at Port Talbot; we are also brokering discussions between Corus and the WDA about the acquisition of surplus land. Together, we are hoping these efforts will produce a meaningful level of support to Corus. These proposals are appreciated and are being well received within the company, at least below Main Board level.

We would like to bring both our and your initiatives together into a single package for presentation to the company. We believe it is essential that we can demonstrate we are working closely together to develop a worthwhile package with the UK Government and that we have left no stone unturned in offering our support to the company. If our efforts fail to persuade the company from taking draconian action, then clearly there is a different scenario to which we will need to produce an adequate response. We are obviously making early preparations in case such a response be required. We are obviously having to think the unthinkable and this involves some radical remedial measures to mitigate the very serious implications, at both local and national level in Wales.

It would be invaluable if we could have a short discussion as soon as possible next week to go through some of these issues and I understand that our offices have made arrangements for us to meet on Wednesday morning. It is inevitable that interest will increase very quickly and it is important that we do not lose valuable time if a successful joint approach on a package of measures is to be seriously considered by the Company. It would also be helpful for us to exchange information on the rapidly moving situation.

I am copying this to David Blunkett, Paul Murphy, Andrew Smith and Geoffrey Norris at No10.

Yours

Rhudi



**NOTE OF DISCUSSION BETWEEN THE FIRST MINISTER AND HYWEL JONES OF
PRICEWATERHOUSE COOPERS ON 15 JANUARY 2001**

SV
E: JIH
R.

Corus – Dutch half were bottom-line orientated.

British Steel – contributions to overheads orientated.

Merging those two principles not easy. Moffat and the Board had been disappointed in JB and FD. They had both been waiting for the Euro to turn up and float the Company off the bottom. Deferring or fudging decision. Like a good NE Chairman, leave your CEs to run business. Two CEs doesn't work anyway. Even if Chairman thinks they're going wrong, you let them run the business but the decisions weren't being made.

Welsh problem is that coated products being imported now in a big way. Coated products not premium products on Continent. BS has managed to keep them premium-priced for far longer in UK than in Continent. Seven lines at Shotton far too many. Can't survive in that form.

Euro does have colossal impact but at above 2.70DM it's still a problem. At 2.70, British end is in profit. So at least another 10% rise in Euro required probably 15% to enable Llanwern to be profitable. At 2.80, it's more like breakeven, but you can't export at a profit. They you have the uncertainty problem after that, about future euro-sterling relationship.

HRC is at £140 a tonne now in USA. Corus US investments in difficulties because of LTV receivership. American investment community very important to Corus because American investment community understands cash generating company as a good thing. Corus must keep Yanks happy and investors. Must keep cash flowing in.

Moffat fair, though won't flinch on tough decisions. Can have sentiment towards his industry. Would like to kick industry into shape. Won't welcome Government interference, if it results in wrong shape for the industry. Ideally, they'd be looking for Euro-entry lock-in at 2.75 or thereabouts.

Banks around their necks. Prices have been OK (other than exchange rate factor) but now softening.

Reline announcement was to buy time until the Euro turned up. It has, but it's not racing away.

Copied to Tony Blair and Stephen Byers, for information.

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CONFIDENTIAL

PM - I am also attaching a note from John Bridge about Corus facilities in the Tees Valley which John Burton wanted you to see. Gv 12/11

From: Geoffrey Norris
Date: 12 January 2001

PRIME MINISTER

cc: Jonathan Powell
Alastair Campbell
Jeremy Heywood
David Miliband
Sally Morgan
Simon Virley
Martin Sheehan

We must speak about this with SB next week.

CORUS

To update you on developments.

Yesterday, Paul Murphy had a private meeting with the ISTC's Mick Leahy and Swraj Paul. Leahy reported that the union thinks Corus will close steel-making (but not finishing) at Llanwern and the upstream plants at Ebbw Vale and Shotton. Swraj Paul raised the possibility of a workforce-led "buy out" of Llanwern. Apparently he believes that with the shift down in the £/Euro rate the plant could find a market for its output. Although he did not indicate any willingness on his part to invest in such a "buy out", he said he thought such a venture could attract financial backing. Leahy expressed interest in the idea and over the weekend will talk to the ISTC officials at the plant to gauge whether there is any appetite for such a venture. He will report back to Paul at the beginning of next week.

I spoke to Paul this morning about this idea. He is clearly quite attracted by it. In good measure because he believes it might ease our political problems by putting Corus firmly on the spot (ie. will it agree to the buy out?). I didn't venture an opinion on the proposal.

Whatever the merits of the idea as a political tactic, I think it will struggle to take off. I don't see any reason for Corus to give the plant away. The Corus strategy is to cut back on exports from the UK (supplying the markets from the Netherlands instead) and using its UK plants to supply the domestic market. It will not want to have one of its former plants as a domestic competitor for those markets unless its been paid some price for the plant. Swraj Paul's optimism notwithstanding, even with the ISTC throwing in some of its £ millions and the workforce investing redundancy pay, the odds must be stacked against the

CONFIDENTIAL

workforce assembling the level of financial-backing needed. No doubt as with Rover there would no doubt be pressure on HMG to provide support.

