

Rio Tinto Alcan Lynemouth closure: evidence of likely economic impact

Report for Northumberland County Council

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1. Executive Summary

This report is part of Phase 1 research in to the economic, social (family) and community impacts of the closure of the Lynemouth aluminium smelter on the immediate area, the county of Northumberland and the north east region as a whole. The research project is currently being managed by the Strategic Economic Impact work stream of the Alcan Response Group. The research collates and analyses evidence about the area and estimates the likely economic impacts of the closure. It will form the basis for a potential Phase 2 longitudinal research project, the scope of which is in the process of being established.

Note: this report generally assumes that both the smelter and the power station at the Lynemouth site will close. This represents the maximum theoretical impact which should be prepared for. However, negotiations continue over the power station, with the intention that it be sold and continue operating. If these negotiations are successful, the impact will be smaller than reported here.

Main findings

Outcomes and support for redundant workers

- There is likely to be a significant increase in Job Seekers Allowance (JSA) claimants in the 10-mile zone around the plant immediately after the closure, as virtually all redundant workers sign on, followed by a steady and decelerating decline. It is likely that at least one-quarter of those made redundant will still be unemployed a year later i.e. at least 150 of the directly employed workforce, with many of these likely to be the process operatives (e.g. the potline workers) who make up the majority of the workforce. Support for these workers is likely to require the highest priority.
- Given the lack of comparable jobs in the immediate area, and growth in manufacturing forecast to be low or negative, workers must be prepared to travel further afield for employment opportunities in order to maximise their job outcomes (e.g. to obtain the new jobs announced by Nissan). If they are unable or unwilling to do this, or there are no jobs in their occupational field, they may have to accept a job in a different occupation or sector, which may well have substantially lower wages, and/or be only short-term or part-time. These findings apply to lower skilled process, technical and administrative staff.
- Skilled trades workers are more in demand than process operatives, and have skillsets more adaptable to other industries, although they may have to travel outside the local area.
- Management and professional workers have transferable skills, high levels of experience, generally good personal networks and higher willingness to travel for a new job, and are the group most likely to find comparable employment.

Similar conclusions apply to the smaller number of higher skilled administrators and technicians.

- Some managers and professionals may opt to start their own business. However, economic conditions militate against this being taken up by a high number, and those that do will need to be fully aware of the risks and be able to access appropriate support.
- Alcan workers will face competition for jobs from the large number of other workers newly made redundant, many of whom will be more qualified for the limited number of vacancies on offer in services sectors.
- The average salary of the former Lynemouth workers is likely to decrease. Those that find a job most quickly are likely to be more highly qualified, and prepared to travel further; this group have the highest probability of remaining in a similar occupational/sectoral area, and to earn a salary similar to that at Lynemouth.
- Those who take longer to find a job would be more likely to switch sectors and/or occupations, have lower wages, more unstable employment terms and a lower level of personal (and family) wellbeing. As such, training in other occupational areas may be necessary, but should not necessarily be recommended in the first instance.
- Support should attempt to segment workers as far as possible into small groups with similar circumstances, and provide information on managing finances, self-employment, benefit claims and signposting to other agencies, as appropriate. It should also have longer-term horizons, as well as seeking to alleviate short-term difficulties.
- Support about possible retraining and job opportunities should be highly focused and relevant to the current situation of the workers and the current and forecast job market. This requires input from workers, local employers and other related stakeholders (e.g. colleges, Jobcentre plus - JCP), conveying information about jobs across a wider area than workers may either consider for themselves, or be able to easily access information about through personal networks.
- Workers' families and communities will need some advice and support as well as individual workers, due to knock-on effects – e.g. loss of trade to local shops, the potential need for workers' partners to find employment.
- It would be helpful to remain in contact with former workers for as long as possible after the closure, as outcomes are not immediate and support needs may change over time.

Wider impact

- Whilst only the smelter is currently determined as subject to closure, with the power station under negotiation for sale, assuming both the plant and the power station are closed, in addition to the 626 direct job losses, there will be a relatively small additional impact through induced and indirect effects: an estimated 276 jobs lost in Northumberland and a further estimated 384 in the rest of the North East, according to the North East Economic Model.
- The Gross Value Added of the Alcan plant itself cannot be calculated, but based on the location of its expenditure, the closure would lead to estimated GVA losses of £9m in businesses located in Northumberland, and a further estimated £15.9m in businesses located in the rest of the North East, according to the North East Economic Model.
- The loss of the Alcan plant would also impact on council spending through the loss of business rates income. The 2012/13 rates liability is £3,485,380.
- The closure of the Lynemouth plant will have knock-on effects on a wide range of economic and social indicators. This impact will be concentrated in the area close to the plant, exacerbating the negative impacts deriving from economic conditions more generally. These include falls in household income, negative impacts on health and wellbeing, and increases in financial exclusion, benefit claims and deprivation in general. Indicators need to be scrutinised regularly, and information gathered from community-based organisations, to determine the need for possible interventions.
- On the other hand, house prices in the immediate area are already low, and unlikely to fall further because of the closure. Similarly, while there may be both positive and negative effects on the business stock and self-employment rates deriving from the Alcan closure, they are likely to be small and not be visible in official statistics.
- While transport is not an issue *per se* for workers being able to access jobs, the increased average travel to work distance implied by the findings may lead to increased congestion.

Issues for discussion

- How will the response to the closure fit with the existing support structure – and in particular with regional support structures, given the lack of local job opportunities?
- Could business networks be used more effectively to inform retraining provision or job opportunities?
- How can we segment support between different types of worker – should the process operatives and lower-skilled administrative and technical staff receive more intensive support and follow-up than the others?

- How long-term should support plans be or how long could support be guaranteed for?
- How can we deliver support aimed at the family of the worker, rather than just the worker? Is there a role for community-based organisations?
- How can employers of subcontract workers be included in the process?
- What are the potential and likely impacts to retraining opportunities and redeployment arising from the loss of any available 'skills match' support?

2. Introduction

This report is part of Phase 1 research in to the economic, social (family) and community impacts of the closure of the Lynemouth aluminium smelter on the immediate area, the county of Northumberland and the north east region as a whole. The research project is currently being managed by the Strategic Economic Impact work stream of the Alcan Response Group. The research collates and analyses evidence about the area and estimates the likely economic impacts of the closure and will form the basis for a potential Phase 2 longitudinal research project, the scope of which is in the process of being established.

Objectives

The objectives of this report are:

- To gather together a range of evidence relating to the impact of the closure;
- To highlight new opportunities for the redundant workers, given the economic context; and
- To indicate the potential costs to government.

Context

Whilst we make every effort to distinguish these impacts from others, it is clear that the closure comes at a time of, among other things, generally low economic growth and cuts in public funding which have had and will continue to have effects on the wider economic and social situation. As such, while the maximum theoretical loss of 626 direct jobs from Alcan, coupled with the knock-on effects on its suppliers and other businesses, are substantial in and of themselves, the effects will be felt most keenly at the local level. The majority of Alcan's workers live within ten miles of the plant, and it is in this area that the impact is likely to be concentrated.

Even within the relatively small scale of the Northumberland economy, the impact will be overshadowed by the more general downturn of the last few years and the on-going loss of employment. However, we should not downplay its significance: Alcan is an important private sector employer in the county, and its loss is a major blow for the area, with effects which will take some years to be fully felt and understood.

It is important to note that this report generally assumes that both the smelter and the power station at the Lynemouth site will close. This represents the maximum theoretical impact which should be prepared for. However, negotiations continue over the power station, with the intention that it be sold and continue operating. If these negotiations are successful, the impact will be smaller than reported here.

Data sources

The report combines information from four main sources:

1. The North East Economic Model. This is an input-output model of the North East economy i.e. based on purchasing and sales linkages between businesses and household expenditure. It facilitates detailed and spatially differentiated analysis of the knock-on (or multiplier) effects of a major closure in terms of output and employment.
2. Information from Alcan itself about the age, occupation and wages of their workforce.
3. Lessons drawn from similar redundancies elsewhere, principally the closures of MG Rover Longbridge in 2005 and Anglesey Aluminium in 2009. These provide an indication of the likely outcomes for the workers at the plant themselves, in terms of the type of new jobs they may enter, the possible timescales for finding work and the level of wages. However, these can only be a guideline, due to the unique circumstances of every closure and the different economic climate which must be taken into account.
4. Indicators drawn from data compiled by both the Office of National Statistics (e.g. business stock, benefits data, deprivation) and the local authority. Examining these statistics provides a baseline of the current economic and social situation and enables predictions to be made about the future direction in which these indicators may move as a result of the Alcan closure.

It must be emphasised that, even with the aid of a sophisticated and comprehensive economic model, the estimates of impact must be treated with a degree of caution. This is because the available data relating to the plant, its suppliers and employees is incomplete; also, the unusual economic circumstances of recent times may have the effect of altering behaviour patterns with respect to spending, job search, residential relocation etc.

3. Lessons from similar closure at Anglesey

Key points

- **The experience at Anglesey can provide indicative lessons for the likely course of events at Lynemouth.**
- **There is likely to be a significant increase in JSA claimants in the 10-mile zone around the plant immediately after the closure, as virtually all redundant workers sign on, followed by a steady and decelerating decline.**
- **Support needs to take into account family and community ties. Advice and support about retraining and job opportunities should be focused and relevant to the current situation of the workers and the job market, requiring a partnership/network approach, with input from workers, local employers and other related stakeholders (e.g. colleges, JCP).**
- **Support should attempt to segment workers as far as possible into small groups with similar circumstances, and provide information on managing finances, self-employment, benefit claims and signposting to other agencies, as appropriate.**
- **It would be helpful to remain in contact with former workers for as long as possible after the closure, as outcomes are not immediate and support needs may change over time.**

Background

The aluminium works on Anglesey is a joint venture between Rio Tinto and Kaiser Aluminium. Information in the WISERD report on the closure of the works on Anglesey is derived from a combination of statistical data and interviews with ex-employees and stakeholders reflecting on the process and aftermath of the closure several years later. As such, it is useful as an indicative guide to the issues generated by the plant closure, what worked well and what could have worked better, and how these issues can be tracked in the coming years. The main points relevant to the current situation at Lynemouth are outlined in this section.

It should be noted that the company has recently (May 2012) confirmed that the programme at Anglesey was a comprehensive programme involving several agencies and organisations including 'Careers Wales' (a Welsh Assembly Government agency), DBM outplacement suppliers, JCP, Close Wealth Management independent financial advisors and Menai College. See Section 11 for further information.