On the question of whether a workforce-led "buy out" would be a sensible outcome, unsurprisingly I am unconvinced. Corus has demonstrated that it's hard to make money out of steel in the UK. The exchange rate has severely exacerbated the problems of Llanwern and it is not a productivity basket case, but its capacity is about half the most optimal size for a steel plant and its distance from the sea adds to its transport costs.

Once we know from Mick Leahy whether or not his people at Llanwern are interested in a workforce-led "buy out", are you happy for Paul to continue to explore the idea with Mick Leahy or do you want us to signal that we don't think this is worth taking any further?

*we can't be
seen to block it
though I agree with
your scepticism*

On Wednesday, DTI officials met with Corus ahead of Stephen having a further meeting with Brian Moffatt next Thursday. The company didn't tell them anything more than we already knew (other than the announcement will be this month, rather than next). Their message was that there is going to be a significant rationalisation, but declined to give any information on the scale or location of the cuts. Their reason for the rationalisation has shifted somewhat, with more emphasis than previously on the contraction of the UK market and less on the £/Euro rate. They said there was nothing the Government could do that would lead the company to alter the scale or scope of the rationalisation.

The other day Shriti and I met with some of her former colleagues at Warburg's who have in the past advised Corus. Their message was clear. The view in the City is that Corus has too many plants (four plants to produce as much steel as the French Usinor makes at two). It needs to reduce its exposure to the UK, a company selling steel into Euroland from the UK is a currency punt almost as much as an equity investment. It needs to move quickly, Moffatt having sacked his two CEOs will need to act speedily and decisively if he is to retain credibility. And there is likely to be further consolidation soon in the European industry and Moffatt needs to get his stock price up to strengthen Corus's position. We asked them about the prospects of another company buying Llanwern. They thought

CONFIDENTIAL

- 3 -

this unlikely, the privately owned, London-based ISPAT has bought plants in similar circumstances in the US and elsewhere but is currently having problems.

Finally, I have attached the article and editorial on Corus in today's Welsh-edition of the Daily Mirror.

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GEOFFREY NORRIS

CONFIDENTIAL

Steel yourselves for a strike war

IMAGINE the stunning mainland of Greece. Olive groves, relentless sun and washed by a sparkling sea.

This was the setting for a group of thinkers 300 years BC — whose ideas still have a profound influence on us.

I was reminded of this when I spoke with Michael J Leahy on Wednesday night.

He's the man at the centre of the steel crisis.

As leader of Britain's biggest steel union Mick Leahy is under a lot of pressure.

The giant Llanwern steelworks, its 3,000 workers and 5,000 other dependent jobs is sitting on a knife-edge.

Michael Leahy won't say that — but he knows it.

In three weeks' time the managers of the steel giant CORUS will reveal all.

Like an unpleasant child with a trapped cat — CORUS are causing serious suffering and don't seem to give a damn.

After I'd put the phone down, I sat back and thought about what Mick Leahy had just told me.

He was leading an army of men and many were now at the end of their tether.

For months — no, years — the steelmen have applied the lessons of those Greek Stoic philosophers of 300BC.

The stoicism they taught was that we must control the passions and show great indifference either to pain or pleasure.

Put simply, in industrial terms, it meant, 'Keep your mouth shut and get on with the job'.

And that's what the steelmen of Wales have done.

In 1979 they were producing 134 tons of steel per man per year. Now, they're producing 597 tons.

German steelworkers produce 540, and the French even less at 530 tons per man.

Dutch steelworkers are way behind. Welsh steelmen produce 15 to 20 per cent more than their Dutch counterparts.

No wonder then that Dutch steel competitor Hoogovens jumped at the chance of running what was British Steel. The new



IRON FIST: Union leader Mick Leahy has vowed he is ready to take the fight to CORUS

Dutch-dominated CORUS company announced 5,000 job cuts in Britain last year — yet just 600 in Holland. Why, when British steelworkers are among the most productive in the world?

They deny the hidden long-term aim is to strip-out their former British competitor — and reduce it to a shadow of what it was.

We'll see. I'm more interested in the here and now.

Michael Leahy met CORUS top management on Monday. Again they refused to break their silence.

The cat's cornered and the bully-boy doesn't give a damn.

Well, CORUS had better — because I sense Monday's meeting was the turning point. "I've asked CORUS's chairman to tell us in detail what's going

on in their decision-making process, to make sure we can have a say in their plans before any decisions are made," Mick Leahy told me.

"I asked again on Monday."

Their response — more silence. CORUS's chairman is Brian Moffatt. He's on record as saying: "We're in the business of making money — not steel."

He runs a company which said — in the middle of the summer holidays — it was going to make 4,500 workers redundant, and then refused to say who would get the chop.

Is this management by silence? Or management by fear and intimidation.

Like these latest cuts — only CORUS knows.

Choosing his words carefully, Mick Leahy told me: "Our members in Wales were kept in limbo unnecessarily for weeks. CORUS have now acknowledged that." The silence and the

suffering caused by that uncertainty has made the men "frustrated, dissatisfied", he said.

"They are sensible, responsible and stable people," he said but then warned "now they are angry".

One call after another for industrial action is now dropping on to Mick Leahy's desk.

After years of stoicism and stiff upper lips, the men of steel are sick and tired.

Eventually the Greek Stoics self-destructed. They took controlling the emotions to such an extreme they wouldn't budge even when their families were threatened with death.

My discussion with Mick Leahy left me with the clear message that his members are now prepared to put away being "sensible, responsible, and stable".

And the giant ISTC union is right behind them.

Mick Leahy said they would back any official fight for their jobs, conditions, families and communities.

Like that unpleasant bully-boy, CORUS are about to find the trapped cat has sharp teeth.

If a strike or other action starts, it's going to be very damaging.

"I will say this," Mick Leahy replied, slowly and carefully, "if that happens our resources are such that our backing could extend a very long way indeed."

CORUS had better wake up and realise that the blast-furnace of the steelmen's emotions is set to blow.

And if that happens someone is going to get seriously burned.

CORUS of disapproval

If CORUS won't act, our politicians must.

Rhodri Morgan will meet Mick Leahy on Thursday.

For the past two years Labour's Assembly top brass have repeatedly said they have a direct route to the corridors of power and Downing Street.

Now is the time to prove Labour's relationship between Assembly and Westminster really works.

Rhodri Morgan must ignore

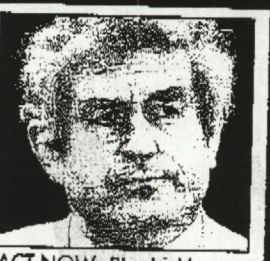
the pessimists who say the Assembly can do nothing.

He must make several things clear to Tony Blair and Gordon Brown.

And CORUS needs to be warned it is handling a vital national asset.

Steel is vital to Britain's interests. Allow it to die and Britain will pay a heavy price.

Labour must act to defend thousands of Welsh families, their income and their jobs.



ACT NOW: Rhodri Morgan

BRIEFING NOTE

FROM JOHN BRIDGE

CORUS AND THE TEES VALLEY ECONOMY

ISSUE

The potential closure of all or some of the major Corus facilities in Tees Valley would have as profound effect on the Tees Valley economy as did the coal industry closures in the North East in the early 1990s. The scale is staggering in the context of the local labour market. There would be up to 15000 redundancies in a local labour market, which is weak and small. The unemployment rate in Redcar and Cleveland would more than double within a six month period, with few alternative job opportunities. The closures would leave at least 3000 acres of previously used or contaminated land, which would need to be brought back to sustainable use. The overall cost of this restoration alone could be over £500 million. Corus has further plants and land holdings across Tees Valley - in Hartlepool, Stockton and Skinningrove - which could further exacerbate the situation.

This closure would be taking place in a sub-regional economy which is industrially and commercially weak and where there is a poor quality physical infrastructure (measured, for instance, in terms of poor integrated public transport, derelict and contaminated industrial land). The closures would be felt throughout the Tees Valley economy and could lead to further social dislocation and economic decline. The impact would also be catastrophic in terms of the costs which would have to be borne by the District Council, Redcar and Cleveland.

It is important that any Corus closure is not just seen as a 'plant closure' but is seen as a potential trigger for wider-spread industrial and commercial decline. To reverse this situation will need a strong integrated strategy involving the key players, lead by the RDA, which can generate short, medium and long-term outcomes. An important vehicle could be the designation of an Urban Regeneration Company for Tees Valley, which would be private sector lead and would draw in private sector capital to support both urban and rural regeneration.

CONTEXT

Tees Valley today is faced with major socio-economic development problems brought about by the rapid decline of the key industrial sectors which underpinned a strong, rapidly growing local economy in the mid 1970s. Over the last thirty years, employment in chemicals, metals and engineering has fallen from 80,000 to 25,000. ICI in particular has sold many process businesses to the point that their Research and Development Centre at Wilton is under threat. Whilst there has been a compensating rise in service sector jobs, these, typically, have been in low value-added areas, creating a low level of effective demand in the local market which has failed to generate strong growth in the retail and leisure services areas. The locations of key process industries within Tees Valley have generated small almost self-contained local labour markets with little local migration. This in its turn has determined the patterns of local transport provision which focus on local areas and do not provide an integrated structure throughout the sub-regional economy, which would improve access to jobs. Traditionally, the process industries in particular did not demand high skill levels and where skills were needed they were very specific to the job.

The sub-regional economy today is characterised by low levels of educational attainment and poor skill levels. Social exclusion is high with many inner-city estates and communities already targeted by a wide range of Government policies supporting community regeneration. Inevitably, there is outward migration from Tees Valley, typically the most able and the young.

The Tees Valley economy is also characterised by a number of high volume, low value manufacturing operations, which are, inevitably, vulnerable to global pressures. Teesside Airport has recently lost some of its Heathrow slots and there are concerns that a further reduction in slots, emphasising geographical remoteness, could be an enormous disincentive for further industrial investment in the area. Whilst there is a significant bank of industrial land in Tees Valley, much of it is contaminated, has poor supporting infrastructure and would involve considerable expenditure to bring it into productive use (ie. a use consistent with demand on a national and international basis).

The potential Corus closures would impact on a sub-regional economy which is fragile and has few elements within it which could form the basis for rapid recovery.