Redundancy packages

The age of those made redundant is important in the process of redundancy, not least in the way they view their own prospects. A number of employees, in particular the older and more senior employees, received a 'golden goodbye' of generous redundancy

payments. For some, therefore, redundancy came at the 'right time', allowing them to take early retirement (although whether they would want to later rejoin the job market is a 'significant unknown'). According to the WISERD report, others found that they were ineligible for JSA even if they remained unemployed, and thus would not appear in the JSA statistics. This implies that the unemployment claimant rate may rise to a smaller degree than would be expected. However, it should be noted that compulsory redundancy does not affect ability to sign for benefits. Redundancy payments and/or savings and/or assets are not taken into account in the consideration of contributory JSA payments. Therefore Lynemouth workers who make a claim for JSA and meet the required national insurance contribution conditions will be entitled to 26 weeks JSA if they are available for and actively seeking work.

The number of older workers at Lynemouth is relatively small: only 32 workers are aged over 55, implying that the majority of those made redundant would not opt for retirement. However, the number of long-serving staff is higher: 62 workers have been employed for over 20 years. Assuming they are earning over £430 per week (which is true for virtually all workers) this entitles them to the maximum level of statutory redundancy pay, between £8,815-10,535 (depending on age). These workers will be able to claim non-means-tested contributions-based JSA for up to six months, but are likely to be ineligible for the means-tested income-based JSA.

- **The level of redundancy packages may reduce the number of claimants of JSA after six months. The existence of redundancy packages means that workers are likely to be entitled only to contributory-based JSA rather than income-based JSA due to the latter being means-tested. Contributory benefits last for a six month period. Means-tested JSA is the only form of JSA available after the initial six months. This will also affect (from the start) the level of JSA to which they are entitled. Few workers are likely to take early retirement rather than signing on. The likely implication of this is that there will be a significant increase in JSA claimants immediately after the closure, as virtually all redundant workers sign on, followed by a steady and decelerating decline as workers find jobs. Advice also indicates that claimants should consider whether to continue to sign, regardless of benefit payments, due to the benefit of a national insurance credit which affects access to benefits in the future.**

Local ties

There was a wide range of personal responses to the redundancies, although several trends emerged. The report identifies a high proportion of ex-workers who wished to remain living and working locally (because of age, family ties etc.), but to do so required a high degree of pragmatism and flexibility in terms of the kind and location of jobs they were prepared to do and how they – and their families – approached the process of jobsearch. The authors identified this as a 'make do and mend' culture – making the

best of what the ex-employees had in a difficult situation with limited resources available. This 'biographical availability' (i.e. sought employment is linked to life circumstances) complicates the provision of support, in that it is more difficult – but not impossible - to identify distinct cohorts of workers who are likely to follow similar routes.

- **Support needs to take into account family and community ties, and the likely wish of many workers to not move out of the area, even though this may lead to less than optimal job outcomes in terms of wages and occupations.**

Local job opportunities

Some workers obtained employment at other local manufacturers, but the available jobs – and in particular, jobs with the high level of skill content (and commensurate high wages) which they had acquired at Anglesey Aluminium – were insufficient for those that wished to remain in the locality and not travel further afield for work or move out of the area altogether. It is likely that the circumstances at Lynemouth are very similar in this regard. At Anglesey, this situation meant that, according to WISERD's interviewees, some workers took any training opportunity available, whether it was related to their job or not. However, interviewees reported that there appeared to be a lack of advice and support during and immediately after the closure of the plant, with those seeking (re)training opportunities not being directed effectively towards those most suitable or most likely to lead to a job. In particular, the quality of available employment was of a lower level than the (substantial and well-used) training provision from Welsh Assembly initiatives, creating a mismatch of both skills and expectations.

- **The situation at Anglesey resembles that of Lynemouth in terms of the local availability of jobs. This implies that support about possible retraining and job opportunities should be highly focused and relevant to the current situation of the workers and the job market. This requires input from workers, local employers and other related stakeholders (e.g. colleges, JCP).**

Self-employment

Similar sentiments were expressed about advice and support on the prospect of self-employment. The WISERD report's interviewees noted that people who wanted to set up their own business had little or no advice either about the practicalities of the process (e.g. paying NI and other tax issues) or about the possible risks and pitfalls. No tracking information was available about those who had entered self-employment, and in particular about those who had invested their redundancy payout in a failed venture.

Financial advice

This lack of guidance extends to financial matters. The Anglesey report indicated that some of their interviewees reported relatively little advice on the best use to which they could put their redundancy lump sum in the context of their broader situation (family, age, likelihood of finding a job etc), as this would require an individual consultation with a financial adviser (which would involve extra costs). This extends towards how redundancy may impact on potential benefit claims and, indeed, how to claim benefit and what they may be eligible for in the first place. Essentially, there appeared to be a lack of simple, timely advice, signposting or more actively referring redundant workers to the appropriate agency (or, for example, to have group workshops explaining the basics). Some older workers, in particular, found themselves 'at a crossroads', unsure of where to find alternative work, and lacking adequate guidance and reassurance.

- **Support should attempt to segment workers as far as possible into small groups with similar circumstances, and provide information on managing finances, self-employment, benefit claims and signposting to other agencies, as appropriate.**

Job outcomes and other impacts

Nonetheless, anecdotal evidence suggested that around eighteen months after the closure, the majority of workers who sought work were in employment, although little information was available about the characteristics of the jobs. In general, the tracking of those made redundant appeared to be poor, with little coherent gathering of information about destinations in general, nor any evaluation of support provision and related outcomes, leaving the researchers to rely on anecdotes and perceptions of how others have fared from the relatively small number of ex-workers interviewed. Much of the available work was less well-paid than at Anglesey Aluminium.

- **It would be helpful to remain in contact with former workers for as long as possible after the closure, as outcomes are not immediate and support needs may change over time. It should be noted that there is no single organisation with responsibility for tracking employees. Data sharing and data protection laws make tracking difficult and there is no national protocol or agreed mechanism in place at national or sub-national level. Informed consent agreements from individual workers which would facilitate the sharing of information are not yet in place, although partners are working to track employees in the short term where possible.**

Other consequences are inherently less measurable, particularly deterioration in the wellbeing of the redundant workers and, more broadly, with respect to their families and communities as a whole. Measuring wellbeing is both in its infancy, and controversial, but past large-scale redundancies have had significant impacts on both

individuals and communities, with knock-on effects on more tangible indicators (e.g. long-term depression rates).

4. Lessons from plant closure at Longbridge

Key points

- **The closure of the MG Rover plant at Longbridge has been extensively studied, and – despite some differences in the economic conditions and specific area and sector – can provide indications of the probable course of events.**
- **It is likely that at least one-quarter of those made redundant will still be unemployed a year later i.e. at least 150 of the directly employed workforce.**
- **The average salary of the former Lynemouth workers is likely to decrease. Those that find a job most quickly are likely to be more highly qualified, and prepared to travel further; this group have the highest probability of remaining in a similar occupational/sectoral area, and to earn a salary similar to that at Lynemouth.**
- **Those who take longer to find a job would be more likely to switch sectors and/or occupations, have lower wages, more unstable employment terms and a lower level of personal (and family) wellbeing.**
- **Networking is likely to prove highly important for workers to find jobs. This applies to both (a) personal networks; and (b) stakeholder and employer networks, conveying information about jobs across a wider area than workers may either consider for themselves, or be able to easily access information about through personal networks.**
- **Training needs to be focused on available or forecast job opportunities, based on consultation with local and regional employers and other stakeholders. Training in other occupational areas may be necessary, but should not necessarily be recommended in the first instance.**
- **Self-employment may be a viable option for some redundant workers, mainly those in professional and management occupations, but economic conditions militate against this being taken up by many ex-workers.**
- **Support needs to be tailored to individuals or small groups of workers in similar circumstances, and look beyond simply short-term alleviation of difficulties.**

Background and applicability to Lynemouth

The closure of the MG Rover plant at Longbridge was among the largest factory closures in the recent past in the UK, in terms of the total number of workers made redundant (over 6,300 directly, and several thousand more in the supply chain). As such, it was the subject of a major government taskforce, and the focus of substantial amounts of research, looking at the broad impact on the region (by Regeneris and, later, ECOTEC

evaluating the response) and examining the impacts on the ex-workers and local labour markets (through a number of commissioned reports and academic papers originating from Birmingham University). This evidence base is by far the most comprehensive relating to recent large-scale redundancies in the UK, and provides a wealth of indicative evidence on both economic impacts and outcomes for workers. This makes the closure the most useful and relevant comparator for Alcan, as the research covers all aspects of impacts.

This section draws on a wide range of these reports to draw the conclusions which are most applicable to the Alcan situation in Northumberland (see bibliography for a full list). It is worth bearing in mind throughout that (a) the closure happened in relatively buoyant economic times, implying that the impacts today – particularly in terms of the labour market outcomes of the redundant workers – would be more severe; and (b) the plant was in the heart of the West Midlands conurbation, a very different geographical context to Alcan's location in Northumberland.

As such, the impacts deriving from the Lynemouth closure will be different in several main respects: (a) there will be fewer jobs available for workers, and turnover in other businesses is already likely to be depressed, exacerbating the impacts; (b) public sector funding has been cut, limiting the possible interventions and further depressing turnover of businesses in the region; and (c) impacts will be more localised than in the Longbridge case, as Alcan workers are less dispersed, with over three-quarters living in the 10-mile zone around the plant. For this reason, the Longbridge findings are indicative, and are of most use in predicting the likely outcomes for individual groups of workers (e.g. those in process occupations, managers, older workers etc.), bearing in mind the caveats outlined above.

Short-term outcomes

Compared to Anglesey, the short-term tracking of those made redundant was more effective – which is unsurprising given the resources mobilised for Longbridge. Approximately 25-30% of just over 6,000 workers made redundant gained re-employment almost immediately after the redundancy (the higher figure includes the 400 workers who did not register as unemployed, presumably because they had found jobs). By February 2006 – 10 months after the closure – approximately 4,000 (or two-thirds) of the ex-workers had found employment (90% of this being full-time i.e. around 60% of the former MG workers were in full-time employment).

Of the remaining one-third of workers, approximately 10% were in or awaiting training, 6% had received training but not found work, and 8% had neither received training nor found work. The taskforce did not engage in longer-term tracking, such that outcomes several years after the closure were not systematically known. A project funded by the Economic and Social Research Council (ESRC) stepped into this gap, interviewing over

200 ex-MG workers in 2005 and 2008, from where much of the information in this section is derived.