THE WAY FORWARD

The closures and the immediate job losses will have a profound psychological impact on the area, further lowering aspirations. There is a need to bring forward a programme of immediate deliverables, identified through the RDA, which would consist of projects in the pipeline that could be accelerated, new ideas which could require some public sector pump priming and a very visible start on a land reclamation and factory building programme. The Employment Service estimate that up to 15000 redundancies will arise from the closure and the bid for resources from the Rapid Response Fund will be essential to deal with the personal, traumatic consequences of a closure. It would also include an intensive re-training programme for redundant workers, which would be managed through the Local Learning and Skills Council. All these items could be delivered within a six month time frame. Within this timeframe, work can be completed on setting up an Urban Regeneration Company, whose first task would be to develop a long-term vision for the Tees Valley economy (probably fifteen years or more). In the medium-term the RDA should be charged with developing a more substantial land reclamation programme and working with local partners on a fully-integrated sub-regional public transport system.

SUMMARY

It cannot be over-emphasised that the Tees valley economy is in a fragile state today: these potential redundancies could begin a process of industrial decline that would be difficult to reverse unless there is both immediate action and the development of a long-term strategy for economic and social recovery.

Note: One NorthEast is already working with the Tees Valley Partnership and local authorities on detailed position papers to support the points made in this briefing note.

file (in Matrix)
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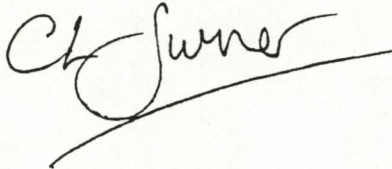
From: Clare Sumner

Date: 18 December 2000

RICHARD ABEL

APPOINTMENT: CLERK OF THE NATIONAL ASSEMBLY FOR WALES

The Prime Minister has noted Sir Richard's minute of 13 December and is content to approve the appointment of Paul Silk as Clerk to the National Assembly for Wales.

A handwritten signature in black ink, appearing to read 'Clare Sumner', with a long horizontal flourish underneath.

CLARE SUMNER

RESTRICTED

JC

and Leader of the House of Commons
Privy Council Office
2 Carlton Gardens
LONDON
SW1Y 5AA

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Top - CS
cc JPO
PU

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18 December, 2000

Dear Margaret,

**GUIDANCE ON POST-DEVOLUTION PRIMARY LEGISLATION
AFFECTING WALES**

I am writing to seek clearance from you and DP colleagues for the attached guidance note, on post-devolution primary legislation affecting Wales, to be circulated to UK Departments. The note sets out guidance on consulting the Cabinet of the National Assembly for Wales on new legislation affecting the Assembly's responsibilities.

I would be grateful for agreement to this by Thursday 18 January.

As you will know, the Cabinet Office publishes a suite of Devolution Guidance Notes. Although these notes are intended primarily as a guide for officials working in UK Government departments, they are also available to officials in the devolved administrations and, by way of their publication on the Cabinet Office's website, to the general public.

I attach a copy of Devolution Guidance Note 9, 'Post-Devolution Primary Legislation Affecting Wales'. This note has been produced in consultation with officials in UK Government departments. Officials at the Assembly have also been given an opportunity to comment.

The note sets out guidance on consulting the Assembly Cabinet, in confidence where necessary, on new legislation affecting the Assembly's responsibilities. The guidance particularly stresses the need for consultation at an early stage.

It is to be hoped that adherence to the principles contained within the note will help to ensure that potential points of disagreement between the Assembly Cabinet and UK Government are, wherever possible, resolved before the introduction of legislation.

You will note that the guidance also advises departments to ensure that LP is kept fully aware of any such relevant points of disagreement.

I am copying this letter to members of DP and to Sir Richard Wilson. A copy also goes to Andrew Davies at the National Assembly for Wales.

Yours *ever,*

Sevvy

Annex B

DEVOLUTION GUIDANCE NOTE 9:**POST-DEVOLUTION PRIMARY LEGISLATION AFFECTING WALES****Introduction**

1. This note sets out guidance for UK Government Departments on consulting the Cabinet of the National Assembly for Wales on new legislation affecting the Assembly's responsibilities. The UK Government has agreed with the Cabinet of the National Assembly that they will normally consult each other from an early stage on the development of relevant legislative proposals, in confidence where necessary. (See Devolution Guidance Note 1, which should be separately read if you are unfamiliar with it, in particular paragraphs 5.3 to 5.6). This means that the Assembly Cabinet should always be consulted on Bills which:

- confer new functions on the Assembly;
- alter the Assembly's existing functions (including legislation on, for instance, freedom of information, which would affect the overall discharge of its duties and those of public bodies for which it is responsible); or
- otherwise affect areas which are the responsibility of the Assembly, including where it will be responsible for implementation in Wales, though policy control remains with the UK Government.

Departments should make clear when information is being passed in confidence.

There is no absolute need to consult the Assembly Cabinet on other Bills, although departments might find this useful in some circumstances and the Assembly Cabinet might likewise wish to make representations about such matters itself.

2. The purpose of this guidance is to facilitate the efficient conduct by the UK Government of its legislative business. Disagreements are an impediment to that and it is in the Government's interests that potential disagreements are identified as early as possible through consultation. Potential points of disagreement with the Cabinet of the National Assembly should be fully explored and wherever possible resolved before legislation is introduced or, in the case of Bills which have been advance drafted, before Bills have been published. Departments will be expected therefore to make every effort to ensure that the Legislation Policy Committee (LP) is fully aware of any potential difficulties which might be material to their decisions.