- **Taking the Longbridge situation as a baseline scenario, it is likely that at least one-quarter of Lynemouth workers will remain unemployed a year after the redundancy. This represents a theoretical maximum of just over 150 directly-employed workers. Given the more difficult economic conditions and the more restricted geographical location of workers compared to Longbridge, it is likely that the number remaining unemployed will be somewhat higher than that level, and concentrated in the settlements near to the plant.**

Longer term outcomes

Wages

By 2008 – i.e. three years after closure – most workers had found permanent, full-time employment, albeit typically at a lower rate of pay - in aggregate, the average annual salary had fallen by £5,640 (note that no percentage figures appear to be available), albeit with substantial variation. It should be noted that Longbridge workers were relatively highly paid by the standards of the area; Lynemouth workers in manual occupations earn wages above the regional average, albeit to a lesser extent than at MG Rover, suggesting that similar implications can be drawn.

In terms of wage changes, managers fared best, earning on average approximately the same wage as at MG. This suggests that managerial skills were the most transferable, given the labour market at that time (and, we would suggest, this would also apply to the Alcan redundancies). The poorest outcomes in wage terms were among those moving to service sectors, where the work found was often part-time and short-term, in addition to the generally lower hourly wages (e.g. shop work). Half of those in full time work three years after the closure had had more than one job, implying a relatively low security of tenure compared to MG. Only one-third had found jobs in manufacturing businesses.

Overall, two-thirds of workers reported that they were worse off – but this also means one-third were *better* off. In other words, the redundancy was by no means a disaster for all workers. This differentiation in outcome must be acknowledged; a redundancy may give some workers – albeit probably a minority - an opportunity to redefine their career and find a better job. In current circumstances, however, this is less likely, and we must be prepared for a higher proportion of workers accepting salary cuts.

Job characteristics

Those re-employed most quickly tended to find new jobs in similarly skilled areas to their MG occupations, and consequently commanded similar salaries to their MG salaries. This group was generally prepared to travel further for work, and their salaries

were generally higher than those who took longer to find employment. This latter group had tended to move further away from their core skillset, finding jobs in other occupations or other sectors. The main barriers to finding a longer-term job were age (with young people finding re-employment more difficult), skills, lack of experience and a high application per vacancy ratio (which in itself was partly a result of the high number of ex-workers looking for similar jobs at the same time). Personal initiative and networks have also proved to be important in this jobsearch process, implying that those who maintained extensive networks after their redundancy fared best. Cowling and Isles (2005) also point out that studies of 'blue collar' mobility indicate a high level of resistance to travelling longer distance to job opportunities which are low skilled and low paid. If these are the only jobs on offer, there is likely to be a disincentive effect and a consequent lower level of engagement with jobsearch. Workers who took longer to be re-employed were also more likely to experience a decline in their well-being.

- **In the longer term, the vast majority of Lynemouth workers will find re-employment, but the average salary is likely to decrease. Those that find a job most quickly are likely to be more highly qualified, and more prepared to travel further – this group are the most likely to remain in a similar occupational/sectoral area, and to earn a salary similar to that at Lynemouth.**
- **We would expect that Lynemouth workers who take longer to find a job would be more likely to switch sectors and/or occupations, have lower wages, more unstable employment terms and a lower level of personal (and family) wellbeing. This emphasises the need for a rapid response, and the need for workers to consider all possible opportunities, even those some distance away. However, this may lead to a poor life/work balance, and compromise their wish to maintain strong links to their community.**
- **Networking is likely to prove highly important for workers to find jobs. This applies to both (a) personal networks; and (b) stakeholder and employer networks, conveying information about jobs across a wider area than workers may either consider for themselves, or be able to easily access information about through personal networks.**

Training

Four-fifths of the longer term unemployed undertook some training – although that implies that a relatively large minority (around 20%) did *not* retrain. Some 60% of all redundant workers undertook some form of training, two-thirds of them receiving the free training offered by the taskforce. Training was associated with higher levels of wellbeing, higher satisfaction and a smaller deterioration in health.

Cowling and Isles' (2005) analysis pointed to the need for retraining for ex-MG workers up to at least the equivalent of NVQ level 3. As such, they recommended that funding for training be prioritised, but also acknowledged that this would not necessarily guarantee

a rapid return to employment. As at Lynemouth, the skillset of the workers was directly transferable to only a small proportion of the available employment opportunities, due to a declining manufacturing sector and – in particular – declining heavy manufacturing relying on full-time male workers. As such, they recommended that the training was best directed towards other sectors and occupations, assuming all avenues for similar employment have been exhausted. Training would also mitigate some of the decline in salary among those switching occupations - although only to a degree, given the generally lower wages in services occupations.

However, in the current economic conditions, even low-paid services jobs are in far shorter supply than in 2005, putting the advisability of re-training in question. Therefore, efforts should in the first place focus on re-employment in similar industries, with training to update skillsets as necessary. Retraining in other occupational areas is unlikely to be helpful for re-employment unless no other options are available.

- **Training needs to be focused on available or forecast job opportunities, based on consultation with local and regional employers and other stakeholders. Training in other occupational areas may be necessary, but should not necessarily be recommended in the first instance.**

Self-employment

Cowling and Isles (2005) also noted that it was unlikely that self-employment would absorb high numbers, due to the low levels of local entrepreneurship; this applies to a slightly lesser extent in Northumberland (which has somewhat higher rates of self-employment than the regional average). However, this is countered by the fact that starting a business is likely to be less appealing in the current climate.

Those who did start their own businesses tended to be older and higher skilled, and owned their own house. Businesses were often related to the car industry (e.g. automotive engineers and consultants, drawing on their experience), but many opted to enter a different area: for example, plumbing, carpentry, gardening, driving instruction. Approximately 70 per cent of those who were self-employed had been in managerial or professional occupations, which account for around 10% of the workforce at Lynemouth.

- **Self-employment may be a viable option for some redundant workers, mainly those in professional and management occupations. However, they need to be fully informed about the risks and prospects of such a venture in the current economic climate, and be aware of the continuing support which may be on offer from other agencies. In particular, self-employment options based on discretionary household expenditure (e.g. home improvements) are unlikely to be as viable an option as in less depressed conditions.**

Policy responses

The quick and largely successful response to the MG closure was partly due to good preparation. For example, AWM had put substantial effort into diversifying the local supply chain away from simply reliance on MG, and they also received advance notice of the announcement of the closure, enabling them to 'hit the ground running'. However, even then the response remained one of alleviation, at best. The various reports on the Longbridge closure recommend the appropriate organisations retaining a permanent capacity to be responsive to large-scale closures, as the speed of the response and the ability to rapidly draw on a pool of relevant skills and experience was crucial.

The second main recommendation emerging from the Longbridge research base is to promote a level of support which is either delivered at an individual level or at the very least to small groups of workers in a similar position (in terms of age, skills, redundancy package, desired route forward etc). This would entail a tailored package relating to: making training available, geographical/occupational mobility, counselling (especially on finance and debt), and support for partners to retrain/re-enter work. However, these lessons had apparently not been absorbed for the Anglesey closure, where there were assertions from WISERD's interviewees that this form of support was still lacking.

- **Reiterating the lessons from Anglesey, support at Lynemouth needs to be tailored to individuals or small groups of workers in similar circumstances.**

In addition, the evaluations point to what they call 'second wave' effects, which cannot be picked up by either short-term impact studies or analyses which purely focus on tracking redundant workers. It is obvious that a large scale redundancy will have some impacts on workers other than those made redundant – for example, through increased competition for vacancies – but these impacts have proven difficult to identify and quantify in any meaningful way beyond anecdotal evidence from stakeholders and a rise in the proportion of long-term unemployed - which clearly may also be influenced by factors other than the closure. Similarly, stakeholders identified a broad range of longer term problems for redundant workers which may prove difficult to pick up, ranging from simply re-entering the labour market and holding down a job to being employed in a series of unsatisfactory jobs and increased mental health problems. There are also impacts at a family level: in some cases, partners and other family members have had to make significant changes to their work and life circumstances to deal with the effects of the redundancy; for example, partners being forced to find employment, children having to delay entering university to find employment.

- **Support needs to look beyond simply short-term alleviation of difficulties, and continue to track and make appropriate interventions where necessary over the coming years.**

5. Economic Impact

Key points

- **The North East Economic Model allows us to estimate the multiplier effects on other businesses stemming from the closure of the Alcan plant. Assuming both the plant and the power station are closed, in addition to the 626 direct job losses, there will be a relatively small additional impact through induced and indirect effects: an estimated 276 jobs lost in Northumberland and an estimated further 384 in the rest of the North East.**
- **We cannot calculate the Gross Value Added of the Alcan plant itself, but based on the location of its expenditure, the closure would lead to GVA losses of an estimated £9m in businesses located in Northumberland, and a further estimated £15.9m in businesses located in the rest of the North East.**
- **The loss of the Alcan plant would also impact on council spending through the loss of business rates income. The 2012/13 business rates liability is £3,485,380 (smelter and power station).**

Modelling the impact using North East Economic Model

Data provided by various agencies connected to this closure event have been incorporated into an analysis using the North East Economic Model (NEEM). This is a model specifically developed by the Policy Research Group (PRG) at Durham University for the North East region. It uses a 'bottom-up' method, collating local data on sales and purchases between companies to estimate input-output relationships for each of 112 sectors, as well as the household sector, government sector and 'exports' (i.e. sales outside the region). Since it can take into account the numerous interactions associated with a 'shock' to the local economy, the NEEM provides a more accurate (and more immediate) assessment of the scale and nature of impact resulting from a change - such as a plant closure - than would be available from standard multiplier analysis or any other available method. It ensures that measurement of the scale of the impact is accurate, as opposed to the exaggerated impact which is often produced by other, less rigorous methods.

The **overall impact** of a closure is calculated in terms of three principal elements:

- (1) **direct effects**: loss of output and employment at the plant itself;
- (2) **indirect effects**: loss of output and employment in the supply chain; and
- (3) **induced effects**: loss of output and employment associated with reduced household spending.

The NEEM estimate of *overall* impact takes account of both compensating factors (e.g. government transfers such as unemployment benefits), and 'multiplier' effects

(whereby several further ‘rounds’ of expenditure are generated/lost following an injection/withdrawal of spending in an area).¹

Headline data used in modelling impact

This NEEM model was used to produce an estimate of the impact of an immediate removal of Alcan from the economy of the North East of England. Results are disaggregated into those estimated as occurring in Northumberland itself and those occurring elsewhere in the North East region. The estimate is given in terms of employment and Gross Value Added (GVA), and is based on the employment and location of purchases made by Alcan. GVA is a measure of the value of goods and services produced by an area, sector or producer minus the cost of the raw materials and other inputs used to produce them.