3. Consistent with the separation of functions between LP on the one hand and policy committees, such as EA (Economic Affairs) and HS (Health and Social Affairs), on the other, this note is not concerned with the process by which the Assembly Cabinet is consulted about policy. Arrangements for this are set out in the Memorandum of Understanding, the agreement on Common Working Arrangements (Devolution

Annex B

Guidance Note 1) and the various bilateral concordats between Departments and their counterparts in the Assembly.

Government of Wales Act

4. Section 31 of the Government of Wales Act 1998 places a duty on the Secretary of State for Wales to consult the Assembly after the beginning of each Session on the legislative programme and on non-programme Bills agreed for introduction subsequently (unless there are considerations relating to the Bill which make such consultation inappropriate). The duty includes one of personal attendance by the Secretary of State for Wales. It will provide an opportunity to consider the content of individual Bills, in addition to the Government's choice of priorities. More guidance on the role of the Secretary of State for Wales, including the role in relation to primary legislation, is given in Devolution Guidance Note 4.

Government Bills - LP

5. There may need to be consultation with the Assembly Cabinet on a proposed Bill during or prior to consideration by LP of the content of the legislative programme. In many cases, such consultation will occur naturally, at the same time as consultation takes place on policy content. Where that is not the case, Departments should consider alternative means of obtaining the Assembly Cabinet's views, to feed into their thinking about the priorities which they would put to LP. Where the possibility of particular legislation has not been publicly announced, information going to the Assembly Cabinet should be passed in confidence. It will be a matter for agreement whether, and to what extent, confidentiality must constrain wider consultation by the Assembly Cabinet and in no circumstances will the Assembly Cabinet circulate or allude to Bill material without the consent of the lead Department – such agreement, if reached, may depend on the duty of confidentiality extending to any other bodies consulted by the Assembly Cabinet. Additional guidance on confidentiality is given in paragraph 11 of the Memorandum of Understanding agreed between the UK Government and the devolved administrations.

6. Consultation with the Assembly Cabinet can be facilitated if departments ensure that Bill material deals accurately with the Assembly and addresses certain common features of the devolution settlement. The annex to this note lists some of the main aspects of this. While this is not prescriptive, and is no substitute for detailed discussions, it should ensure that such discussions can focus on any substantive sticking points and are not dominated by relatively minor and technical matters.

Preparation of Bills and Submission to LP

7. The essential requirement is that by the time proposals to introduce legislation reach LP, all devolution-related issues are to have been addressed and so far as possible resolved (significant unresolved issues may affect LP's view of the readiness of the Bill

Annex B

for introduction). Papers for LP must contain a statement to that effect. In addition papers to LP should:

- explain any provision proposed in respect of Wales which differs from the provision proposed for England or the rest of the UK;
- identify any exception to the general rule that a new function created by the Bill will pass to the Assembly in cases where it already exercises similar functions within that subject area and identify the policy clearance for that decision;
- identify any change to the existing functions of the Assembly, including any new function being vested in the Assembly which might raise issues of general principle, and the policy clearance for the change; and
- confirm that the Assembly Cabinet has been consulted on the draft clauses as necessary (including commencement and other transitional provisions), summarise the Assembly Cabinet's view and indicate whether DP or the Joint Ministerial Committee are likely to become involved (either in correspondence or through a meeting).

8. There should, in addition to any earlier policy discussions, also be consultation with the Assembly Cabinet as part of the process of formulating instructions to Parliamentary Counsel, where these touch on the Assembly's responsibilities, so that their interests are understood from the outset and any dispute resolution process undertaken in good time.

Pre-Legislative Draft Bills

9. The procedures described above should also be followed for Bills being published in draft.

Private Members Bills

10. The same procedures should be followed for Government Hand-out Bills as for Bills in the main programme. For other Private Members' Bills, if the Government intends to support the Bill, the Assembly Cabinet should likewise be consulted on any matters which affect the Assembly's responsibilities. It is not absolutely necessary to inform the Assembly if it is clear that the Government cannot support a Private Members' Bill. However it will frequently be helpful for officials in Wales to be aware of this if the Bill covers functions which are the responsibility of the National Assembly.

Constitution Secretariat
Cabinet Office
December 2000

Annex B**Annex: Referring to the Assembly in primary legislation**

The following checklist aims to cover some largely technical points in referring to the Assembly in Government Bills. It is neither exhaustive nor prescriptive. However, it should serve as a useful aide-mémoire for departments and should minimise the need for discussions with Assembly officials to be dominated by relatively minor issues such as these.

Nomenclature

- The Assembly should always be referred to in a Bill by its formal title, i.e. "the National Assembly for Wales" (s1(1), Government of Wales Act). "Welsh Assembly" and so forth are to be avoided, including in headings and marginal references. Where it is necessary to refer to the Assembly frequently, it is, of course, in order to refer to it as "the Assembly" after the first usage.
- The Government of Wales Act introduced a new definition of "Wales", expanding the Assembly's jurisdiction to include the sea around Wales to a distance of 12 nautical miles. Where a Bill confers functions on the Assembly which could be exercised in relation to the sea or to maritime activities, it should thus normally use the definition of Wales in s155 of the Government of Wales Act and orders made thereunder.