In terms of *direct* losses, this section assumes that all jobs will be lost from the Alcan plant, including the power station (which may or may not close, depending on the outcome of ongoing negotiations). From the data we have on Alcan’s expenditure on purchases of inputs, it is possible to calculate the indirect and induced effects on county and regional GVA. However, we do not currently have the data which allows us to calculate the GVA of the Alcan plant itself. In other words, we can only calculate the indirect and induced effects of the loss of Alcan on GVA; this understates the total loss as it excludes the *direct* loss from Alcan itself.

The direct effects have to be added to the indirect and induced effects which arise from: (1) the removal of Alcan’s supply chain; and (2) the loss of household spending formerly supported by Alcan employees. The headline data for these two drivers is as follows.

- The total spend, in 2011, by the plant’s supply chain, was estimated to be £204 million. Out of this total, £33m was estimated to have been spent in the North East region, £13.7m of which accrued to suppliers located in Northumberland itself. The Northumberland spend was distributed across 63 suppliers. To reiterate, this £33m does *not* represent Alcan’s GVA and *cannot* be added to the figures below; we are currently unable to estimate Alcan’s actual GVA.
- The plant’s workforce totals 626 workers: 515 at the smelter, the remainder at the power station.

Impact of closure

It should be reiterated that figures for Alcan gross value added (GVA) and employment are excluded from the tables below. This is because it is not possible to calculate

¹ More technical information relating to NEEM can be found on the PRG website (www.dur.ac.uk/StChads/prg/).

specifically for Alcan either its GVA or full-time equivalent (FTE)² employment, given the data that is currently available³. As will be shown, the analysis shows that the FTE count is similar to that of head count employment, and thus of little significance; therefore, it is reasonable to directly add the theoretical maximum of 626 workers to these figures. However, the inability to obtain a GVA figure for the plant itself is more problematic in terms of producing a single overall figure for output loss resulting from the closure (i.e. the total of direct, indirect and induced effects).

The figures given below are estimates derived from NEEM of the impact of indirect and induced effects of the direct losses associated with the closure of the plant. ***That is, they are effects in addition to the direct effects of loss of employment (626 jobs) and output of the Alcan plant itself.*** The following tables provide the results of the modelling exercise in terms of: (1) the simple headcount of workers; (2) the FTE measures of employment, and (3) the GVA impact through the supply chain and employee expenditure. For each of these three indicators, the tables provide estimates for the impact with respect to Northumberland itself, the rest of the North East, and total (whole region). Employees of North East-based subcontractor companies working on the Alcan site are included in this table (i.e. they are not counted as part of the direct job losses), assigned to the location of their employer in the North East (as part of the supply chain). The 'Non-NE workers' column includes all on-site workers employed by subcontract companies based outside the North East; it would be reasonable to include these in the Northumberland total, as the majority are likely to be resident in the county.

Employment impacts

The headcount effect shows that the largest indirect/induced impact across the region will be felt in the services sectors, which will lose 335 jobs. Also affected are Construction (129 job losses) and Manufacturing (77), contributing to the overall headcount loss of 545 jobs through supply chain effects. Allowing for jobs reliant upon the spending of employees, this knock-on impact rises to 661 employees within the North East. The input-output analysis implicit in the modelling process shows that the local impact (i.e. within Northumberland) of 250 job losses (or 276 including those based there but employed by non-North East companies) accounts for around two-fifths of the overall impact on headcount jobs. More than half of the loss in Northumberland comprises service sector jobs (131), followed by 47 in construction and 23 in manufacturing. Importantly, this analysis shows how the indirect and induced employment impacts of a plant closure are spread quite widely around the region, even

² One FTE is 37 hours of work per week for 48 weeks of a year; whereas headcount figures include full and part-time workers.

³ A request is in progress for the data needed, but it may not be possible to calculate the plant's GVA if (a) the site is not a profit centre in its own right, and therefore does not measure its own profits separately from other parts of the wider company structure; and/or (b) if transfer pricing is used for purchases from other parts of the company rather than full market pricing.

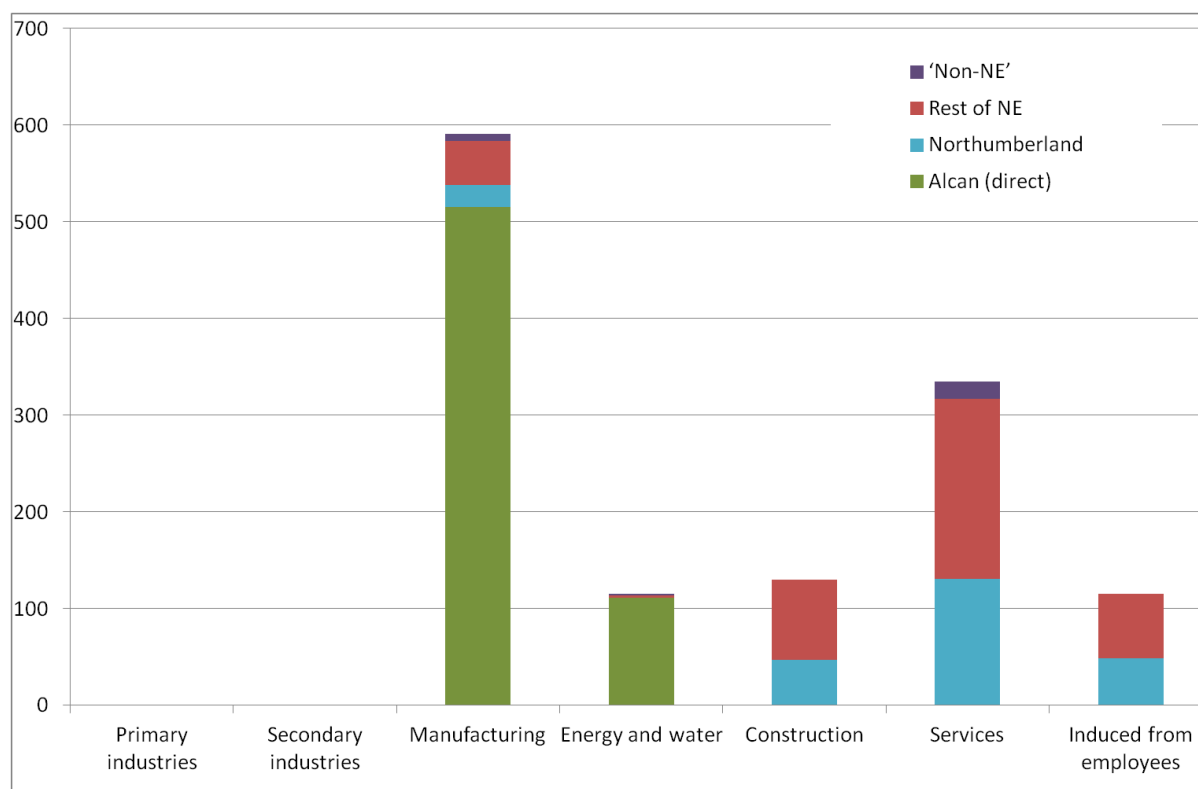
though the direct job losses are fairly localised: our estimates show that some 384 of the 661 non-Alcan jobs affected are to be found in companies based in the rest of the region.

Table 1: Indirect and Induced effects of closure - Headcount workers

| | Total | Northumberland | Rest of NE | 'Non-NE' |
|-------------------------------|-------|----------------|------------|----------|
| Primary industries | 1 | 0 | 0 | |
| Secondary industries | 0 | 0 | 0 | |
| Manufacturing | 77 | 23 | 46 | 7 |
| Energy and water | 4 | 0 | 3 | 1 |
| Construction | 129 | 47 | 83 | |
| Services | 335 | 131 | 186 | 18 |
| Total supply chain | 545 | 201 | 318 | 26 |
| Induced from employees | 116 | 49 | 66 | |
| Grand total | 661 | 250 | 384 | 26 |

Note: Numbers may not sum due to rounding.

Figure 1: Direct, indirect and Induced effects of closure - Headcount workers



Note: Alcan workers have been assigned to manufacturing (515) and energy & water (111), as per the smelter/power station split.

For comparison, the total number of employee jobs in Northumberland in December 2010 was just over 100,000.⁴ The Alcan closure will thus lead to a loss equivalent to

⁴ Data from the *Business Register and Employment Survey 2010*

approximately 1% of Northumberland’s employee workforce. For North East employee jobs, the proportion lost is 0.1%.

Overall, it can be said that the total employment loss resulting from Alcan’s closure, including jobs at Alcan itself, is 1,287 jobs (headcount basis), of which 1,261 are in companies located in the North East region. Not surprisingly the bulk of these job losses are to be found in Northumberland-based companies (881, or 70%), with the rest of the North East accounting for 384.

Table 2 shows that the FTE jobs impacts beyond the plant are very close in magnitude to those shown by the headcount analysis, if fractionally higher in terms of the overall losses in Northumberland (255). While the differences are hardly worth detailing, it is useful to be informed that the respective figures are so similar.

Table 2: Indirect and induced effects of closure - FTE workers

| | Total | Northumberland | Rest of NE | 'Non-NE' |
|-------------------------------|-------|----------------|------------|----------|
| Primary industries | 1 | 0 | 0 | |
| Secondary industries | 0 | 0 | 0 | |
| Manufacturing | 86 | 27 | 53 | 7 |
| Energy and water | 4 | 0 | 3 | 1 |
| Construction | 149 | 54 | 95 | |
| Services | 326 | 133 | 175 | 18 |
| Total supply chain | 566 | 214 | 327 | 26 |
| Induced from employees | 97 | 41 | 56 | ~ |
| Grand total | 663 | 255 | 383 | 26 |

Note: Numbers may not sum due to rounding.

This employment multiplier is slightly higher than that found at Longbridge, although care must be taken about direct comparisons –the general economic climate, the nature of the local labour market and the supply chain of the automotive sector are all very different to the current situation at Lynemouth. Bearing in mind these caveats, the 6,000 direct job losses at Longbridge led to an estimated additional 4,000 job losses in the region; this is a multiplier of approximately 1.6, compared with approximately 2.0 in the NEEM for Lynemouth. These depressive effects on employment stemming from the Longbridge closure persisted, albeit with a steady decline over time: employment in the area was forecast to remain over 1,000 jobs below baseline by 2010. Whether this will happen in the Lynemouth case, or perhaps even be more prolonged due to the adverse economic conditions, is not possible to forecast.