Functions in a Bill

- Functions should normally be conferred on the Assembly as a whole, rather than to a named office-holder (such as the First Secretary). It is for the Assembly to consider delegating any new functions it receives to the First Secretary.
- Commencement provisions in a Bill (i.e. the means by which it comes into force) should normally apply on equal terms to England and Wales, and to Ministers and the Assembly. Again, proposed departures from these two presumptions (for example, if there is a good case for a common implementation date) should be discussed at an early stage in the pre-legislative process.
- While it remains possible to confer functions on the Assembly by means of a transfer order under s22 of the Government of Wales Act, new functions should normally be conferred directly on the Assembly by primary legislation. To do otherwise can increase the amount of parliamentary time needed (by requiring it to consider the order as well as the Bill) and potentially misleads as to the Government's intentions (since Parliament will assume the matters are not being extended to the National Assembly).

Annex B**Statutory procedures**

- The Assembly's procedures as regards subordinate legislation are not the same as Parliament's: in particular, subordinate legislation cannot routinely be made in the Assembly using a negative procedure. Bills should thus not seek to prescribe the procedures for making Assembly subordinate legislation, and provisions applying specified procedures to subordinate legislation made by Ministers should not extend to the Assembly.
- A Bill should not normally subject the actions of the Assembly to Ministerial consent or approval (or vice versa), apart from certain functions which require the consent of HM Treasury. Exceptions to this should be explored as early as possible in the pre-legislative process.
- Where there is a requirement for Ministers to consult the Assembly before acting (or vice versa), this should be included in legislation rather than in a concordat.

New public bodies

- Where the Assembly will be wholly or partly responsible for public bodies and offices, these should have statutory titles in Welsh and English (e.g. "There shall be a [title of body in English] or [title of body in Welsh]"). Assembly officials will be able to advise on a suitable translation into Welsh.
- A new public office should only disqualify its holder from membership of the Assembly where that would cause an unavoidable conflict of interest with the Assembly's responsibilities. Disqualification from membership of the House of Commons does not always give rise to disqualification from the Assembly (s12, Government of Wales Act).
- New public bodies which fall solely under the Assembly's control should normally be subject to its general powers to reform public bodies in Wales (ss27&28 and Sch.4, Government of Wales Act). A Bill should also normally provide for records of such a body to be Welsh public records (ss116-118, Government of Wales Act).
- Consideration should always be given as to whether a new public body or office-holder should be subject to the Assembly's powers of summons (s74 and Sch.5, Government of Wales Act). Generally speaking subjection to these powers will be appropriate in cases where the Assembly might reasonably require information from a public body or office-holder to carry out its executive functions (i.e. when there is reasonable common ground between the body's responsibilities and those of the Assembly).

Annex B

- Where the Assembly is to be wholly responsible for a new body, it should have the power to determine the form of that body's accounts, subject to Treasury consent.
- Bills should provide that the Auditor General for Wales (AGW), and not the Comptroller and Auditor General, is to be responsible for auditing the accounts of any body which reports solely to the Assembly.
- Where the AGW audits a body's accounts, s/he should also have the power to conduct "value for money" examinations into that body.

RESTRICTED

From: Alasdair McGowan
Date: 15 December 2000

PRIME MINISTER

cc: Simon Virley
David Miliband
Sally Morgan
Andrew Adonis

MEETING WITH PAUL MURPHY - 18 DECEMBER, 1700

Issue

An independent investigation into student hardship in Wales, established as part of the Partnership Agreement in Wales, is due to report by Easter 2001. David Blunkett is concerned that this will raise difficult issues on tuition fees if there is a May election. Can Paul Murphy, as a matter of priority, persuade the Welsh administration to delay the report until the Summer?

Timing

Urgent.

Background

As part of the Partnership Agreement signed with the Lib Dems in Wales, the Welsh administration committed itself to:

"...an immediate independent investigation into the issue of student hardship and funding in Wales, dealing with those issues covered in the Scottish 'Cubie Report' which fall within the Assembly's remit.

The investigation will report on the options for tackling problems inherent in the current system of student maintenance and support including those faced by mature students and those studying on a part-time basis.

The investigation will address these issues within the context of the need to widen participation in Higher and Further Education, particularly from groups currently under-represented in the sectors."

Astonishingly, the Welsh administration is also committed to placing the Report's

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- 2 -

recommendations before the Assembly and to providing *"sufficient money to fully fund implementation of the outcome from September 2001."*

The Welsh Administration have tried to argue that the issue is not whether we should have higher education tuition fees or not since this is not a matter devolved to the Assembly; and that the investigation will look at how best to use the support already provided by the Assembly on student hardship.

It is inevitable, however, that tuition fees will dominate any report. The terms of reference, for example, invite the investigation to consider amongst other issues, 'the evidence on the extent of student hardship and the public perception of it' and 'the impact of the introduction of tuition fees on participation in higher education in Wales.'