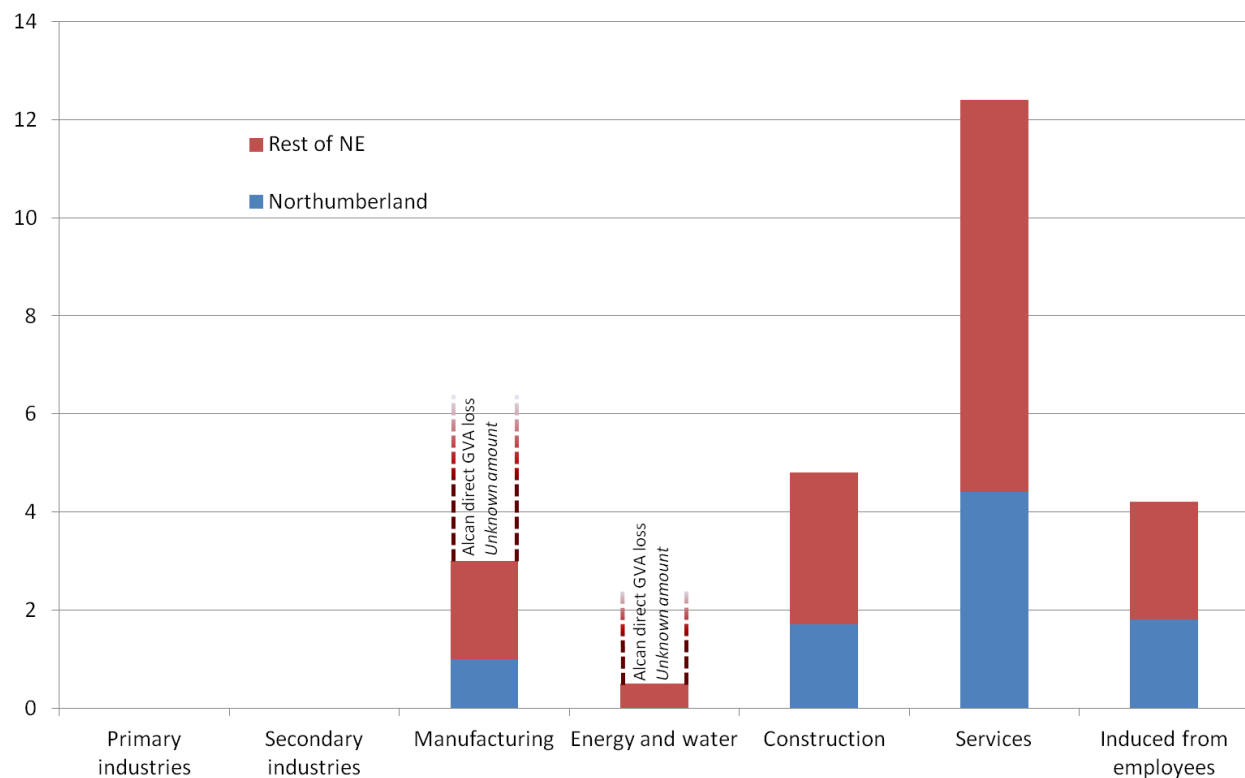
Gross Value Added impacts

As the employment figures reported above suggest, output effects (GVA) are very much concentrated upon certain sectors, especially Services (£12.3m), but also Construction (£4.8m) and Manufacturing (£3.1). The overall total of induced and indirect effects, including the element of regional GVA arising out of employee expenditures, is just

under £25m, of which £9m (36%) is within Northumberland. Again, the analysis underscores how the knock-on employment and output losses arising out of a plant closure tend to be spread geographically. It should be reiterated that these are the indirect and induced effects, and that the *direct* effects will indeed be felt in the relatively small area of Northumberland that hosted the plant. It is important to keep in mind that the figures in the table *do not include* the direct loss of the GVA generated by the Alcan plant.

For comparison, Northumberland’s total GVA in December 2010 was £3.8bn.⁵ Indirect and induced losses from the Alcan closure represent 0.2% of that total, although again, the extra GVA from the plant itself would push that rate higher. Simply including the direct loss of Alcan’s business rates increases the proportion to 0.3%, for example.

Figure 2: Direct, indirect and induced effects of closure - Gross Value Added (£ million, 2011 prices)



⁵ Calculated using the income approach; data from ONS Statistical Bulletin *Regional, sub-regional and local Gross Value Added 2010*

Table 3: Indirect and induced effects of closure - Gross Value Added (£ million, 2011 prices)

| | Total | Northumberland | Rest of NE |
|-------------------------------|-------|----------------|------------|
| Primary industries | 0.0 | 0.0 | 0.0 |
| Secondary industries | 0.0 | 0.0 | 0.0 |
| Manufacturing | 3.1 | 1.0 | 2.0 |
| Energy and water | 0.5 | 0.0 | 0.5 |
| Construction | 4.8 | 1.7 | 3.1 |
| Services | 12.3 | 4.4 | 8.0 |
| Total supply chain | 20.7 | 7.2 | 13.5 |
| Induced from employees | 4.2 | 1.8 | 2.4 |
| Grand total | 24.9 | 9.0 | 15.9 |

Note: Numbers may not sum due to rounding.

Methodology and caveats

The list of suppliers and sums paid to them in 2011 was made available by Alcan. The information covered 11 months (January-November 2011) with December's data unavailable. Alcan advised that proportional scaling from eleven to twelve months would provide a robust approximation of annual supplier spend, and this was duly undertaken as part of the analysis.

Companies located within Northumberland and the North East were identified from postcodes contained on the supplier list. Overall, there were 55 suppliers within Northumberland and 221 in the region as a whole. The broad industrial sector of each supplier was obtained via a web search of company name; this allowed data from local and regional companies to be entered into NEEM. Estimates were produced for sector spends relating to Alcan, both within Northumberland and the rest of the North East.

To incorporate the supply chain into NEEM, data was converted into basic prices, i.e. the price received by the supplier, less any taxes, plus subsidies and excluding estimated transport charges and wholesale/retail margins. These transformations were carried out using data sourced from national Supply and Use Tables.

Two modelling processes were carried out to examine the Alcan plant's supply chain: (1) estimated the Northumberland supply chain; and (2) estimated the supply chain located in the rest of the North East. The results from both of these exercises were then disaggregated into impacts relating to Northumberland and the rest of the North East respectively. It is important to recognise that some of the impact from reduced spending in the rest of the North East supply chain will be transmitted to, and thus felt by, Northumberland).

Turning to the induced impact of the theoretical maximum of 626 job losses, it should be noted that estimation of the impacts resulting from 'first order' job losses are rendered less reliable by the absence of any distributional information of individual

salaries, household types, eligibility for benefits etc. As with the supply chain modelling, two analyses were completed, distinguishing Northumberland from the rest of the region. These estimates are necessarily based upon the spending patterns of a 'typical' working household. They are included in the tables in the 'induced from employees' row.

There are some known biases within these results, these include:

- Interactions between the households of formerly employed workers and the tax and benefit system. These effects will mitigate some of the stated induced impacts. To estimate these impacts data on household composition and retirements would be required, which is not available in sufficient detail.
- Anecdotal evidence suggests the possibility that some suppliers may not be economically viable without Alcan sales. This implies that production of goods and services not intended for Alcan consumption may also be under threat. If this occurs it is likely that the supply chain impacts are understated.

Costs to government

The loss of Alcan business rates exacerbates current and forthcoming difficulties surrounding council funding. Not only is a wide range of public funding being cut by central government, but business rates are being re-localised. While it is not yet clear to what extent the total income of the council will be affected – Northumberland being a 'top-up' authority which will receive some redistribution of business rates from elsewhere – it is possible that it will decline, further exacerbating the area's difficulties and the ability to intervene to stimulate the local economy and protect employment opportunities.

The loss of Alcan's business rates represents a substantial loss to the council when this re-localisation occurs, as its current rates bill (2012/13) is nearly £3.5m for both the smelter and power station (the largest single private or public sector contributor to the total of £64.4m billed in 2011/12). This has effects on spending and employment, both direct (i.e. through its negative impact on the council's income and thus expenditure) and induced through multiplier effects.

The figures for Rio Tinto 2012/13 rates liability are as follows:

- RV 7,610,000
- Rates liability is £3,485,380

As stated, this assessment is for the smelting plant and Power Station and will reduce following confirmation that the site has been vacated. A six month exemption is available provided the whole site has been vacated. If there is still some residual activity or presence on site the Valuation Office may reduce the rateable value to reflect this.

The Valuation Office may be reluctant to take the assessment out of the rating list which could leave further rates liability payable to the Council going forward.

With regard to more up to date information on re-localisation i.e. the degree to which NCC may be topped up and Business Rets may be supplemented, there is no further information available since the consultation response was published in December 2011. It is the intention of the scheme that no Council will be worse off as a result of the business rates base at the outset.

It should be reiterated that there is the possibility of the power station being sold as a going concern, in which case the impact on rates income will be less severe than indicated above.

Business rates are based on the rateable value of property, rather than any financial measures relating to individual companies. Therefore, loss of business rate income would come about only if a business closed, rather than if its turnover or profits declined. However, the NEEM only forecasts changes in GVA; changes in the *number* of businesses (and in particular the number which will close) cannot be calculated, meaning that changes in the business rates base cannot be known at this stage.

6. Demand for labour

Key points

- **Given the lack of comparable jobs in the immediate area, workers must be prepared to travel further afield for employment opportunities in order to maximise their job outcomes, or be prepared to accept a job in a different occupational area or sector, which may well be lower paid. This especially applies to lower skilled process, technical and administrative staff.**
- **There are some large recruitments on the horizon (Nissan and its supply chain, Akzo Nobel), which some ex-Alcan staff may be suitable for, albeit possibly with some updating of skills or retraining in an associated occupational area. In general, however, growth in manufacturing employment is forecast to be low or negative.**
- **Alcan workers will face competition for jobs from the large number of other workers newly made redundant, many of whom are more qualified for the limited number of vacancies on offer in other sectors.**

Local demand

Demand for new workers in the area around Alcan is currently not only low, but in occupations mismatched to the skills of the redundant workers. Vacancy data from Jobcentre Plus is acknowledged to be incomplete, with the proportion of actual vacancies represented by the data varying substantially over time. Nonetheless, it is the only source available, and can provide an indication of the type of jobs available in an area. In December 2011, 4,841 vacancies were notified to Northumbria area Jobcentres (covering Northumberland, North Tyneside, Newcastle and Gateshead). However, there were only 19 notified vacancies in the 10mile zone in manufacturing in December 2011, and only 29 in Northumberland. In total, in Northumberland and Tyne & Wear, only 180 manufacturing vacancies were notified; the majority of vacancies were in services sectors, particularly banking, finance and insurance.