Jane Davidson, the Welsh Education Minister, has announced that the investigation is due to report by Easter 2001 – awkward timing, to say the least, if there is a May election. She and Paul Murphy are meeting David Blunkett on Tuesday. I understand that David intends to explore then whether it is possible to defer any final report.

I have already raised the issue with Paul's office and will continue to press them on this, but if you feel comfortable raising the issue privately with Paul on Monday, it would help to 'concentrate minds' in advance of the meeting with David.

It is worth stressing that deferral would not just be in David's interests. It would help the Welsh General Election effort as well. As was the case in Scotland, we can expect the Liberal Democrats to campaign hard on this issue, particularly in Cardiff Central – a Labour marginal with a high student population. If the investigation reports before the election, we will simply be handing our opponents political ammunition.

Other current issues include:

- Steel – the subject of a separate meeting for which you will have separate briefing.
- Welsh tick box – 10,000 signature petition received earlier this week. Census forms to be completed on April 29 – again, awkward timing if there is a May election. However, the priority now has to be to move on and defend our case as robustly as possible – something Labour Assembly members have failed to

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do so far.

- The Childrens' Commissioner Bill in the Queen's Speech has been very well received in Wales. It is the first example, since devolution, of Westminster debating a Bill specifically for Wales.
- We are now starting to make progress on miners' compensation. Some 22,000 individuals have now benefited in Wales with £26 million paid out.
- Although Wales will lose out on Millennium City Status, one new Welsh city will be guaranteed for the Queen's Jubilee Year.

ALASDAIR McGOWAN



Ysgrifennydd Gwladol Cymru
Secretary of State for Wales

Rt Hon Paul Murphy MP

Tel: 020 7270 0549
Ffon: 020 7270 0549

CABINET OFFICE
A Welsh Wales Office | Swyddfa Cymru
13 DEC 2000
FILING INSTRUCTIONS
FILE No.

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Gwydyr House
Whitehall
London SW1A 2FR

Swyddfa Ysgrifennydd Gwladol Cymru
Tŷ Gwydir
Whitehall
Llundain SW1A 2FR

HEAD OF
CONSTITUTION
SECRETARIAT
15 DEC 2000
CABINET OFFICE

13 December 2000

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Des Fleming

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tw chabwr

THE CENSUS IN WALES

David Hanson has given me a read-out of the meeting he had with you on Monday evening on this subject. He tells me that he outlined our concerns over this issue and that you agreed that we would work together on handling the current situation.

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However, I now fear that the situation may be more acute than we had realised. When I was in Wales yesterday I discovered that Mr Len Cook, the National Statistician, who was in Wales to discuss the issue with the local authorities, was to meet Rhodri Morgan also. I decided to join Rhodri's meeting and was very disturbed to learn from Mr Cook that he feels that such has been the success of the Western Mail's "Welsh tick box" campaign that the integrity of the Welsh census may have been completely compromised. He suggested that it may indeed be necessary to reprint the Welsh forms, although his advice that such action would also compromise the census remains valid. He is quite rightly concerned about the implications of the juxtaposition of the census and a possible election next spring, although he recognises that dealing with this is not a matter for him.

Mr Cook also told us that he had suggested employing a professional PR firm to counter the Western Mail campaign but that his request for resources to do this has not been supported. I gather from David Hanson that the Treasury view has been that we should not feed the story in the hope that would kill it. That is a strategy with which I am familiar but I fear in this case it has failed.

Acc Me. DH

21 MT

GB: file No, then file

Nothing up, huh!

*I suspect LC will not be helped
vis a vis, hnt by h y...*



Rhodri and I were only able to spend a limited time with Mr Cook, but our officials had a longer discussion with him, covering a range of possibilities from re-printing the forms to holding the current line. I take Mr Cook's advice extremely seriously, but I believe it is time to take stock calmly and consider all the options. Aside from the cost of re-printing, we also need to consider how that would play in Wales generally and, indeed, in England. We must also be clear that we have already taken a public position on this, which I have been defending for some time while being unaware of Mr Cook's growing concerns.

In line with your agreement with David on Monday, my officials in consultation with ONS and Assembly officials will quickly produce a position/options paper for us to consider. The matter is extremely urgent, not only because if we do reprint, the decision must be taken very quickly, but also because I am pretty certain that Simon Thomas MP (Plaid Cymru) will quiz the Prime Minister on this next Wednesday. He has the first question and was one of the group which took the Western Mail coupons to No 10 yesterday.

I hope that our officials will be able to meet to discuss the options early next week and to offer us urgent advice on this matter.

In view of the sensitivities and the implications for Prime Minister's Questions next week, in this issue I am copying this letter to the Chancellor, Sir Richard Wilson, and Jonathan Powell at No 10.

A handwritten signature in black ink, appearing to read 'Melanie Johnson'.

Melanie Johnson MP
Economic Secretary
HM Treasury
Parliament Street
London SW1P 3AG

RESTRICTED - APPOINTMENTS



Secretary of the Cabinet and Head of the Home Civil Service

F

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PM
To note
9 ✓

PRIME MINISTER

I would be grateful for your approval of the appointment of Paul Silk as Clerk to the National Assembly for Wales, in succession to John Lloyd who retires at the end of this year. This is a very good outcome to a sensitive exercise.