Of the December vacancies, only 486 (10%) were for process operatives, and only 120 (2.5%) for process operatives matching the Alcan skillset. Demand for matching skilled trades was higher: there were 353 vacancies (7%) in skilled metal forming, metal machining, welding and electrical trades. Figures for the previous six months were similar, with monthly notified vacancies for relevant process operatives never rising above 200, and consistently higher numbers (around 250-350) for relevant skilled trades. In addition, the vacancies available in both skilled trades and process and plant operatives are more common in Newcastle and Gateshead than in Northumberland, or even in North Tyneside. This leads to the same conclusions as at Longbridge and Anglesey: that workers must be prepared to travel to gain comparable employment opportunities.

However, it is possible that there are other vacancies which are likely to be filled through application in person rather than going through a job advert, and which are likely to be discovered through the use of personal and business-to-business networks, support from stakeholders and the use of recruitment agencies (of which, for example, the large local Procter & Gamble plants make extensive use).

If these routes fail, the highest demand for workers is in sales, care and elementary occupations. These either demand a different skillset for comparably remunerated jobs, or would likely involve a relatively large drop in salary if workers took entry level posts (e.g. general labourers, supermarket jobs).

- **Given the lack of comparable jobs in the immediate area, workers must be prepared to travel further afield for employment opportunities in order to maximise their job outcomes, or be prepared to accept a job in a different occupational area or sector, which may well be lower paid. This especially applies to lower skilled process, technical and administrative staff. The use of networks or more active policy support to learn of potential job opportunities not advertised at Jobcentres would also be recommended.**

Recruitment announcements

In this respect, demand for manufacturing workers has recently received a boost with the announcement of 400 new jobs at the Nissan plant in Washington, and 1,600 in the supply chain throughout the region to be realised in 2013. Although the skills demanded are not an exact match, it seems likely that some of the redundant Alcan workers would stand a good chance of obtaining employment there. Those Alcan workers which are likely to fare best from this announcement are the workers with skills less specific to smelting – for example, the craft trades : electricians, mechanics, welders and instrument craftsmen – and those in more senior/time-served positions from the shopfloor. The majority of the workers (377) have been with the company for longer than five years, and over half (276) for longer than ten years, implying that there is a substantial pool of labour which is in a strong position to compete for these new jobs, particularly with a length of notice to update skills to make them more relevant to the new jobs.

There is also the prospect of a new AkzoNobel paint factory in Ashington, replacing its old plant in Prudhoe and creating up to 140 jobs. However, this is unlikely to be operational before 2014, making it a longer term solution. The jobs created by the Let's Grow Fund (£2m from the Regional Growth Fund plus £15m co-investment) are also possible destinations, being relatively near the redundancy zone compared to AkzoNobel and Nissan. However, they are mainly in more highly skilled manufacturers, requiring a different skillset: 25 jobs at Precision Hydraulic Cylinders (Cramlington), 29 at Shasun Pharm Solutions (Dudley), and 46 at Piramal Healthcare (Morpeth). Other

than these announcements, there is likely to be little recruitment in other manufacturing plants in Northumberland or around the region more generally.

In terms of similar and forthcoming announcements, it may be helpful to establish an information-sharing system whereby partners and stakeholders can feed in details of potential vacancies for redundant workers in a regular and timely fashion.

Demand forecasts

Even without the Alcan closure, the baseline forecast (Hunt, 2011) was for the sector share for industry (including energy and construction) to fall over the next few years, and for the FTE numbers in traditional manufacturing activities to shrink considerably – implying that there are going to be few local opportunities for re-employing workers. The odds of the alternative scenarios occurring are small, and even with the ‘broadband’ scenario, there are few manufacturing jobs generated. This is not because of lack of capacity: in 2011/12 there are 1,153 empty business premises (out of a total number of premises of 11,634), of which 38% are industrial properties⁶. This demonstrates the difficulty in attracting businesses to the area, a problem which is not likely to ameliorate in the near future, given the limited prospects with respect to economic growth. One implication is that there will continue to be few local opportunities without specific interventions (e.g. Enterprise Zone, Regional Growth Fund) stimulating job creation.

- **The announced recruitment at Nissan provides opportunities for workers in skilled trades and professional occupations, and – probably to a lesser extent - process workers. Other announced manufacturing recruitments are some way in the future or unlikely to be suitable for most redundant workers. Growth in employment Northumberland more generally, and in manufacturing in particular, is forecast to be low or negative.**

Labour demand - conclusions

Overall, therefore, the evidence implies that many workers will be forced into switching occupations, taking part-time work and taking a reduction in salary. As noted above, there remain vacancies in the services sectors. However, demand for these jobs is high, and the majority of the Alcan workers lack the relevant skills and experience. In addition, public sector cuts are reducing, and will continue to reduce, the number of jobs available (around 1,000 full-time equivalent posts are expected to be lost from the local authority, and a further 1,250 from the rest of the public sector). Other areas in the North East are facing similar pressure, and multiplier effects will further increase the number of jobs lost. This process will increase the number of JSA claimants and the competition for jobs. Ex-public sector workers are more likely to fill service sector vacancies (in terms of the skills mismatch being smaller and their attractiveness to

⁶ Data from local authority business rates assessment.

employers being higher than for Alcan workers), both within and outside Northumberland. This further reduces the chances of Alcan workers - and their partners, if they are not currently economically active - finding either well-remunerated work or any work at all.

- **Alcan workers will face competition for jobs from the large number of other workers newly made redundant, many of whom are more qualified for the limited number of vacancies on offer in other sectors.**

7. Supply of labour

Key points

- **Lynemouth process operatives are likely to be relatively highly skilled by regional standards, but there are few comparable jobs in the vicinity, or even in the wider area north of the Tyne. It is likely that they will find it more difficult to find a comparable job than other groups.**
- **Skilled trades workers are more in demand than process operatives, and have skillsets more adaptable to other industries, although they may have to travel outside the local area. They would benefit from support in locating alternative employment for which they would be suitable, and/or for training for updating or extending their skills.**
- **Management and professional workers fared best overall in the Longbridge redundancy, having transferable skills, high levels of experience, generally good personal networks and higher willingness to travel for a new job. Some may opt to start their own business.**
- **While vacancies for service sector jobs are at a high level, relatively low paid and low qualified administrative and technical staff are likely to find competition for jobs high, and many may well end up taking a series of temporary jobs in the local area. The smaller number of higher skilled administrators and technicians have more transferable skillsets, and are likely to encounter fewer difficulties.**
- **Forecasting outcomes for subcontract workers is more difficult, as their employers may not immediately make them redundant. It would be useful to have some contact with these companies in order to gauge the likely impacts more accurately, including where their staff are resident.**

Directly employed workers

Alcan employs 626 workers directly, with another 320 workers on site employed by subcontractors (although five of the latter are listed as 'no presence on site', leaving 315). This section concerns the directly employed workers; the following section deals with the subcontract workers. This section also assumes that all workers will be made redundant, although there remains the possibility that some power station workers will be retained, depending on the outcome of ongoing negotiations. It should also be borne in mind that the supply of labour is generally high, and particularly high in the local area: the 5 mile zone has 15 claimants per notified Jobcentre vacancy, twice as high as in the North East (bearing in mind the caveats about this measure outlined above).

Process operatives

Of the directly employed manual workers at Alcan, many are low-skilled, and with skillsets which are not widely applicable outside smelting. This includes casting, furnace, bath plant, rodding and potline workers – grouped as 'operators' in the job

classifications. This description encompasses 305 workers at the plant, all of whom earn a base wage of £25,662; this is well above the North East average for similar process operatives (£22,234), indicating a higher than average level of skill for the occupational group.⁷ They generally fall into the Standard Occupational Classification (SOC) Group 8, process operatives (i.e. relatively low skilled manual jobs), with elements of a minority of workers' roles falling the more highly skilled SOC Group 5. These workers will possess a range of manual skills which can be applied in different contexts, but are more specifically tied to the smelting industry than those with more 'generic' skillsets. Although their wages indicate they are more highly skilled than the average process worker, few jobs in process occupations are available locally, they are less likely to rapidly find an alternative job than most others. In the Longbridge redundancies, around a quarter of workers remained unemployed ten months after losing their job, with this burden falling mostly on the lower skilled manual trades. If this scenario is replicated at Lynemouth, we would envisage approximately 150-175 workers still being unemployed, with process operatives being the largest single group.

- **Process operatives are likely to be relatively highly skilled by regional standards, but there are few comparable jobs in the vicinity, or even in the wider area north of the Tyne. It is likely that they will find it more difficult to find a comparable job than other groups.**

Skilled trades

There are 67 employees who fall into the craft category, earning a base salary of £28,103 (above the North East average of £26,320 for skilled metal and electrical trades), and two craft apprentices. These workers are mainly in SOC Group 5 – skilled manual trades – and possess skills which are less tied directly to smelting (e.g. electrician, welder). As long as these employees are willing to travel, and have up-to-date general skills in their occupations (as implied by their wages), jobs are likely to be available which match their skillset, with experience at Alcan increasing their chances of impressing employers. However, experience from other redundancies implies that they need to be proactive and be prepared to apply for a range of similar occupational posts in a wide range of industries as soon as possible in order to achieve the best outcome. Some may opt to start their own business, although this is less likely than for managers or professional workers, implying that support to find alternative employment would be the most helpful.

- **Skilled trades workers are more in demand than process operatives, and have skillsets more adaptable to other industries, although they may have to travel outside the local area. They would benefit from support in locating alternative employment for which they would be suitable, and/or for training for updating or extending their skills.**

⁷ Comparative wage data throughout this section is taken from the *Annual Survey of Hours & Earnings 2011*

Managerial, professional and administrative employees

The final group is managerial, professional and administrative workers. There are nine highly paid senior managers earning over £65,000, and a further 17 lower level managers and senior professional engineers earning above £50,000. As with the craft workers, this group of workers possess highly transferable skills, and are likely to be able and willing to travel further for work. Similar conclusions apply to the group of 40 lower level professional engineers and senior technical staff (earning £35-50,000), although not as strongly. In the Longbridge redundancy, managerial and professional workers were the most likely to obtain similar occupational roles elsewhere (and to retain a similar salary), and the most likely to start their own business. In the current climate, duplicating this level of successful transition is more difficult, and expectations of obtaining similar wages need to be managed carefully, given that many local companies have retrenched rather than risk expansion. Similarly, the wisdom of workers starting their own business should be questioned and challenged (rather than necessarily discouraged – self-employment is a viable option for this group, particularly with a redundancy settlement to invest in a well-conceived business idea).

These caveats notwithstanding, we would envisage the majority of this group transitioning to new jobs, self-employment or retirement (if desired) relatively easily, albeit probably at a lower salary than they received at Alcan. Support should focus on their desired outcome, for example: briefings on available higher level jobs, building contacts with the small number of expanding manufacturers (e.g. Nissan) or expanding employers in other sectors for those with the most transferable management skills; support for start-ups, including sources of additional finance, market/sector briefings, help with business plans, training about necessary regulatory requirements etc. Those wishing to retire require advice on investing their redundancy package, and the benefits for which they and their family may be eligible. This last point applies more generally across all groups of workers.

- **Management and professional workers fared best overall in the Longbridge redundancy, having transferable skills, high levels of experience, generally good personal networks and higher willingness to travel for a new job. Some may opt to start their own business.**

At a slightly lower level are 55 administrative and technical staff, with a varying range of skills and pay rates. This group includes both the lowest paid workers at the factory (earning £20,000 – e.g. secretaries, accounts assistants etc., although this remains above the regional average of £16,256 for administrative and secretarial occupations) and more highly skilled workers – the salary band stretches to £35,000. At the top end of this scale, skilled technicians, in particular, and experienced, qualified administrative workers to a lesser extent are likely to find new jobs relatively quickly, albeit with a high probability of a cut in wages and a longer commute. Those at the lower end, lacking experience and transferable skills, will find it more difficult, and are likely to require a higher degree of support.

- **While vacancies for service sector jobs are at a high level, relatively low paid and low qualified administrative and technical staff are likely to find competition for jobs high, and many may well end up taking a series of temporary jobs in the local area. The smaller number of higher skilled administrators and technicians have more transferable skillsets, and are likely to encounter fewer difficulties.**

Subcontract workers

There are difficulties in forecasting with any accuracy the outcomes for subcontract workers, as their employers have not been consulted as to their plans; as such, we cannot be sure what will happen to the subcontract workers. They may well be laid off by their employer, or have an enforced break before they are redeployed elsewhere. Equally, they may simply be re-employed on another site very rapidly. Much depends on their occupations and skillsets, but, unlike the Alcan workers, we do not know where the subcontract workers are resident, the wages which they receive or their precise skillset. We only have data on the location of the company employing them, the total paid to that company and the very broad area in which they work. While the fundamental difficulty remains that their outcomes are ultimately in the hands of employers with whom we have not been in contact, we can make some assumptions about outcomes from the information provided and from norms of pay, skills and demand and supply for similar workers.

Examining the list of contracts indicates that 191 of the 315 are low skilled manual or services workers (general labour, janitorial, security personnel, canteen workers etc.), many of whom are on agency contracts, and who are likely to find it difficult to rapidly find alternative employment (either by themselves or through their agency) in the current climate. Applying the same assumptions as to the directly employed workers, it is likely that 50-60 of these workers will remain out of work after twelve months.

An additional 40 personnel are accounted for by a transport contract which also covers the Lochaber plant. Since this will remain open, the job outcomes for these 40 workers are unclear, although it is probable that some may lose their jobs.

The remaining 84 workers are mainly skilled trades and professional/engineering workers: specialist maintenance and repair, facilities management, waste management etc. As with the directly employed workers, demand for such occupations remains relatively high, and it is probable that a high percentage of such workers will either remain with their employer or be able to find alternative employment relatively quickly if they are made redundant.

- **Forecasting outcomes for subcontract workers is more difficult, as their employers may not immediately make them redundant. It would be useful to have some contact with these companies in order to gauge the likely impacts more accurately, including where their staff are resident.**

8. Other impacts

Key points

- **The closure of the Lynemouth plant will have knock-on effects on a wide range of economic and social indicators. This impact will be concentrated in the area close to the plant, exacerbating the negative impacts deriving from economic conditions more generally.**
- **House prices in the immediate area are already low, and unlikely to fall further because of the closure.**
- **The closure is likely to have highly localised negative effects on average household income.**
- **While there may be both positive and negative effects on the business stock and self-employment rates deriving from the Alcan closure, they are likely to be small and fairly localised.**
- **Average levels of health and wellbeing are likely to decrease among the former workers, both the longer it takes for them to find stable, long-term employment and the greater their decrease in income.**
- **Financial exclusion, benefit claims and deprivation in general are all likely to increase among those made redundant, exacerbated by current economic trends. It is important that this is picked up as soon as possible and support made available in the communities affected.**

Context

In addition to those impacts detailed above, the Alcan closure will have knock-on impacts in a wide range of areas. While it is not possible to calculate the magnitude or timescale of these impacts, we can provide an indication of the direction in which indicators are likely to change, as shown below. It should be borne in mind that the Alcan closure is not happening in isolation, and many other current trends (continuing economic conditions, public funding cuts etc) also influence these indicators, such that separating out the effect of the closure is difficult. However, given the geographical pattern of residence of the workforce, their occupations and the relatively poor transport links to the rest of the county, it is clear that the impact is likely to be highly localised occurring mainly in the settlements in the 10-mile zone around the plant where over three-quarters of the workforce are resident. Given evidence that more highly skilled and highly paid workers are prepared to commute further, and are more likely to obtain alternative employment quickly, the impact outside the 10-mile zone will be limited, with the effect too small to be captured by the indicators below.

Housing

There is a possibility that house prices will fall in the immediate area of the plant, as some workers seek to move elsewhere to find work and potential incomers are deterred by the fall in job availability (and associated reputational effects) in the vicinity. However, house prices in the area are already substantially lower than the county or regional averages. The median price for all dwellings was below the regional average of £120,000 in 14 of the 18 middle layer super out areas in Wansbeck and Blyth Valley in 2009, and below £100,000 in ten areas.⁸ This compares with a median dwelling price of £138,000 for Northumberland as a whole. Similarly, the proportion of dwellings in Band A for Council Tax was substantially higher than the regional average (69% in Wansbeck and 62% in Blyth Valley, compared with the North East figure of 56%). As such, the effects of the closure on house prices are likely to be limited – demand is already low in the area, and prices are unlikely to fall further.

- **House prices in the area around the Lynemouth plant are already low, and are unlikely to fall further.**

Household income

Average household income is likely to fall, although –as with most of these factors - at local rather than county level. Household income in 2011 in the 10-mile zone was £31,906⁹ and in the 5-mile zone £28,982 – respectively, £1,400 and £4,300 below the county average.

Evidence from Longbridge suggests a substantial decrease in salary, to well below the median for workers finding alternative employment in process, elementary and professional occupations, but above the median for alternative employment in skilled trades, management and administrative jobs. The annual wage paid to Alcan operatives (£25,662) is above both the median (£22,234) and mean (£23,576) for North East process, plant and machine operative employees. The same applies, to a lesser extent, to skilled trades employees (£28,103 compared with a median of £26,320 and a mean of £27,643 for skilled metal and electrical trades).¹⁰ If the situation at Longbridge is repeated, this implies a reduction of over £3,000 in average wages for process operatives even if they gain similar alternative employment. If they switch jobs or sectors, the reduction is likely to be greater. Skilled trades workers are likely to see a smaller decrease, if any at all.

As noted earlier, care should be taken with direct comparisons with the Longbridge closure, although they can provide an indication. Estimates by Ecotec indicated that average regional wages and regional disposable income per head decreased by a similar

⁸ Land Registry data based on commercial sales of property.

⁹ Data provided by CACI Limited (Paycheck 2011)

¹⁰ All wage data from the *Annual Survey of Hours & Earnings 2011*

amount (approximately £50), and that this depressive effect has persisted. From this, we can infer that the loss of a fraction of that number of jobs will have a far smaller impact on regional – and even county-level - income and wages. However, we should reiterate that the effects will be concentrated in the local area. As such, there is likely to be a fall in average household income in the 10-mile zone around Alcan, although we cannot estimate this without details of the number of households used by CACI to calculate average household income.

- **The closure is likely to have highly localised negative effects on average household income.**

Business stock

There are two main sources for business stock and business birth data: (i) the ONS's *Business Demography*, based on the Inter-Departmental Business Register (IDBR), which includes all businesses paying VAT or using PAYE; and (ii) BankSearch's business start-up figures, which are based on counts of business bank accounts, thereby including businesses which may not be covered by the IDBR.

In terms of the impact on business births and deaths stemming from the Alcan closure, there are two opposing influences: (i) some of the ex-Alcan workers are likely to start their own business in the locality or, to be more accurate, become self-employed – most would not take on employees; and (ii) decreased local spending power (including both lower household expenditure and the loss of direct spending by Alcan itself) would tend to imply an increase in the business death rate, albeit mostly of micro-businesses.

The new businesses started by redundant workers most would be too small to appear in the IDBR, but would appear in BankSearch figures (data on self-employment would be more relevant, but accurate figures are not available at such a disaggregated level). We would expect to see an increase in starts in the 10 mile zone around Alcan in the months following its closure, mainly in skilled manual trades. However, this is unlikely to be a large increase for two reasons: (a) the number of workers choosing this route is likely to be small, especially in the current economic climate; and (b) those most likely to start a business are the more highly skilled and remunerated workers, who also tend to have longer commuting times – therefore, a larger proportion will live outside the 10-mile zone, and their start-ups will not be noticeable in the start-up figures for the county.

In addition, given that the current economic circumstances are not ideal to launch a business, the survival rate of new starts by ex-Alcan workers may not be high; it may also be the case that self-employment is only a temporary option to tide workers over until a more promising job opportunity arises.

It is more difficult to attribute business deaths solely to the Alcan closure, given the many other influences on business performance and the generally poor economic conditions. As such, it would be difficult to pick out this influence in the figures for

business deaths or overall business stock. Similarly, there is likely to be a negative impact on retail vacancy rates and other measures of town centre health, but only as part of larger trends.