2. The Clerk to the Assembly is the principal adviser to the Presiding Officer, supporting him in the management of the Assembly's formal plenary sessions. The Clerk is also responsible also for the provision of a wide range of independent services including the Committee Secretariat, library, broadcasting, information and translation services for the whole Assembly. As Accounting Officer the Clerk is responsible for a budget of about £20 million and 200 staff.

3. An open competition was held and eighteen candidates applied. Baroness Usha Prashar chaired a panel comprising Jon Shortridge, Permanent Secretary to the Assembly, John Elfed Jones, the chairman of the National Assembly Advisory Group, and Sir Michael Wheeler-Booth, the former Clerk of the Parliaments. They interviewed four candidates.

4. The panel was unanimous that Paul Silk (48), Clerk of the Commons Foreign Affairs Select Committee, should be recommended for appointment. He has been a Commons Clerk for 25 years, including a period servicing the Welsh Guard Committee. He was the clerk in charge of the Government of Wales Bill and during a brief secondment to the Welsh Office helped develop the Assembly's Standing Orders. He came across as highly articulate with a first rate intellect. He has a deep understanding of parliamentary processes both in the UK and elsewhere in Europe. He is used to dealing with difficult and sensitive issues. Though he lacks extensive management experience, the panel were convinced that he could rise to the challenge in this job. He has clearly aspired to this job for some time and is passionate about using his experience to the advantage of Wales. He is held in high regard by Assembly Members who have worked with him in the past.

RESTRICTED - APPOINTMENTS

5. Both Rhodri Morgan and the Presiding Officer are content. If you are too, the announcement would be made by the National Assembly.

Richard Abel

PP

RICHARD WILSON

13 December 2000

Ref: A02000/3128

RESTRICTED - APPOINTMENTS

file (in Matrix)



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

4 December 2000

Dear Mara,

**PARLIAMENTARY BOUNDARY COMMISSION FOR WALES:
APPOINTMENT OF DEPUTY CHAIRMAN**

The Prime Minister was grateful for the Home Secretary's minute of 19 November and is content to approve the appointment of Mr Justice Stephen Richards to this post.

Yours ever,

A handwritten signature in black ink, appearing to read 'Clare Sumner', with a long horizontal flourish underneath.

CLARE SUMNER

Mara Goldstein,
Home Office

Jc

020 7273 4078



Ysgrifennydd Gwladol Cymru
Secretary of State for Wales

Rt Hon Paul Murphy MP

Tel: 020 7270 0549
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30 November 2000

Dear Mike

*SU
cc: DN
PU*

MILLENNIUM GRANT OF CITY STATUS

Thank you for your letter of 28 November.

I fear that the reasons for not including a Welsh town are not very convincing and I am certain that they will not carry any weight in Wales. Had there been only one English and one Scottish town time, the fact that Wales and Northern Ireland were included last time would have been a reasonable argument to advance in Wales. The inclusion of two English towns destroys all its force. I realise that the Palace will not want to award city status to too many towns, though I do wonder whether soundings have been taken from the Prince of Wales who takes a close and very welcome interest in Welsh affairs perhaps all the more so post devolution. For my part, I could accept more easily a decision to reduce the number this time so that only one English town were to receive city status

I welcome your assurance that in setting the criteria for the Jubilee competition, it will be made clear that population size is not a necessary criterion. I think that it will also help that you intend to automatically consider the applicants who were unsuccessful this time for the Jubilee competition. This must be a meaningful consideration, of course. I had the impression that two English towns were being put forward to bring the number of cities to 49 and thus to enable a 50th English city to be created in Jubilee year. I would be grateful for your assurance that there will be no pre-judgement of this sort in favour of English applicants.

I am copying this letter to the Prime Minister, the Deputy Prime Minister, John Reid and Peter Mandelson.

*You are,
Chris*

Mike O'Brien MP
Parliamentary Under Secretary of State
Home Office,
50 Queen Anne's Gate
London SW1H 9SAT

Telefax

To:	SIMON VIRLEY
Fax:	020 7839 9044
From:	JANET HAWKES, HO (273 3099)
Date:	5/12/00
Pages:	1

PostNet Notes 7669

FROM THE DEPUTY PRIME MINISTER

Top: EA/ps
App
PU



DEPARTMENT OF THE ENVIRONMENT
TRANSPORT AND THE REGIONS

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E-Mail: john_prescott@detr.gsi.gov.uk

OUR REF: P/31378/00

30 NOV 2000

Parliamentary Boundary Commission for Wales: Appointment of Deputy Chairman

Thank you for copying me your letter of 19 November to the Prime Minister about the proposed appointment of Mr Justice (Stephen) Richards as Deputy Chairman of the Parliamentary Boundary Commission for Wales.

The proposal to appoint Mr Justice Richards until December 2006, to allow him to complete the fifth general review of parliamentary constituencies in Wales, is eminently sensible and I am, therefore, content for this appointment to be made.

I am copying this letter to the Prime Minister, Derry Irvine, John Reid, Paul Murphy, Mo Mowlam, Gordon Brown and to Sir Richard Wilson.

JOHN PRESCOTT



INVESTOR IN PEOPLE

SKP 4/1200