- **While there may be both positive and negative effects on the business stock and self-employment rates deriving from the Alcan closure, they are likely to be small and fairly localised, and will form only a small part of wider economic trends.**

Health outcomes

Health outcomes are likely to worsen, in terms of both mental and physical well-being. Closures are associated with higher levels of stress, depression and other mental illnesses in the locality, which is likely to lead to negative lifestyle outcomes (e.g. higher levels of smoking, obesity and binge drinking), and increase health inequalities. For example, around one-quarter of ex-Longbridge workers reported that they had seen their GP more than usual in the three years since the closure, and 15% had been hospital in-patient more than usual. Other income-related measures leading to a worsening in health outcomes – for example, the proportion of households in fuel poverty – will also be affected. This trend may also be manifest in an increased level of claims for benefits related to health issues, although not immediately – in previous redundancies, it has taken some time for this effect to be realised.

- **Average levels of health and wellbeing are likely to decrease among the former workers, both the longer it takes to find stable, long-term employment and the greater their decrease in income.**

Financial exclusion and income poverty

There is likely to be a rise in the level of financial exclusion in the area. The most visible signs of this are bankruptcies and county court judgments, but lower levels of financial difficulty (e.g. increasing levels of indebtedness, inability to raise a bank loan leading to use of lenders with high interest rates) are difficult to pick up in statistics. In practice, these will be indicated by the number and type of enquiries at local community support organisations or – preferably – tracking and regular contact with the former workers in order to offer support if necessary.

Benefits

There were 20,685 benefit claimants in the 10-mile zone in May 2011. This is likely to rise soon after the closure due to an influx of new JSA claimants, although this is unlikely to be sustained. The medium-term effects will be smaller, with an additional 200-225 JSA claimants still unemployed after a year. In the long-term, there is likely to be a small increase of claims for medical reasons.

Deprivation

It is clear that the factors outlined above will, in combination, be likely to lead to a negative impact on general measures of deprivation, in particular the income and employment domains, and an increase in the proportion of children living in poverty. Again, this will be concentrated in the areas with the highest numbers of ex-Alcan workers, and in particular lower skilled process operatives. It is not possible to be more specific in predicting the extent of this rise, partly because of the likely general rise in deprivation in the current economic climate. However, it is clear that the role of the local authority (and other public bodies) as both a service deliverer and a commissioner of services will face greater demand at a time of decreased funding, leading to greater pressure on services.

- **Financial exclusion, benefit claims and deprivation in general are all likely to increase among those made redundant, exacerbated by current economic trends. It is important that this is picked up as soon as possible and support made available in the communities affected.**

9. Conclusions

This section summarises some of the main outcomes and issues for a policy response to the closure of Alcan, and presents recommendations for further discussion with the response group. Particularly in the current climate, with limited resources available, it is important to devise policy solutions which are focussed and effective, drawing together existing stakeholders to deliver a coherent programme of support. As far as possible, this needs to draw on the existing support infrastructure and partnership arrangements. As such, these are preliminary suggestions, rather than firm recommendations, and need to be developed further in conjunction with all relevant stakeholders.

Job locations

Many of the redundant workers will have to look for jobs outside Northumberland – there is currently a low level of recruitment in manufacturing and few well-paid service sector jobs on the horizon. The proportion of the population which commute outside the county - mostly to Tyne & Wear - is relatively high (33% in the 2001 Census) and increasing over time. Congestion on the roads is also a growing problem, while public transport use is relatively low (partly because of the geography of the county). The addition of extra commuter journeys by the redundant workers – the majority of whom (79%) live within 10 miles of the plant - will likely lead to further congestion, with little prospect of their finding work in the immediate vicinity. However, it is unlikely that lack of transport *per se* will form a significant barrier to finding work.

Unemployment

The influx of new workers will both increase the level of JSA by itself, and most likely have knock-on effects on *existing* jobseekers, who will face an increased level of competition for jobs. Some may choose to retire, although the age profile suggests relatively few will take the latter option, with only 32 workers over the age of 55.

To obtain an estimate of the scale of the likely consequences of the redundancy on JSA, we can examine evidence from elsewhere. At Longbridge, approximately one-quarter of workers had not found employment ten months after the closure. In the current climate, and given the lack of manufacturing recruitment in the locality, this figure is unlikely to be lower for the Alcan redundancy, unless workers are encouraged to change occupations, travel further than they may have wished or lower their expectations (e.g. working part-time rather than full-time). This applies most strongly to the 300 lower skilled process operatives, and the smaller number of lower skilled administrative employees. It may also be the case that workers were taking the time to find the right job because of relatively generous redundancy payouts, but we cannot assume this to be the case. This is problematic as the area around Alcan (and in particular the 5-mile zone) already has high unemployment levels, and associated high levels of deprivation.

There were 6,061 JSA claimants in the 10 mile zone in November 2011, with the total rising by 16% over the previous 12 months. Male claimant rates are twice as high as female. The likely scenario implies that around 150 of the former directly employed workers will still not have found a job within a year of closure, adding to the total level of unemployed in these areas. We do not know where subcontract workers live, but could reasonably assume that approximately 50-60 would still be unemployed, based on their occupations and skill levels, and that a high proportion of these would live close to the Alcan plant.

This overall statistic may conceal the details of the reality of the jobs found by those moving off the claimant register: it is clear that some workers are likely to find temporary and/or part-time work in a succession of short, poorly paid positions interspersed with short periods of unemployment. This is a less than satisfactory outcome, but would not appear in the data, implying that efforts should be made to track the workers over a longer time horizon. It would be highly unsatisfactory if the 323 workers due to lose their jobs at the end of May received no further support or contact from the company.

Wages

Evidence from Longbridge suggests an average decline in salary across all workers of around £6,000, and that two-thirds of workers saw wages decrease. Workers who remained in manufacturing fared best, with those switching to services work witnessing the greatest average decrease. While it is difficult to speculate on the magnitude of this at Alcan, it does seem highly probable that the average household income of the ex-workers who find employment will decrease – manufacturing jobs are more scarce than services, and both are in shorter supply than in the period of the Longbridge closure. This may be offset somewhat by the partners of workers finding jobs, although this will be difficult in the current climate. Average household income in the 5-mile zone is already low by county and regional standards (while the ten mile zone is slightly above the regional average). Further loss of income will not only affect families directly but also feed into knock-on effects on spending in the area.

Training

Training needs to be carefully matched to the job opportunities on offer, and preferably developed in conjunction with employers, either in Northumberland or elsewhere. Workers need advice and support on the correct training, based on their existing skillset, desired occupation and location of employment, and the likelihood of receiving an actual job at the end of (or as part of) the training.

Existing support

The support aimed at the Alcan workers made redundant needs to fit with existing advice and support routes and structures; for example, JCP support or the Work Programme. There is also clear scope for intervention by the LEP, particularly in terms of mobilising business networks to inform retraining, and to inform a co-ordinated response across local authority boundaries. Educational institutions also have a role to play in partnering with employers and stakeholders to offer appropriate courses and link them to jobs; an example would be the advanced composites course which may be on offer in the future at local colleges.

Further points for discussion with Response Group

- **How will the response to the closure fit with the existing support structure – and in particular with regional support structures, given the lack of local job opportunities?**
- **Could business networks be used more effectively to inform retraining provision or job opportunities?**
- **How can we segment support between different types of worker – should the process operatives and lower-skilled administrative and technical staff receive more intensive support and follow-up than the others?**
- **How long-term should support plans be or how long could support be guaranteed for?**
- **How can we deliver support aimed at the family of the worker, rather than just the worker? Is there a role for community-based organisations?**
- **How can employers of subcontract workers be included in the process?**
- **What are the potential and likely impacts to retraining opportunities and redeployment arising from the loss of any available ‘skills match’ support?**

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Appendix 1 Redundancy Support Programme at Anglesey Aluminium (RTA, May 2012)

The programme at Anglesey was a comprehensive programme involving several agencies and organisations including 'Careers Wales' (a Welsh Assembly Government agency), DBM outplacement suppliers, JCP, Close Wealth Management independent financial advisors and Menai College. The programme was tailored to individuals' needs in that every employee received individual guidance from a 'Careers Wales' advisor in the first instance. Workers were assisted through this process to devise a training plan based on their skills experience, aspirations and the job market locally and were then eligible for up to £2,500 per employee retraining funding whilst they were under notice of redundancy and a further up to £1,500 training funding which was available to a new employer being an incentive to employ these individuals. A significant number of employees were in receipt of one or both of these benefits under the React scheme.

In addition, each employee was assigned a consultant from DBM who managed their case throughout. DBM also ran workshops on 'Career Continuation', 'Start Your Own Business' and 'Active Retirement'. The workshops on 'Career Continuation' involved CV preparation and Interview techniques and preparation. The 'Start Your Own Business' workshops fell into two categories. One workshop provided a taster session for those who have no concrete idea yet but just a notion that they would like to be self-employed. This covered the implications of self-employment and basic finance and tax guidance, legal frameworks and constructing a business plan. A more comprehensive workshop for those with an idea or product entailed Business essentials, Selling and Marketing, Viability issues and potential problems, Finance, Company structure, Accounting Invoicing and Vat, Insurance and Pensions and Employees and Contractors and more comprehensive Business Plan assistance. Active retirement workshops were for employees and their spouses to raise awareness of the transition that occurs when moving from full time employment to retirement and some of the issue which may be encountered.

A career centre was set up which was facilitated by the company and staffed by DBM who used it to advertise roles which they established through networking with all potential employers within the local region.

The company engaged Close Wealth Management a provider of independent financial advice, who attended site and delivered presentations to groups of employees. In addition to this employees were then able to request one to one sessions with an IFA and many employees took advantage of these. These were normally conducted at the home of the employee to ensure involvement of spouses etc.

The company also engaged with JCP who came on site at an appropriate time close to the closure date and delivered presentations to groups of employees advising them on how to claim JSA if this was necessary. Again the group presentations were backed up

by individual sessions held on request to assist employees who had queries about mortgage relief and the impact of not claiming on their state pensions etc.

All of these facilities were afforded to all employees.

The company had in place an employee assistance programme supplied by an external company comprising both telephone and online assistance with many difficulties which may be faced in the circumstances. This facility continued to be available to employees after the ceasing of their employment. A database was also set up which to maintain contact with those employees who wished it and this is revisited every six months in line with DPA regulations. This has allowed new opportunities to be made available to ex-employees and it has been used to recruit in the time since the closure of the smelter.

The programme at Anglesey has been used as a model for the programme at Lynemouth with some regional differences.